HAVING THE BEST

AWARD WINNING PRODUCTS
World’s Best Low-Cost Airline
PREMIUM CABIN and PREMIUM SEAT by Skytrax

WIDEST NETWORK IN THE REGION
COVERING OVER 200 DESTINATIONS WITH AIRASIA GROUP

ASIA’S LEADING CABIN CREW
by WORLD TRAVEL AWARDS 2015
HAVING THE BEST

What makes AirAsia X special, and gives us that ‘X factor’ is... our people. As a genuinely people-driven airline, we have always placed the highest priority on nurturing and growing the best people who, to us, are not just employees but Allstars.

Together, we strive continuously to enhance our service and as a result we have created new benchmarks for the industry. Our Premium Flatbeds and cabin - which have been voted by travellers as being the world’s best in the low-cost carriers (LCCs) category for 3 consecutive years - are fine examples of this. We go the extra mile to ensure our guest have a memorable experience flying with us. No request is too great for our Allstars, who derive genuine pleasure in ensuring each AirAsia X journey leaves positive and lasting memories.

In 2015, our cabin crew was named the best in Asia by World Travel Awards along with AirAsia, recognising their hard work and passion throughout the years. We would like to thank our fantastic Allstars for this win and once again, you’ve proven that you’re No.1 and we feel incredibly blessed to have you. Thank you!
ECONOMIES OF SCALE PROVIDES GOOD COST SAVINGS

Strong bargaining power with vendors, suppliers, airport authorities and aircraft manufacturer for attractive pricing

Manpower merged with AirAsia Group, effectively reducing overhead costs

Leverage on AirAsia brand, technology infrastructure and network

Fuel contracts negotiated together with AirAsia Group for better price

MANPOWER

Merged with AirAsia Group, effectively reducing overhead costs

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AIRCRAFT CONFIGURATION

High seat density - 377 seats per aircraft, 12% more than manufacturer’s configuration

12 Premium Class Flatbeds & 365 Economy Class Seats on all aircraft

YOUNG & EFFICIENT FLEET

An average fleet age of not more than 5 years

Single fleet range & aircraft manufacturer

Aircraft can be interchanged

INNOVATIVE FUEL MANAGEMENT

LOWER AIRCRAFT WEIGHT:

Manage in-flight and meal inventory

No heavy wiring for in-flight entertainment equipment

Statistical potable water uplift

Paperless cockpit (in progress)

FLIGHT OPERATIONS OPTIMISATION:

Fuel efficient speeds

Fuel tankering

Pilot flying techniques and monitoring

HIGH AIRCRAFT UTILISATION & OPERATIONAL EXCELLENCE

Aircraft utilisation rate of 15 hours per day

Maximising aircraft utilisation with lower turnaround time (60-75 minutes) and achieving on-time performance of 85%

PEOPLE (ALLSTARS)

No UNIONs

High productivity - Multi-task & interchangeable roles

Flat management structure with hands-on senior management team

LOW DISTRIBUTION COST

85% sales via internet

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Beginning of the year, AirAsia X (AAX) conducted a management reshuffling exercise and appointed a new Group CEO, CEO and CFO. Members of the new management team are no strangers to the business as they were key personnel from the AirAsia Group. Upon assuming their roles, the new management team initiated a decisive turnaround plan to place AAX on a better financial footing and to ensure we bring back confidence to the market. Our reorganisation strategy and turnaround initiatives for 2015 - 2016 include:

**SNAPSHOT OF CHALLENGES WE FACED FROM LATE 2013 - 2015**

- Net Profit/(Loss) RM million
  - 3Q13: 26
  - 4Q13: 197
  - 1Q14: (197)
  - 2Q14: 197
  - 3Q14: (197)
  - 4Q14: (197)
  - 1Q15: 197
  - 2Q15: (197)
  - 3Q15: (197)
  - 4Q15: (197)

**OVERCAPACITY**

- Capacity Management

**PRICE WAR**

- Negative Press in Australia
- Turnaround Initiatives (Push Air Asia, Reduce Cost, Build Cash)
- MERS in Korea
- Nepal Earthquake - Slow Recovery
- MH370
- MH17
- QZ8501

**AGGRESSIVE MARKETING**

- USD:MYR @ 3.49
- USD:MYR @ 3.71
- USD:MYR @ 3.77
- USD:MYR @ 4.05
- USD:MYR @ 4.29

**USD:MYR**

- 3.49
- 3.71
- 3.77
- 4.05
- 4.29

**TRANSFORMATION THROUGH NETWORK, MANPOWER, OPERATIONS, ANCILLARY, FLY-THRU, SALES & MARKETING, CASH**

Network Consolidation (Capacity Management) Manpower Operations Ancillary Grow Fly-Thru Sales and Marketing Build Cash
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Aircraft can be interchanged

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Paperless cockpit (in progress)

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Fuel tankering
Pilot flying techniques and monitoring

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PEOPLE (ALLSTARS)

No UNIONs
High productivity - Multi-task & interchangeable roles
Flat management structure with hands-on senior management team

LOW DISTRIBUTION COST

85% sales via internet

THROUGH NETWORK CONSOLIDATION (CAPACITY MANAGEMENT)
**FREQUENCY REDUCTION**

on routes that were pressured by competitors - optimise capacity and improve pricing.

**terminated UNPROFITABLE ROUTES**

NAGOYA, ADELAIDE, NARITA

Stop losses immediately.

**TRANSFERRED CHONGQING & COLOMBO**
to AirAsia as these routes are better suited for A320 operations.

**DEPLOYED EXCESS capacity**

resultant from frequency cut during lean period to service ad-hoc wet leasing. This helped us optimise aircraft utilisation and generated revenue denominated in USD.

**IMPROVED FLIGHT TIME**

for Selected routes (i.e. Shanghai, Gold Coast and more) to enhance network connectivity.
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PEOPLE (ALLSTARS)

- No trade unions
- High productivity - Multi-task & interchangeable roles
- Flat management structure with hands-on senior management team

LOW DISTRIBUTION COST

- 85% sales via internet

THROUGH MANPOWER
MAXIMISE MANPOWER AND REDUCE COST

without compromising on safety standards regulated by the Department of Civil Aviation Malaysia:

Reduced 9-person cabin crew to 8-PERSON cabin crew (on selected flights only)

introduced TURNAROUND FLIGHTS for Shanghai, Xi’an and Perth

Reduced crew overnight accommodation and allowance costs as cabin crew is permitted to work onboard up to 12 hours per day, in line with industry standards.

Optimised TALENT:

released UNDERPERFORMING STAFF

retained and promoted HIGH PERFORMERS

redeployed EXPERIENCED STAFF from AirAsia Group to AirAsia X

MERGED MARKETING & OPERATIONS

GROUND SERVICES & RAMP STAFF with AirAsia Group
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THROUGH OPERATIONS
Turnaround initiatives
<table>
<thead>
<tr>
<th>Turnaround Initiatives</th>
<th>Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Renegotiation</strong></td>
<td></td>
</tr>
<tr>
<td>of ground handling contracts in Japan &amp; Australia</td>
<td></td>
</tr>
<tr>
<td>to save about RM3 million per annum</td>
<td></td>
</tr>
<tr>
<td><strong>FUEL TANKERING</strong></td>
<td></td>
</tr>
<tr>
<td>Saved close to RM10 million in 2015</td>
<td></td>
</tr>
<tr>
<td>Maximise tankering opportunities by conducting analysis on a flight basis.</td>
<td></td>
</tr>
<tr>
<td><strong>ongoing negotiations</strong></td>
<td></td>
</tr>
<tr>
<td>of ground handling, D-factor, airport charges &amp; other fees</td>
<td></td>
</tr>
<tr>
<td><strong>Paperless Cockpit</strong></td>
<td></td>
</tr>
<tr>
<td>To replace hardcopy charts on board with electronic flight bags, reducing aircraft weight by 55kg and fuel burn by 8.5 kg per sector</td>
<td></td>
</tr>
<tr>
<td><strong>ongoing NEGOTIATIONS</strong></td>
<td></td>
</tr>
<tr>
<td>of aircraft rental fees with lessors</td>
<td></td>
</tr>
<tr>
<td>Every USD10,000</td>
<td></td>
</tr>
<tr>
<td>reduction from lessors will save approx. RM12 mil per annum for all operating lease aircraft in 2016</td>
<td></td>
</tr>
</tbody>
</table>
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85% sales via internet

THROUGH ANCILLARY AND FLY-THRU turnaround initiatives
**Turnaround Initiatives**

### Ancillary

#### Drive Ancillary Income

with

(i) Dynamic pricing for baggage  
(ii) Value bundled package  
(iii) New meal selections with new pricing  
(iv) Introduction of Tune Insurance in new markets  
(v) Extension of In-flight Entertainment in all markets (currently only available on Australia flights)  
(vi) Enhance duty free products & sales platform  
(vii) Premium lounge, and more

### Grow Fly-Thru

#### Review & Improve

flight slots for **All Routes**

Increase Fly-Thru product awareness and collaborate with **AirAsia ASEAN** pass to drive traffic

**Grow Kul Hub**

as a transit destination with new entries such as New Delhi, tapping into strong outbound demand from India to Australia, New Zealand, Japan

**Affiliates:**

- Thai AirAsia X
- Indonesia AirAsia X
- Don Mueang International Airport, Bangkok, Thailand (DMK)
- Denpasar International Airport, Bali, Indonesia (DPS)
- Malaysia-Singapore (IATA D7, ICAO XAX, Call Sign XANADU)

**Founded:** 2007

**Company Slogan:** Now everyone can fly Xtra Long
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THROUGH SALES AND MARKETING, BUILD CASH

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Project BEN was launched in Melbourne via multiple media, both out-of-home and digital - to introduce our newly elected CEO, David Foster, as global ambassador for our Premium products, namely Premium Flex and Premium Flatbed.

We have also increased our collaboration with local tourism across the network to spur travel demand via familiarisation trips, creative tactical campaigns and event partnerships such as sponsorship of the Gangwon district K-pop concert.

Enhance PAYMENT CHANNEL to drive sales:

(i) Activated IATA’s Billing Settlement Plan (BSP) in Korea, Australia, Taiwan and Japan. The BSP system simplifies the selling, reporting and remitting procedures of IATA Accredited Passenger Sales Agents, as well as improves financial control and cash flow for BSP Airlines.

(ii) AirAsia Group signed an MOU with Union Pay on 15 April 2015 and introduced the new payment option on AirAsia’s website.

(iii) Broader third-party distribution via Offline and Online Travel Agents (OTA) and Global Distribution System (GDS) - for wider distribution reach to global travel agents as GDS provides access to our inventory & fares.

LAUNCHED PARTNERSHIP with Flight Centre Travel Group (FLT) in Australia on 2 June 2015

Increase marketing collaboration with tourism through destination marketing and familiarisation trips.

EXECUTED RIGHTS ISSUE WITH POSITIVE RESPONSE

Achieved total subscription rate of 114.91% Representing an oversubscription of 14.91% Raised proceeds of RM391 mil to rationalise operations

In 2015, Project BEN was launched in Melbourne via multiple media, both out-of-home and digital - to introduce our newly elected CEO, David Foster, as 16 time Grammy award winner. We have also increased our collaboration with local tourism across the network to spur travel demand via familiarisation trips, creative tactical campaigns and event partnerships such as sponsorship of the Gangwon district K-pop concert.

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LOW DISTRIBUTION COST

85% sales via internet.

TRANSFORMATION (Early Wins)

fruits of

Since 2007
**Financial Results 4Q15**

**Malaysia AirAsia X**

- **Net profit:** RM197 mil after eight quarters of losses (since 4Q2013)
- **Load factor:** up 2% Year-on-Year to 83%
- **Average base fare (ABF):** ↑22% Year-on-Year

**Average Base Fare**

- 4Q13: RM412
- 1Q14: RM391
- 2Q14: RM310
- 3Q14: RM337
- 4Q14: RM401
- 1Q15: RM433
- 2Q15: RM393
- 3Q15: RM563
- 4Q15: RM563

*without fuel surcharge*

- **RASK (RM sen):** ↑15% Year-on-Year
- **CASK (US cent):** ↓15% Year-on-Year
- **Scheduled flight revenue:** UP 11% Year-on-Year
- **Total revenue:** UP 4% Year-on-Year
- **Total cost:** DOWN 3% Year-on-Year

**Full Year 2015**

**Malaysia AirAsia X**

- Average base fare up 5% Year-on-Year
- RASK (RM sen) up 10% Year-on-Year
- CASK (US cent) down 10% Year-on-Year
- Total revenue up 4% Year-on-Year
- Total cost down 3% Year-on-Year
- Operating loss narrowed to RM37 mil from RM176 mil in FY2014
- Net loss narrowed to RM350 mil from RM319 mil in FY2014
- Net gearing improved to 1.8x
- CASH IMPROVED RM184 mil to RM311 mil from 31 Dec 2014
- POSITIVE NET CASH FLOW
**ECONOMIES OF SCALE PROVIDES GOOD COST SAVINGS**

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**Since 2007**

---

**19 ROUTES**

- Sydney
- Melbourne
- Gold Coast
- Perth
- Auckland
- Chengdu
- Hangzhou
- Shanghai
- Beijing
- Xi’an
- Tokyo (Haneda)
- Osaka
- Sapporo
- Seoul
- Busan
- New Delhi
- Kathmandu
- Jeddah

**9 COUNTRIES**

- Australia
- New Zealand
- China
- Japan
- Korea
- Taiwan
- India
- Nepal
- Saudi Arabia

**7 UNIQUE ROUTES**

- Sapporo
- Gold Coast
- Haneda
- Chengdu
- Xi’an
- Hangzhou
- Busan

**FLEET SIZE 21 A330-300**

(as at 31 March 2016)

---

**19 ROUTES**

- Seoul
- Osaka
- Tokyo (Narita)
- Shanghai

**2 Countries**

- Japan
- Korea
- China

**FLEET SIZE 6 A330-300**

(as at 31 March 2016)

---

**19 ROUTES**

- Sydney
- Melbourne
- Jakarta – Jeddah (seasonal)

**3 Countries**

- Australia
- Saudi Arabia

**FLEET SIZE 2 A330-300**

(as at 31 March 2016)
transiting Passengers

1.5 Million Passengers of AAX transited via KUL in 2015

75% of AAX transiting passengers tapped into AirAsia’s network and is GROWING

Allotars

2,204 (Malaysia AAX) 495 (Thai AAX) 194 (Indonesia AAX)

• Over 19 million passengers carried since inception
• 2009 - 2015 Compounded Annual Growth Rate: 23%

IATA: D7
ICAO: XAX
CALL SIGN: XANADU

Founded: 2007
Company Slogan: Now Everyone Can Fly Xtra Long
Affiliates: Thai AirAsia X, Indonesia AirAsia X
Airports:
- Kuala Lumpur International Airport, 2, Sepang, Malaysia (KUL)
- Don Muang International Airport, Bangkok, Thailand (DMK)
- Ngurah Rai International Airport, Bali, Indonesia (DPS)

Don Mueang International Airport, Bangkok, Thailand (DMK)
Denpasar International Airport, Bali, Indonesia (DPS)
Also Known As

Over 19 million passengers carried since inception
2009 - 2015 Compounded Annual Growth Rate: 23%

PASSENGERS carried

Million
A NOTE TO ALLSTARS
It's been an incredibly challenging year for AirAsia X, as we worked assiduously to implement our turnaround programme. At the same time, it has been personally a very heartening year for us, as we witnessed the way in which our Allstars responded to the demands and pressures placed on them.

As part of our cost-cutting measures we have integrated our operations more closely with that of the AirAsia Group, resulting in many of our Allstars having to relocate from their old office space to join colleagues from AirAsia in their function-related areas. This has meant creating new personal and professional relationships, and getting used to a new physical environment. In addition, as we restructure our organisation, we are requiring our Allstars to multi-task and take on additional roles.

All these changes have been accepted, indeed embraced, in good faith. Instead of any resistance, our Allstars, from operations to management, have shown their true colours, displaying not only a willingness to adapt to our new work environment but also the ability to perform under pressure.

The management certainly could not have managed our turnaround, nor achieve the successes that we have, without the full support and encouragement of our team. We would like to take this opportunity to express our heartfelt appreciation to all our Allstars who have shown yet again that, no matter what, they will give their 100% to deliver positive results. Such dedication, commitment and passion are truly hard to find, almost as hard as it is for us to find the words to express how grateful we are to have such a wonderful team.

We've come this far and, together, we can go much further. With your continuous support, Allstars, we can achieve greater success!

FROM US
Datuk Kamarudin, Tony Fernandes, Benyamin Ismail
YOUR EXCELLENCE drives our success

THANK YOU ALLSTARS
"We have been through some particularly trying times in the recent past, but we’ve emerged from it in great form. This would not have been possible without the passion and dedication of our Allstars, who continue to prove that, together, we can overcome anything."

-DATUK KAMARUDIN-

"Nothing is Impossible when we Dream big, Believe the unbelievable and Never take No for an answer."

-TONY FERNANDES-
FLY FURTHER WITH THE MOST COMFORTABLE AND COST EFFICIENT AIRBUS A330
FLY-THRU FACTS:
1. Connected 1,500,000 passengers in 2015 from 732,000 passengers in 2011
2. Connecting over 200 destinations
3. Top 3 Fly-Thru destinations:
   • Melbourne - Thailand
   • Beijing - Thailand
   • Sydney - Indonesia

* for illustration purposes only
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2. Connecting over 200 destinations
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   • Melbourne - Thailand
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AIRASIA X NETWORK via Malaysia (as at 31 March 2016)
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## Form of Proxy
VISION & mission
WHERE WE SEE OUR FUTURE
- SAFETY CONSCIOUS -
Our guests’ safety is our primary concern so we carry out our functions with care.
Because where safety is concerned, every little thing matters.

- CARING -
It’s a warm and friendly feeling to have, so we take pleasure in caring for our guests in ways that make them feel at home.

- PASSIONATE -
Being passionate means going the extra mile to achieve a purpose much larger than ourselves. They say passionate people can change the world and that’s something that’s very close to our hearts.

- FULL OF INTEGRITY -
We believe everything that is worth doing, is worth doing right. It’s about us doing the right things at all times.

- HARD-WORKING -
It means one team, working together towards a common goal. Whether it’s meeting our fast turnaround time or making sure we keep you connected to the best destinations at the lowest prices, we do it as a team. All for one. One for all.

- FUN -
Fun means we celebrate life. It means we laugh louder, our smiles are wider, and we can be our own unique selves. We’re a sociable bunch and we enjoy sharing ideas and solutions to make things even better. After all, fun is meant to be shared.
MILESTONES & EVENTS

Revisit
AIRASIA X'S MOMENTOUS occasions in Style!

Few easy steps to revisit
AirAsia X's Annual Report 2014:
1. Search and install for QR Code Reader from Apple App Store or Google Play with your smartphone.
2. Once installed, start the QR app to launch the QR camera App.
3. Scan it with QR camera to enjoy the report content.

Benyamin Ismail
Chief Executive Officer

2007

5 January
Tan Sri Dr. Tony Fernandes and Datuk Kamarudin Meranun announce the launch of AirAsia X.

14 June
AirAsia X places an order for 15 Airbus A330-300 aircraft.

10 August
AirAsia X announces a 20% investment by Sir Richard Branson’s Virgin Group.

2 October
AirAsia X receives its Air Operator’s Certificate and Air Service License from the Department of Civil Aviation, Malaysia.

2 November
The first flight to Australia’s Gold Coast is launched, with pioneering assigned seating and pre-booked meals.

2008

4 February
The Kuala Lumpur-Hangzhou, China route is launched.

13 March
More than 100,000 seats have been sold, valued at approximately RM100 million.

27 March
An order is placed for another 10 Airbus A330-300 aircraft, bringing the airline’s total order to 25 A330-300 aircraft.

31 October
AirAsia X takes delivery of its first brand-new Airbus A330-300 aircraft in Toulouse, France.

2 November
AirAsia X celebrates its inaugural flight to Stansted, London.

2009

13 January
The Supersize baggage policy is introduced.

17 February
Passengers can make use of a web-based self check-in facility.

11 March
AirAsia X celebrates its inaugural flight to Tianjin, China.

2 August
AirAsia X and AirAsia partner Scicom (MSC) Berhad to establish a world-class, state-of-the-art global contact centre.

24 June
With the administration fee abolished, passengers now pay only for their seat and airport tax.

26 June
AirAsia X sponsors the Oakland Raiders, three-time National Football League (NFL) Super Bowl champions.

1 July
A new route to Taipei, Taiwan is launched.

8 August
AirAsia X celebrates the 42nd ASEAN Day at the Low Cost Carrier Terminal (LCCT) in Sepang.

20 October
A new route is launched to Chengdu, China.
2010

20 January
Self check-in kiosks are introduced at the LCCT and selected regional airports.

10 February
AirAsia X and AirAsia are the title sponsors of the 2010 AirAsia British Grand Prix at Silverstone.

5 April
AirAsia X introduces its popular Premium flatbeds.

8 April
AirAsia X and AirAsia put a Malaysian team in the 2010 MotoGP World Championship.

6 May
AirAsia X launches a new route to Mumbai, India.

4 August
New routes are launched to New Delhi, India and Tehran, Iran.

2 November
Seoul, South Korea becomes AirAsia X’s 12th destination.

9 December
A new route is launched to Tokyo-Haneda, Japan.

2011

17 January
The Fly-Thru service is launched at the LCCT.

27 January
Passengers can upgrade to Premium Class for a nominal fee via OptionTown.

3-7 February
2,380 Malaysians are returned on AirAsia X rescue flights from the Egyptian cities of Cairo and Alexandria.

14 February
Valentine’s Day is celebrated with the first flight to Paris Orly, France.

1 April
AirAsia X launches a new route to Christchurch, New Zealand.

7 April
Adventurer Khoo Swee Chow is flown to eight destinations within AirAsia X’s network, namely China, the UK, France, Iran, Japan, Korea, Taiwan and New Zealand, to scale their highest peaks, culminating with a successful ascent of Mount Everest on 21 May.

10 May
AirAsia X joins the Group’s yearlong ‘To Japan With Love’ campaign.

26 May
Celebrity Chef Shingun is to prepare Korean dishes for Seoul – Kuala Lumpur flights.

22 June
A Memorandum of Understanding (MOU) is signed with Rokki Sdn Bhd (formerly known as Tune Box Sdn Bhd) for the development of an In-flight Entertainment (IFE) solution.

28 June
The Malaysian Government lifts route restrictions on AirAsia X, with the exception of Sydney.

30 November
AirAsia X touches down at Kansai International Airport in Osaka, Japan.
MILESTONES & EVENTS

2012

12 January
AirAsia X announces the suspension of flights to London, Paris, Mumbai and New Delhi as part of its network consolidation.

9 February
The Empty Seat Option (ESO) via OptionTown is launched.

2 April
The long-awaited route to Kingsford Smith International Airport, Sydney, Australia is launched.

22 June
AirAsia X transfers its service from Tianjin to Beijing, China.

10 July
Kathmandu, Nepal becomes a new destination from Kuala Lumpur.

23 July
The Samsung Galaxy Tab 10.1 is made available on all flights as a pre-booked option.

9 August
A letter of intent is signed with the International Lease Finance Corporation (ILFC) for the lease of six Airbus A330-300 aircraft.

2 November
An Australian wins AirAsia X’s Friendsy Facebook contest – held to celebrate the airline’s fifth anniversary – and gets to fly with 300 of her family and friends from Sydney to Kuala Lumpur on their own exclusive flight.

2013

1 February
AirAsia X caters to guests who like their peace and quiet with the launch of the Quiet Zone.

16 February
AirAsia X’s first flight to Jeddah, Saudi Arabia takes off.

19 February
AirAsia X’s first flight to Shanghai, China takes off.

26 February
The Red Carpet service is launched, providing VIP treatment to guests.

10 April
AirAsia X launches the ‘Fly Home to Vote’ campaign in conjunction with Malaysia’s 13th General Elections.

23 April
AirAsia X receives its 10th Airbus A330-300 aircraft in Toulouse, France.

12 May
Sir Richard Branson dresses as a flight attendant and serves on board flight D7237 from Perth to Kuala Lumpur.

10 June
AirAsia X launches its Initial Public Offering (IPO) prospectus.

13 June
AirAsia X launches a Shareholders’ Benefit Programme for retail investors who maintain their IPO shares for the first three years, subject to terms and conditions.

15 July
AirAsia X commences trading under AAX (Stock Code: 5238) on the Main Market of Bursa Malaysia.

29 August
AirAsia X completes its rescue mission in Cairo, after having brought home a total of 1,110 Malaysians.

14 October
Thai AirAsia X (TAAX) receives the Air Operator’s License from the Ministry of Transport Thailand.

18 December
The single largest aircraft type firm order of 25 Airbus A330-300 aircraft is sealed with Airbus, valued at USD6 billion.
ANNUAL REPORT 2015
THE THIRD ISSUE
AIRASIA X BERHAD

MILESTONES & EVENTS

4 February
TAAX obtains its Air Operator’s Certificate and appoints Nadda Buranasiri as its new CEO.

28 April
AirAsia X signs an MOU with GE for the supply of CF6 engines for its fleet.

9 May
AirAsia X together with AirAsia Berhad begin operations in KLIA 2.

25 May
AirAsia X signs a Commercial Marketing Agreement with Air Busan offering customers affordable fares to Jeju Island from Busan, both in Korea.

17 June
TAAX launches its inaugural flight from Bangkok to Seoul, Korea with a 100% load factor.

2 July
AirAsia X sends off its first flight to Xi’an, China marking it as the only airline from Kuala Lumpur to connect both cities.

15 July
AirAsia X and Airbus sign an MOU for Airbus A330neo aircraft valued at USD13.8 billion.

AirAsia X is named the World’s Best Low-Cost Airline - Premium Class Seat and World’s Best Low-Cost Airline - Premium Cabin by Skytrax World Airline Awards in London.

10 December
AirAsia X, together with AirAsia, announces global football icon Park Ji Sung as its new global ambassador with the unveiling of a Park Ji Sung livery.

15 December
AirAsia X places a firm order for 55 Airbus A330neo aircraft.

19 December
AirAsia X helps to spread Christmas cheer at KLIA 2.

28 November
AirAsia X welcomes its 22nd Airbus A330-300 aircraft, called Rhythmic Experience, powered by Rolls-Royce’s 1,500th Trent 700 engine.

3 December
AirAsia X sponsors 87 return flights from Shanghai to Kuala Lumpur for the Shanghai Symphony Orchestra in support of a charity concert organised by the Alzheimer’s Disease Foundation Malaysia.

15 August
AirAsia X unveils a new livery, called Xcintillating Phoenix, for its 21st aircraft – the name being the winning entry by Denzel Yap in a social media contest.

28 August
Indonesia AirAsia X (IAAX) obtains its Air Operator’s Certificate.

4 September
AirAsia X flies the first batch of Malaysian Battalion (MALBATT) 850-2 to Lebanon.

30 October
AirAsia X is presented with an Excellence award by Expatriate Lifestyle’s The Best of Malaysia Awards.

19 November
AirAsia X supports Neubodi’s ‘Uplift Charity Trail’ to donate bras to village women in Nepal.

21 November
AirAsia X commences flights to Narita, Tokyo.

25 November
AirAsia X supports the Awesome All Stars, Malaysia’s elite cheerleading team, to compete in the 2014 Australian All Star Cheer & Dance Championship held in the Gold Coast.
january

30 JANUARY
AirAsia X announces leadership changes with Datuk Kamarudin Meranun as Group CEO and Benyamin Ismail as Acting CEO of AirAsia X.

february

13 FEBRUARY
AirAsia X launches its inaugural flight from Kuala Lumpur to Chongqing, China.

25 FEBRUARY
AirAsia X appoints Cheok Huei Shian as Chief Financial Officer.

march

5 MARCH
Civil Aviation Safety Authority (CASA) approves Indonesia AirAsia X (IAAX)’s direct flight from Melbourne, Australia to Bali, Indonesia.

28 MARCH
AirAsia X supports young climbers taking part in the Misi Perdana UTM Everest 2015.

april

29 APRIL
AirAsia X offers free flights to Nepal for NGOs and humanitarian agencies in aid of relief efforts.

may

12 MAY
AirAsia X receives the IATA Operational Safety Audit (IOSA) Registration.

18 MAY
IAAX launches its inaugural flight from Bali to Melbourne.

june

2 JUNE
AirAsia X and Flight Centre sign a Key Supplier Agreement.

16 JUNE
AirAsia X is named the World’s Best Low-Cost Airline Premium Cabin & Premium Seat for the third consecutive year.
**July**

11 **July**
AirAsia X’s leadership team brings cheer to orphans at Rumah Kasih Sayang.

**August**

12 **August**
AirAsia X and AirAsia reveal the ‘Hitman’ David Foster as their new global ambassador.

27 **August**
Malaysia and Thai AirAsia X announces collaboration with Lotte World to offer attraction tickets on flights to Seoul.

**September**

1 **September**
AirAsia X names Benyamin Ismail as its CEO.

8 **September**
AirAsia X and AirAsia continue to fly Malaysian heroes on peacekeeping missions.

28 **September**
Thai AirAsia X (TAAX) celebrates its inaugural flight from Bangkok to Shanghai, China.
1 OCTOBER
AirAsia X launches its inaugural flight from Kuala Lumpur to Sapporo, Japan.

17 OCTOBER
IAAX celebrates its inaugural flight from Bali to Sydney, Australia.

19 NOVEMBER
AirAsia X bids namasté (hello) to New Delhi with the launch of a new route to the Indian capital.

20 NOVEMBER
AirAsia X and AirAsia introduce exclusive in-flight dishes based on winning recipes from the AirAsia Challenge on the MasterChef Asia TV series.
2008

• Budgie World Low Cost Airline Award for World’s Best New Airlines
• CAPA New Airline of the Year Award

2009

• World’s Best Low-Cost Airline by Skytrax, together with AirAsia Berhad
• CAPA New Airline of the Year Award joint, winner with AirAsia Berhad

2010

• World’s Best Low-Cost Airline by Skytrax for the second consecutive year, with AirAsia Berhad

2011

• Best Network Performance at the inaugural World Routes Awards
• Ranked second Best Low-Cost Airline in Asia by Skytrax, after AirAsia Berhad
• Best Budget Airline 2011 from Smart Traveller
• Air Cargo Industry Customer Care Award 2011, together with AirAsia Berhad

2012

• Airbus Top Operational Excellence Award 2010-2011 for being the world’s best A330-300 operator (small fleet category)
• Ranked second Best Low-Cost Airline in Asia by Skytrax, after AirAsia Berhad
• Best Low Cost Airline in the Travel Top 50 issue Wish (The Australian)
• Rising Star Carrier of the Year at Payload Asia Awards 2012, together with AirAsia Berhad
• Best New Route Launch (for Haneda) at the World Low Cost Airlines Congress Budgies Awards
• Air Cargo Industry Customer Care Award from Air Cargo Week with AirAsia Berhad
• Ranked 4th best in-flight meals by the inaugural Skyscanner Asia Pacific Food Awards (long-haul category)

2013

• World’s Best Low-Cost Airline - Premium Class Seat and World’s Best Low-Cost Airline - Premium Seat by Skytrax World Airline Awards
• Uber Social WiTovation Award at the Web In Travel (WIT) Conference
• Best Investor Relations for IPO Award by IR Magazine & Conference South East Asia

2014

• World’s Best Low-Cost Airline - Premium Class Seat and World’s Best Low-Cost Airline - Premium Cabin by Skytrax World Airline Awards
• Best Investor Relations for an IPO Award by Malaysian Investor Relations Association (MIRA)
• An Excellence Award by Expatriate Lifestyle’s The Best of Malaysia Awards

2015

• World’s Best Low-Cost Airline - Premium Seat and Premium Cabin by Skytrax
• Asia’s Leading Cabin Crew by World Travel Awards
• Ranked second Best Low-Cost Airline in Asia by Skytrax
• Ranked second Best Low-Cost Airline in Australia/Pacific by Skytrax
3RD FEBRUARY
ADS Securities Non-Deal Roadshow
Abu Dhabi, UAE

24TH FEBRUARY
Announcement of the unaudited results for 4Q14 and FY14
Kuala Lumpur, Malaysia

23RD - 24TH MARCH
Credit Suisse’s 18th Annual Asian Investment Conference
Hong Kong

27TH MARCH
Extraordinary General Meeting - Rights Issue with Warrants
Kuala Lumpur, Malaysia

13TH - 14TH APRIL
CIMB Non-Deal Roadshow
London, United Kingdom

20TH - 22ND MAY
CIMB Roadshow - Rights Issue
Kuala Lumpur, Malaysia

27TH MAY
Announcement of the unaudited results for 1Q15
Kuala Lumpur, Malaysia

4TH JUNE
9th Annual General Meeting
Kuala Lumpur, Malaysia

6TH JULY
Credit Suisse Non-Deal Roadshow
Singapore

7TH JULY
Credit Suisse Non-Deal Roadshow
Hong Kong

8TH JULY
Credit Suisse Non-Deal Roadshow
Tokyo, Japan

19TH AUGUST
Announcement of the unaudited results for 2Q15 and 1H15
Kuala Lumpur, Malaysia

21ST SEPTEMBER
Equities Tracker Investor Talk
Kuala Lumpur, Malaysia

13TH OCTOBER
CLSA Non-Deal Roadshow
London, United Kingdom

25TH NOVEMBER
Announcement of the unaudited results for 3Q15 and 9M15
Kuala Lumpur, Malaysia
## CORPORATE STRUCTURE

<table>
<thead>
<tr>
<th>Company</th>
<th>Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>THAI AIRASIA X CO., LTD</td>
<td>49%</td>
</tr>
<tr>
<td>PT. INDONESIA AIRASIA EXTRA</td>
<td>49%</td>
</tr>
<tr>
<td>AAX CAPITAL LIMITED</td>
<td>100%</td>
</tr>
<tr>
<td>AAX CAPITAL II LIMITED</td>
<td>100%</td>
</tr>
<tr>
<td>AAX MAURITIUS ONE LIMITED</td>
<td>100%</td>
</tr>
<tr>
<td>AAX LEASING I LIMITED</td>
<td>100%</td>
</tr>
<tr>
<td>FLY X LIMITED</td>
<td>100%</td>
</tr>
<tr>
<td>AIRASIA X SERVICES PTY LTD</td>
<td>100%</td>
</tr>
</tbody>
</table>
SHAREHOLDERS’ BENEFIT PROGRAMME

CALLING ALL ELIGIBLE AIRASIA X SHAREHOLDERS TO REDEEM RETURN TICKETS TO ANY AIRASIA X DESTINATION

Only for shareholders who subscribed to and acquired a minimum of 10,000 IPO shares and have held on up to our three anniversaries

FIRST YEAR ANNIVERSARY 9 JULY 2014 – 9 JULY 2015
SECOND YEAR ANNIVERSARY 9 JULY 2015 – 9 JULY 2016
THIRD YEAR ANNIVERSARY 9 JULY 2016 – 9 JULY 2017

THE BENEFIT:

- Category A: Min. 10,000 - 99,999 shares
  - 20% off AirAsia X return flights to any AirAsia X destination
- Category B: Min. 100,000 shares and above
  - 1 return flight and 1 free one-way flight to any AirAsia X destination

HOW TO CHECK ELIGIBILITY & REDEEM YOUR TICKET

Email us at aax_shareholder@airasia.com or contact us at +603 8775 4680 (Monday - Friday, 9am to 6pm) to redeem and present the following details:

Full Name as per your National Registration Identity Card ("NRIC") number;
NRIC Number/Passport Number;
BIG Card Number (if applicable);
AirAsia Member User ID (if applicable);
Travel Destination;
Preferred Travel Date and Time.

TERMS AND CONDITIONS:
- All returns ticket may be offered before the end of year depending on the season until
- All surcharge fees are not included and are based on the published fare
- All tickets from previous years are not re-issued or added
- All offers are subject to the blackout dates at the discretion of AirAsia
- AirAsia's terms and conditions apply

Lowest fares @ airasia.com
FIVE-YEAR FINANCIAL & OPERATIONAL HIGHLIGHTS
For the Year Ended 31 December  
(RM million, unless otherwise stated)

<table>
<thead>
<tr>
<th>INCOME STATEMENT</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,862</td>
<td>1,967</td>
<td>2,308</td>
<td>2,937</td>
<td>3,063</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>1,937</td>
<td>1,925</td>
<td>2,297</td>
<td>3,304</td>
<td>3,217</td>
</tr>
<tr>
<td>EBITDAR</td>
<td>191</td>
<td>308</td>
<td>339</td>
<td>342</td>
<td>813</td>
</tr>
<tr>
<td>EBITDA</td>
<td>45</td>
<td>156</td>
<td>152</td>
<td>5</td>
<td>107</td>
</tr>
<tr>
<td>(LBIT)/EBIT</td>
<td>(60)</td>
<td>49</td>
<td>31</td>
<td>(176)</td>
<td>(37)</td>
</tr>
<tr>
<td>(Loss)/Profit Before Tax</td>
<td>(131)</td>
<td>38</td>
<td>(212)</td>
<td>(605)</td>
<td>(446)</td>
</tr>
<tr>
<td>Net (Loss)/Profit</td>
<td>(97)</td>
<td>34</td>
<td>(88)</td>
<td>(519)</td>
<td>(350)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BALANCE SHEET</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits, Cash &amp; Bank Balances</td>
<td>114</td>
<td>174</td>
<td>263</td>
<td>127</td>
<td>311</td>
</tr>
<tr>
<td>Total Assets</td>
<td>2,401</td>
<td>2,428</td>
<td>4,002</td>
<td>3,736</td>
<td>4,182</td>
</tr>
<tr>
<td>Net Debt (Total Debt - Total Cash)</td>
<td>1,165</td>
<td>1,218</td>
<td>1,733</td>
<td>1,452</td>
<td>1,118</td>
</tr>
<tr>
<td>Shareholders’ Equity</td>
<td>547</td>
<td>581</td>
<td>1,236</td>
<td>704</td>
<td>632</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOW STATEMENT</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cash (used in)/From Operating Activities</td>
<td>(137)</td>
<td>(37)</td>
<td>189</td>
<td>(53)</td>
<td>(13)</td>
</tr>
<tr>
<td>Net Cash (used in)/From Investing Activities</td>
<td>(129)</td>
<td>(60)</td>
<td>(1,309)</td>
<td>392</td>
<td>297</td>
</tr>
<tr>
<td>Net Cash From/(used in) Financing Activities</td>
<td>33</td>
<td>154</td>
<td>1,156</td>
<td>(483)</td>
<td>(114)</td>
</tr>
<tr>
<td>Net Cash Flow</td>
<td>(233)</td>
<td>57</td>
<td>37</td>
<td>(143)</td>
<td>170</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CONSOLIDATED FINANCIAL PERFORMANCE (%)</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Return On Total Assets</td>
<td>(4.0)</td>
<td>1.4</td>
<td>(2.2)</td>
<td>(13.9)</td>
<td>(8.4)</td>
</tr>
<tr>
<td>Return On Shareholders’ Equity</td>
<td>(17.7)</td>
<td>5.9</td>
<td>(7.1)</td>
<td>(73.8)</td>
<td>(55.3)</td>
</tr>
<tr>
<td>R.O.C.E (EBIT/(Net Debt + Equity))</td>
<td>(3.5)</td>
<td>2.7</td>
<td>1.0</td>
<td>(8.2)</td>
<td>(2.1)</td>
</tr>
<tr>
<td>EBITDAR Margin</td>
<td>10.3</td>
<td>15.7</td>
<td>14.7</td>
<td>11.6</td>
<td>26.6</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>2.4</td>
<td>7.9</td>
<td>6.6</td>
<td>0.0</td>
<td>3.5</td>
</tr>
<tr>
<td>(LBIT)/EBIT Margin</td>
<td>(3.2)</td>
<td>2.5</td>
<td>1.3</td>
<td>(6.0)</td>
<td>(1.2)</td>
</tr>
<tr>
<td>(Loss)/Profit Before Tax Margin</td>
<td>(7.0)</td>
<td>1.9</td>
<td>(9.2)</td>
<td>(20.6)</td>
<td>(14.6)</td>
</tr>
<tr>
<td>Net (Loss)/Profit Margin</td>
<td>(5.2)</td>
<td>1.7</td>
<td>(3.8)</td>
<td>(17.7)</td>
<td>(11.4)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CONSOLIDATED OPERATING STATISTICS</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger Carried</td>
<td>2,526,181</td>
<td>2,580,946</td>
<td>3,161,456</td>
<td>4,230,952</td>
<td>3,613,537</td>
</tr>
<tr>
<td>Capacity</td>
<td>3,159,866</td>
<td>3,072,981</td>
<td>3,860,480</td>
<td>5,150,574</td>
<td>4,848,974</td>
</tr>
<tr>
<td>Load Factor (%)</td>
<td>80</td>
<td>84</td>
<td>82</td>
<td>82</td>
<td>75</td>
</tr>
<tr>
<td>RPK (million)</td>
<td>14,143</td>
<td>13,601</td>
<td>15,857</td>
<td>20,817</td>
<td>17,552</td>
</tr>
<tr>
<td>ASK (million)</td>
<td>17,648</td>
<td>16,231</td>
<td>19,309</td>
<td>25,374</td>
<td>23,388</td>
</tr>
<tr>
<td>Aircraft Utilization (hours per day)</td>
<td>15.8</td>
<td>16.2</td>
<td>16.3</td>
<td>16.3</td>
<td>15.0</td>
</tr>
<tr>
<td>Average Fare (RM)</td>
<td>575.9</td>
<td>554.8</td>
<td>525.2</td>
<td>468.8</td>
<td>493.0</td>
</tr>
<tr>
<td>Ancillary Revenue Per Pax (RM)</td>
<td>122.7</td>
<td>142.4</td>
<td>145.0</td>
<td>139.4</td>
<td>131.8</td>
</tr>
<tr>
<td>Revenue per ASK (sen)</td>
<td>10.59</td>
<td>12.00</td>
<td>12.06</td>
<td>11.97</td>
<td>13.13</td>
</tr>
<tr>
<td>Revenue per ASK (USc)</td>
<td>3.46</td>
<td>3.88</td>
<td>3.83</td>
<td>3.66</td>
<td>3.37</td>
</tr>
<tr>
<td>Cost per ASK (sen)</td>
<td>10.94</td>
<td>11.56</td>
<td>11.98</td>
<td>12.91</td>
<td>13.75</td>
</tr>
<tr>
<td>Cost per ASK (USc)</td>
<td>3.58</td>
<td>3.74</td>
<td>3.80</td>
<td>3.94</td>
<td>3.53</td>
</tr>
<tr>
<td>Cost per ASK - excluding fuel (sen)</td>
<td>5.17</td>
<td>5.86</td>
<td>6.28</td>
<td>6.92</td>
<td>9.38</td>
</tr>
<tr>
<td>Cost per ASK - excluding fuel (USc)</td>
<td>1.69</td>
<td>1.90</td>
<td>1.99</td>
<td>2.11</td>
<td>2.40</td>
</tr>
<tr>
<td>Size of Fleet at Year End</td>
<td>11</td>
<td>11</td>
<td>19</td>
<td>26</td>
<td>27</td>
</tr>
<tr>
<td>Average Stage Length (km)</td>
<td>5,664</td>
<td>5,306</td>
<td>5,002</td>
<td>4,927</td>
<td>4,761</td>
</tr>
<tr>
<td>Sectors Flown</td>
<td>8,508</td>
<td>8,187</td>
<td>10,240</td>
<td>13,662</td>
<td>13,033</td>
</tr>
<tr>
<td>Fuel Consumed (‘000 barrels)</td>
<td>2,606</td>
<td>2,311</td>
<td>2,660</td>
<td>3,657</td>
<td>3,456</td>
</tr>
<tr>
<td>Average Fuel Price (USD/barrel)</td>
<td>127.8</td>
<td>129.6</td>
<td>131.4</td>
<td>127.0</td>
<td>75.7</td>
</tr>
<tr>
<td>Number of Employees at Year End for MAAX</td>
<td>1,245</td>
<td>1,300</td>
<td>2,011</td>
<td>2,380</td>
<td>2,204</td>
</tr>
</tbody>
</table>
### Financials & Operational at a Glance

**Total Revenue**

<table>
<thead>
<tr>
<th>Year</th>
<th>RM Million</th>
<th>CAGR* of 23% since 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>3,063</td>
<td></td>
</tr>
</tbody>
</table>

**ASK**

<table>
<thead>
<tr>
<th>Year</th>
<th>RM Million</th>
<th>Y-o-Y Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>23,388</td>
<td>-8%</td>
</tr>
</tbody>
</table>

**EBITDAR**

<table>
<thead>
<tr>
<th>Year</th>
<th>RM Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>191</td>
</tr>
<tr>
<td>2012</td>
<td>308</td>
</tr>
<tr>
<td>2013</td>
<td>339</td>
</tr>
<tr>
<td>2014</td>
<td>342</td>
</tr>
<tr>
<td>2015</td>
<td>813</td>
</tr>
</tbody>
</table>

**Revenue Per ASK (RASK)**

- 10% Y-o-Y Increase

**Total Assets**

<table>
<thead>
<tr>
<th>Year</th>
<th>RM Million</th>
<th>Y-o-Y Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>4,182</td>
<td>12%</td>
</tr>
</tbody>
</table>

**Cost Per ASK (CASK)**

<table>
<thead>
<tr>
<th>Year</th>
<th>RM Sen</th>
<th>US cents</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>13.75</td>
<td>3.53</td>
</tr>
</tbody>
</table>

**Net Debt**

- Reduced to RM 1,118 Million from RM 1,452 Million in FY2014

**Average Fare**

+5% Y-o-Y as market rationalized in Second Half of 2015
**SHARE PRICE PERFORMANCE**

**June 2015 - March 2016**

*(Month End Closing Price)*

<table>
<thead>
<tr>
<th>Month</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun ‘15</td>
<td>0.055</td>
</tr>
<tr>
<td>Jul ‘15</td>
<td>0.055</td>
</tr>
<tr>
<td>Aug ‘15</td>
<td>0.040</td>
</tr>
<tr>
<td>Sep ‘15</td>
<td>0.050</td>
</tr>
<tr>
<td>Oct ‘15</td>
<td>0.055</td>
</tr>
<tr>
<td>Nov ‘15</td>
<td>0.140</td>
</tr>
<tr>
<td>Dec ‘15</td>
<td>0.180</td>
</tr>
<tr>
<td>Jan ‘16</td>
<td>0.245</td>
</tr>
<tr>
<td>Feb ‘16</td>
<td>0.250</td>
</tr>
<tr>
<td>Mar ‘16</td>
<td>0.290</td>
</tr>
</tbody>
</table>

**Ordinary Shares**

- **HIGHEST** RM0.325 (on 7th March 2016)
- **LOWEST** RM0.150 (on 25th August 2015)
- **AVERAGE DAILY TRADING VOLUME** 21 MIL SHARS
- **NO. OF OUTSTANDING SHARES** 4,148 MIL
- **MARKET CAPITALIZATION** RM 1.2 BIL

**Warrants**

- **HIGHEST** RM0.190 (on 7th March 2016)
- **LOWEST** RM0.035 (on 25th August 2015)
- **LISTING DATE** 11TH JUNE 2015
- **MATURITY DATE** 8TH JUNE 2020
- **ISSUE SIZE** 889 MIL
- **EXERCISE PRICE** RM 0.46
An eXtraordinary Long-Haul Low-Cost Leader

Since 2007, AirAsia X has revolutionized long-haul travel by offering an expansion of destinations by using them with low-flying to reach more destinations than ever before.

AirAsia X is a strong focus on connecting global destinations and in opening new opportunities for our customers.

We've been honored to serve AirAsia X from the start, proofing our advanced New Skies reservations platform to help the company deliver on its motto: ‘Air Asia, Everyone Can Fly.’ We look forward to helping AirAsia X fly even further in the future.

NAVITAIRE
an AMADEUS company
Taking care of everything under the sky to keep you up in the air.

Total Aviation Support is a concept we champion. Be it aircraft maintenance or modifications, engines or component support, maintenance planning, engineering services or material needs, ST Aerospace is ready all over the world, providing support to help improve your performance. As the world's leading third-party MRO service provider, we're always at your side — keeping you flying safe and ensuring the safety and comfort of your customers.
TAN SRI RAFIDAH AZIZ
[ Senior Independent Non-Executive Chairman ]
DATUK KAMARUDIN BIN MERANUN
[ Non-Independent Executive Director and Group Chief Executive Officer ]
TAN SRI DR. TONY FERNANDES
[Non-Independent Non-Executive Director]
DATO' FAM LEE EE
[ Non-Independent Non-Executive Director ]
LIM KIAN ONN
[ Independent Non-Executive Director ]
DATO' YUSLI BIN MOHAMED YUSOFF
[ Independent Non-Executive Director ]
BOARD OF DIRECTORS

TAN SRI ASMAT BIN KAMALUDIN
[ Independent Non-Executive Director ]
TAN SRI RAFIDAH AZIZ
Senior Independent Non-Executive Chairman

Tan Sri Rafidah, Malaysian, aged 72, was appointed as an Independent Non-Executive Director and Chairman of the Board on 3 March 2011 and re-designated as a Senior Independent Non-Executive Chairman upon listing of the Company on 10 July 2013. She is also Chairman of the Nomination and Remuneration Committee of the Board and Safety Review Board of the Company.

She holds a Bachelor of Arts degree in Economics and a Master’s degree in Economics from the University of Malaya.

She is Malaysia’s longest-serving Minister of International Trade and Industry, having served in that capacity from 1987 to 2008, and contributes a wealth of international experience.

Prior to this, she held the portfolio of Minister of Public Enterprises from 1980 to 1987 and Deputy Minister of Finance from 1977 to 1980. Tan Sri Rafidah also has experience lecturing at the Faculty of Economics and Administration at the University of Malaya between 1966 and 1976. She now serves as an Adjunct Professor at the College of Business, University Utara Malaysia.

She has received various awards from the states of Selangor, Perak, Melaka and Terengganu as well as from Argentina and Chile. She has also been conferred Honorary Doctorates from University Putra Malaysia, University Utara Malaysia, University Tun Razak Malaysia, the University of Malaya and Dominican University of California, United States of America.

She also serves as Chairman of Megasteel Sdn Bhd, Supermax Corporation Berhad and Pinewood Iskandar Malaysia Studio and is the patron of several NGOs.

TAN SRI DR. TONY FERNANDES
Non-Independent Non-Executive Director

Tan Sri Dr. Tony Fernandes CBE, Malaysian, aged 52, was appointed as a Non-Independent Non-Executive Director of the Company on 18 July 2006 and is one of the Company’s co-founders.

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


In 1999, the Sultan of Selangor bestowed on him the title Setia Mahkota Selangor for his contributions to the Malaysian music industry. He also received the Recording Industry Person of the Year 1997 award from the Recording Industry Association of Malaysia.

Since launching AirAsia, he has received numerous state awards as well as industry accolades. Within Malaysia, he has been awarded the title Dato’ by the Sultans of Negeri Sembilan and Pahang; Dato’ Seri by the Sultan of Perak; and Tan Sri from a former Yang di-Pertuan Agong. Internationally, he has been presented the title Officier of the Legion d’Honneur, followed by the Commander of the Legion d’Honneur, the highest rank of honour that the French Government can bestow on non-French citizens. Later, he was awarded the Commander of the Order of the British Empire (CBE) by Her Majesty Queen Elizabeth II.
From the industry, he was presented the Airline Business Strategy Award 2005 and Low Cost Leadership Award by Airline Business, and named Asia Pacific Aviation Executive by the Centre for Asia Pacific Aviation (CAPA) for the years 2004 and 2005. He bagged The Brand Laureate Brand Personality Award in 2006 and 2007; was presented the CAPA Legend Award 2009 (Aviation Hall of Fame); and the Airline CEO of the Year Award for 2009 from Jane’s Transport Finance.

In 2010, Tan Sri Tony was awarded the Nikkei Asia Prize in Tokyo and the Masterclass Global CEO of the Year at the 2nd Malaysia Business Leadership Award (MBLA). He was also named Forbes Asia Businessman of the Year 2010, the first ASEAN citizen to receive the award.

In 2011, Tan Sri Tony was named one of the most creative people in business by New York-based business magazine Fast Company and was on its Top 10 Most Creative People in Twitter list. He was also named CEO of the Year at the Annual Budgies World Low Cost Airline Awards held in London; and CNBC Travel Business Leader of 2011 at CNBC’s Travel Business Leaders Award Asia Pacific held in Singapore.

In 2012, he was bestowed the Individual Achievement of the Year award at the 1st Malaysia Achievement Awards 2012, organised by the Malaysia Achievement Organisation (MACA). He was also honoured with the Best CEO for IR - Mid Cap award by the Malaysian Investor Relations Association Berhad (MIRA); named as one of Malaysia’s outstanding CEOs by The Edge Billion Ringgit Club (BRC); and announced as GQ India’s International Businessman of the Year 2012.

In January 2013, Tan Sri Tony was named a Malaysia Brand Ambassador by Prime Minister Dato’ Sri Mohd Najib bin Tun Haji Abdul Razak at the World Economic Forum in Davos, Switzerland. He went on to win Corporate Governance Asia’s Best CEO for Malaysia award – for the third year in a row – in March 2013.

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

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

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Dato’ Fam LEE EE
Non-Independent Non-Executive Director

Dato’ Fam, Malaysian, aged 55, was appointed as Non-Independent Non-Executive Director of the Company on 24 March 2008. He is also a member of the Nomination and Remuneration Committee of the Board.

He received his BA (Hons) in Law from the University of Malaya in 1986 and an LLB (Hons) from the University of Liverpool, England in 1989. Upon obtaining a Certificate of Legal Practice in 1990, he has been practising law since 1991 and is currently a senior partner at Messrs YF Chun, Fam & Yeo.

He was appointed to the Board of Trustees of Yayasan PEJATI from 1996 to 2007. Since 2001, he has also served as a legal advisor to the Chinese Guilds and Association and charitable organisations such as Yayasan SSL Hemodialysis Centre in PJ.

He also serves as a Senior Independent Non-Executive Director of AirAsia Berhad.

LIM KIAN ONN
Independent Non-Executive Director

Mr. Lim, Malaysian, aged 59, was appointed as an Alternate Director to Dato’ Seri Kalimullah Bin Masheerul Hassan on 11 June 2007. He ceased as an Alternate Director to Dato’ Seri Kalimullah and was appointed as a Non-Independent Non-Executive Director of the Company on 10 July 2012. Mr. Lim was re-designated as Independent Non-Executive Director on 26 February 2016. He is also a member of the Audit Committee of the Board.

He is a member of the Institute of Chartered Accountants in England and Wales and the Malaysian Institute of Accountants. He served his articleship with KMG Thomson McLintock in London and was a consultant with Andersen Consulting from 1981 to 1984. Between 1984 and 1993, he was with Hong Leong Group, Malaysia as an Executive Director in the stockbroking arm responsible for corporate finance, research and institutional sales. Mr. Lim founded the Libra Capital Group in 1994 and co-founded the ECM Libra Group in 2002.

He was appointed to the Board of ECM Libra Financial Group Berhad (ECMLFG) on 16 June 2006 and re-designated as Managing Director with effect from 1 May 2007, a position he held till 5 August 2010. On 6 August 2010, he was re-designated as Non-Independent Non-Executive Director of ECMLFG. He was subsequently re-designated as Managing Director of ECMLFG with effect from 16 July 2015.
DATO’ YUSLI BIN MOHAMED YUSOFF
Independent Non-Executive Director

Dato’ Yusli, Malaysian, aged 57, was appointed as an Independent Non-Executive Director of the Company on 13 May 2013. He is Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee of the Board.

He graduated from the University of Essex, United Kingdom with a Bachelor of Economics in 1981. He is a Member of the Institute of Chartered Accountants England and Wales, the Malaysian Institute of Accountants as well as an Honorary Member of the Institute of Internal Auditors Malaysia.

He commenced his professional career in 1981 as an Accountant with Peat Marwick Mitchell & Co in London, United Kingdom.

He returned to Malaysia and held various key positions in industrial and financial groups in the country’s capital, providing him with experience in a number of different industries including property and infrastructure development, telecommunications, engineering and merchant banking.

He entered the stockbroking industry when he was appointed as Chief Executive Director of CIMB Securities Sdn Bhd from 2000 to 2004. He also served as Chairman of the Association of Stockbroking Companies Malaysia from 2003 to 2004.

From 2004 to 2011, he was the Executive Director/Chief Executive Officer of Bursa Malaysia Berhad, previously known as the Kuala Lumpur Stock Exchange. During the same period, he also sat on the Board of the Capital Market Development Fund and was an Executive Committee member of the Financial Reporting Foundation of Malaysia.

He also serves as an Independent Non-Executive Director on the Board of Directors of a few public listed companies in Malaysia namely YTL Power International Berhad, Mulpha International Berhad, Madajaya Group Berhad and Westports Holdings Berhad. He also sits on the Board of Dato’ HM Shah Foundation. Outside his professional engagements, he serves as the Patron of the Victoria Institution Old Boys Association. Currently, Dato’ Yusli is the President of the Malaysian Institute of Corporate Governance.

TAN SRI ASMAT BIN KAMALUDIN
Independent Non-Executive Director

Tan Sri Asmat, Malaysian, aged 72, was appointed as an Independent Non-Executive Director of the Company since 13 May 2013. He is a member of the Audit Committee.

He graduated from the University of Malaya with a Bachelor of Arts (Honours) degree in Economics. He also holds a Diploma in European Economic Integration from the University of Amsterdam.

He has vast experience of 35 years in various capacities in the public service and his last post in the public service was as the Secretary General of the Ministry of International Trade & Industry Malaysia, a position he held since May 1992. In the last five years prior to his retirement in 2001, Tan Sri Asmat served as a board member of Malaysia Technology Development Corporation, Multimedia Development Corporation, Malaysian Trade Development Corporation, Permodalan Nasional Berhad, Small and Medium Industries Development Corporation and Perbadanan Johor.

He serves as the Non-Executive Chairman of UMW Holdings Berhad, UMW Oil and Gas Corporation Berhad, Panasonic Manufacturing Malaysia Berhad and Compugates Holdings Berhad, companies listed on the Main Market of Bursa Malaysia Securities Berhad. He is also Non-Executive Vice Chairman of YTL Cement Berhad and a Director of Permodalan Nasional Berhad, The Royal Bank of Scotland Berhad and JACTIM Foundation, all public companies. Tan Sri Asmat is a Governor of JACTIM and sits on the Boards of FMM and MAJECA. He has also represented Malaysia for several years as Governor on the Governing Board of The Economic Research Institute for Asean and East Asia.

Notes:

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

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

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

Attendance of Board Meetings
The attendance of the Directors at Board of Directors’ meetings is disclosed in the Statement on Corporate Governance.
AWARD WINNING
PRODUCTS

3-TIME WINNER
WORLD'S BEST LOW-COST AIRLINE
PREMIUM SEAT & CABIN
FAIRUZ MAJID
Head of Communications

ASPA LINDA AHMAD
Head of Cabin Crew

CAPTAIN LESLIE WU
Safety Director

CHEOK HUEI SHIAN
Chief Finance Officer

BENYAMIN ISMAIL
Chief Executive Officer
LEADERSHIP TEAM

VENGGATARA NIADU
Head of Network and Regulatory

EDWARD CHIEN
Acting Financial Controller & Head of Quality Assurance

MOSES DEVANAYAGAM
Senior Director

YOGESH UPADHYAY
Head of Corporate Finance, Charter and Leasing

CAPTAIN SURESH BANGAH
Flight Operations Director
Standing Left to Right:

**JAISHARAN KAUR GILL**  
Head of In-flight Operations

**YE OH SAI YEW**  
Head of People

**SHARMIZAN ABDUL GHANI**  
Head of Engineering

**ARIK DE**  
Head of Commercial

**JURVENA LEE NIAN-CHEH**  
Head of Marketing
PAVENRAJ SINGH
Head of Ancillary

RAYMOND CHEONG
Head of Sales

AMOS AW SHING CHIEN
Head of Revenue Management

ABDULLAH BIN HASHIM
Head of Internal Audit and Risk Management

MUHAMMAD ALIF SOON
Head of Ground Operations
Benjamin Ismail
Chief Executive Officer

Benjamin Ismail, Malaysian, aged 39, was appointed as Chief Executive Officer on 1 September 2015.

He joined AirAsia Berhad in March 2010 as the Head of Investor Relations, bringing with him eight years of experience in Investment Banking focusing on Debt Capital Markets. The Investor Relations (IR) function had been set up by AirAsia CEO Aireen Omar, who recruited Ben to spearhead the new unit. His role as the head of Investor Relations required wide knowledge and understanding of the company, and he made him answerable to the Group CEO, Group Deputy CEO, CEO and CFO. On top of his main role at IR, Ben also assisted the Corporate Finance and Fuel Procurement unit.

He played a critical role in AirAsia’s growth into one of the most attractive companies on Bursa Malaysia in terms of transparency, investor returns and corporate governance. Engaging with domestic and international broking houses, he created greater visibility of AirAsia which at one point was one of the most covered stocks, on the radar of no less than 30 brokerages.

AirAsia was duly awarded Best Investor Relations Company and Best CEO four years in a row by Corporate Governance Asia, with Benjamin named the Best Investor Relations Officer four consecutive times. He also received the Best IR Professional award in 2011 and 2012 by Bursa’s Malaysian Investor Relations Association (MiRA).

Before joining AirAsia, Benjamin worked for three years in CIMB Investment Bank in Kuala Lumpur focusing on Debt Capital Markets. Prior to CIMB, he was with Maybank Investment Bank and Affin Investment Bank handling their Debt Capital Market portfolios.

He holds a Bachelor of Commerce (Banking & Finance) from Curtin University of Technology, Australia and a Master’s in Electronic Commerce from Edith Cowan University, Australia. He represented Western Australia in the Rowing Nationals in his first two years at university and is currently active in football, basketball and muay thai.

He does not hold any directorship in Malaysian public companies, has no family relationship with any director and/or substantial shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for offences within the past 10 years other than traffic offences, if any. Currently, he has no shareholdings in the Company.

Cheok Hwei Shian
Chief Financial Officer

Cheok Hwei Shian joined AirAsia Berhad as Chief Financial Officer on 26 February 2015, bringing with her over 15 years of experience in finance and operations management.

She was a part of the core team in the early days of AirAsia and over the years has played an instrumental role in the success of AirAsia, including the Company’s listing on Bursa Malaysia. She has also been a key member of the turnaround team that oversees the entire AirAsia Group.

Since joining AirAsia in 2004, she has held senior leadership roles across the Group. From 2011-2014, she served as the Chief Financial Officer of PT Indonesia AirAsia, where she played a key role in streamlining the finance function with AirAsia Berhad, creating synergies between finance, operations and marketing to support strategic business objectives and drive profitable growth.

Prior to joining AirAsia, she was with Ernst & Young in the Financial and Advisory Service Department.

She is a fellow member of the Association of Chartered Certified Accountants (ACCA) and a member of the Malaysian Institute of Accountants (MIA).

Moses Devanayagam
Senior Director

Moses joined AirAsia X in July 2007 as Director of Operations and is currently our Senior Director. He was instrumental in setting up the Operations function, which includes Flight Operations, Engineering, Group Operations, In-Flight Operations and the Safety and Security functions.

He also spearheaded the move to KLIA 2, a milestone for AirAsia X and AirAsia Group, in 2014. Currently, Moses leads the coordination of operational functions with the AirAsia Group, Airport authorities and Government agencies including the Malaysian Aviation Commission. He has 44 years of experience in the aviation industry, having worked at Malaysia-Singapore airlines from 1971-1972 as an apprentice and subsequently Malaysian Airline System Berhad from 1972-2007, where he held various key positions, including General Manager-Operations, Head of Contracts Management and Warranty and Contracts Manager.

He has been an Associate Member of the Royal Aeronautical Institute United Kingdom (by award) since 1975. He completed a cadet/apprentice technical services in-house training programme with Malaysia-Singapore Airlines in 1972, and type-rating courses at Qantas and Air New Zealand in 1971.

Captain Suresh Bangah
Flight Operations Director

Captain Suresh joined AirAsia X in October 2010 as Chief Pilot, Operations. In October 2013, he was promoted to Flight Operations Director responsible for coordinating, supervising and monitoring the functions and performance of management personnel, pilots, cabin crew and all departments within Flight Operations. He is also responsible for the management of safety and security of all flights operated by AirAsia X. He acts as the liaison person with local and international regulators in ensuring operations are in line with the conditions and restrictions of the Air Operator Certificate. He also represents the company’s interest in national and international bodies and institutions as far as flight operations are concerned.

Captain Suresh began his career with the AirAsia Group in March 2003. Prior to AirAsia X, he was an internal auditor within Flight Operations at AirAsia Berhad in 2005. In December 2009, he was made a Cadet Pilot Coordinator to manage the Cadet Pilot Training Programme. Soon after, he assumed the position of Flight Deck Recruitment Manager responsible for hiring pilots of different entry levels, and promoting pilots internally.
CAPTAIN LESLIE WU
Safety Director

Captain Wu obtained his commercial pilot license from the US and Malaysia, and started serving commercial airlines in 1992, becoming a commercial jet captain five years later, in 1997. At the end of 2004, he became a Deputy Chief Pilot Training. Later, Captain Wu spent several years based in the Middle East, flying for Qatar Airways.

Upon returning to Malaysia in mid-2009, he joined AirAsia X as Chief Pilot Flight Safety and was subsequently made Safety Director in 2012. As Safety Director, he is responsible for implementing and maintaining the Safety Management System for the entire company. Nevertheless, he still puts on his ‘wings’ to fly once or twice a month. Captain Wu holds a Diploma in Safety Management for Airlines and a Diploma in Airline Quality System.

ARIK DE
Head of Commercial

Arik joined AirAsia X in January 2016 as Head of Commercial. He is tasked with leading the commercial functions of the airline including our Network, Revenue, Marketing, Ancillary, and Sales & Distribution.

Arik started his career at the International Monetary Fund (IMF) as a young economist. He subsequently acquired over 16 years of experience in aviation through work at WestJet in Canada, and being part of two of the largest aviation consulting firms - SH&E/ICF Aviation and InterVistals. At WestJet, he led the network and fleet planning team to grow a primarily domestic airline into the largest non-US airline in the Caribbean, Hawaii and prime US leisure points of Las Vegas and Florida. He was also instrumental in evaluating the first code share partnerships, and being part of the core team that studied and introduced WestJet Encore, the regional arm of WestJet.

In his consulting career, he was engaged in over 100 consulting projects in commercial aviation including that at LAN, Aero Mexico, Singapore Airlines, Jeju, SpiceJet, Air India, Gulf Air and Kuwait Airways. Most recently, he was designated the Chief Commercial Officer at TACV, the national airline of Cabo Verde.

Edward Chien joined AirAsia X Berhad as Head of Quality Assurance in June 2015 and assumed the role of Acting Financial controller in December 2015. He assists the leadership in managing the finance function with direct reporting to Chief Financial Officer. Prior to AirAsia X, Edward was a Director at PwC Vietnam for five years leading the Risk Consulting & Forensic team. He brings 20 years of experience acquired as a consultant and auditor at PwC Vietnam, Group Operations Risk Manager at a Malaysian bank, Deputy Head of Programme Management at a Malaysian satellite TV broadcaster, and Chief Internal Auditor of a public listed water treatment concessionaire.

Edward holds a Bachelor’s in Accounting with honours from Universiti Utara Malaysia. He is a member of the Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA); and a Chartered Member of the Institute of Internal Auditors (IIA) Malaysia.

Edward Chien
Acting Financial Controller & Head of Quality Assurance

SHARMIZAN ABDUL GHANI
Head of Engineering

Sharmizan joined AirAsia X as Head of Engineering in 2015, but is no stranger to the AirAsia Group having previously held the post of Duty Engineer in AirAsia Berhad from 2001-2007. His career in the aviation industry began in 1995 as a Trainee Aircraft Maintenance Engineer with Malaysia Airlines. By mid-1999, he became a Licensed Aircraft Engineer with a Boeing 737-400 rating and later obtained a Boeing 777-200 rating. After his tenure at AirAsia Berhad, he left to join Jet Premier One as an Avionics Duty Engineer in 2007 and was thereafter promoted to Technical Services Manager in 2009.

JURVENA LEE NIAN-CHEH
Head of Marketing

Jurvena joined AirAsia Berhad in 2011 as a Marketing Manager and quickly moved on to assume the position of Regional Marketing Manager a year later. In 2015, she was promoted to Head of Marketing for AirAsia X within the commercial department. Her responsibilities include leading the team in stimulating travel demand for AirAsia X and working closely with partners and tourism bodies to achieve similar goals. Prior to her stint at AirAsia, she was with one of the largest grocery retailers, Tesco Stores (M), where she acquired six years of marketing experience across a range of portfolios including Advertising & Promotions and Local & Stores Marketing. Jurvena graduated with a Bachelor’s in Business from Auckland University of Technology, New Zealand.

RAYMOND CHEONG
Head of Sales

Raymond joined AirAsia X Berhad in January 2013 as our Sales and Distribution Manager and was re-designated as Head in 2015 with the key responsibility to lead and drive the sales and distribution of indirect channels, namely travel agencies, general sales agents and global distribution systems. He plays a key role in market introduction campaigns and setting up of offline trade distribution channels in new destinations including Adelaldea, Chongqing, Xi’an, Narita, Nagoya and Busan. He also played an instrumental role in the distribution set-up and market entry campaigns of Thai AAX in Japan and Korea and Indonesia AAX in Australia. Raymond is also part of the AirAsia Group Regional Sales Team managing and overseeing the Australia, Japan and Korea offline channel sales for all carriers within the AirAsia Group.

Raymond was previously attached to AirAsia Berhad leading the corporate sales team and eventually taking on regional roles in overseeing the sales and distribution channels and the set-up of AirAsia Travel & Service Centres in Indochina. He has more than 10 years’ management experience in global sales, international business development, regional distribution set-up and expansion and key account management in the
aviation, telecommunications and fast moving consumer goods industries. In his extensive career, he has developed and executed market penetration strategies, new product introduction campaigns and set up and trained sales teams in new local and international markets.

He graduated with a Bachelor of Arts (Hons) in Business Administration from the University of Hertfordshire, at Inti College Malaysia.

**FAIRUZ MAJID**

Head of Communications

Fairuz joined AirAsia Berhad in 2007 and later moved to AirAsia X as part of the pioneering team, focused on driving the commercial department. He took on the position of Sponsorship and Events Manager in 2010, following which he became the Regional Marketing Manager in 2012 and Head of Marketing in 2013. Along with the company’s growth, Fairuz assumed positions of greater responsibility, and in 2014, he was promoted to Head of Marketing and Communications overseeing AirAsia X’s marketing strategies and communication, public relations, events and sponsorship activities. Since 2015, his focus has been targeted at communication as Head of Communications for AirAsia X. He also supports regional communication efforts by working closely with other AOCs in the AirAsia and AirAsia X Groups.

Fairuz brings with him a decade of experience in the fields of marketing and communication. His practice began with one of Malaysia’s largest privately-owned conglomerates, the Naza Group of Companies, where he underwent an internship under the Pemuda Internship Program (PINTAR). He was subsequently offered a permanent job at the company, which he served for three years.

Fairuz graduated from Universiti Teknologi MARA with a Bachelor in Business Administration (Hons) Marketing.

**VENGGATARAO NIADU**

Head of Network and Regulatory

Venggatarao has been with AirAsia X since its inception in 2007. He joined the company when it was FlyAsianXpress in 2006 during the Malaysian Aviation Route Rationalisation period, and was a member of the pioneering team that established AirAsia X with the launch of the inaugural flight to the Gold Coast in 2007. He took on various cross-functional roles across network and fleet planning, scheduling, regulatory affairs and operations before focusing on route planning and scheduling in 2011. AirAsia X went on to win Best Network Performance by an Airline at the World Routes Awards in the same year and currently holds the distinction of having the highest aircraft utilisation in the world.

In 2012, Venggatarao took on the additional role of leading the charter and leasing business, beginning with Kathmandu charters (ended in early 2014). He was appointed Group Head of Network for the AirAsia X Group in 2014. In 2015, his portfolio expanded and he took on an additional role in regulatory affairs.

Prior to AirAsia X, he was an internal auditor at Singer Malaysia, part of the Berjaya Corporation umbrella, for nine years.

**YOGESH UPADHYAY**

Head of Corporate Finance, Charter and Leasing

Yogesh joined AirAsia X in 2014 as Head of Charter and Leasing. His primary function in this role is to maximise airline revenue by deploying excess fleet on wet lease operations and manage negotiations for all charter and wet lease contracts. In the same year, he took on an additional role as Head of Ancillary until early 2015, and drove AirAsia X to be recognised as a Top 10 Global Airline for Ancillary Revenue per Passenger by IdeaWorksCompany.

With Yogesh’s strong negotiation skills, aircraft knowledge and experience in the airline industry, he was then appointed as Head of Corporate Finance in 2015, where he leads negotiations with banks, head lessors and airlines for any corporate exercise and aircraft related matter.
Prior to AirAsia X, he was Head of Operations for seven years at pay television company, Eurostar Communications Llc, in Dubai. He then joined the aviation sector as Head of Sales for Charters and Leasing at Air Charter International Arabia Ltd, Dubai for six years.

MUHAMMAD ALIF SOON
Head of Ground Operations

Alif has been with the AirAsia Group since 2004, and is a proud recipient of the 10 Years Long Service Award. His positive attitude and commitment to the job throughout his tenure are reflected in countless achievements leading to a number of promotions, the latest being to Head of Ground Operations. In this role, he is responsible for driving and leading our team of Guest Service Assistants in improving our customers’ experience. Alif started as a Guest Service Assistant, manning the check-in counters and boarding gates.

ASPA LINDA AHMAD
Head of Cabin Crew

Aspa has over 19 years of experience in the aviation sector. She began her journey in AirAsia in 2002 as Cabin Crew and was quickly promoted to Senior Cabin Crew in 2003, a Purser in 2005 and Cabin Crew Executive in 2009. In 2010, her journey with AirAsia X took off with a promotion to being the new Assistant Cabin Crew Manager.

Expanding her skills-set further, she joined the Cabin Safety Department as a Safety Examiner and was promoted to Cabin Safety Manager in 2012. She was chosen to lead the Cabin Crew Department in AirAsia X in 2015, responsible for empowering more than 800 cabin crew execute their best in customer service and safety.

AMOS AW SHING CHIEN
Head of Revenue Management

Amos joined Revenue Management at AirAsia Berhad in 2007 and later moved to AirAsia X as part of the pioneering team in driving the Revenue Department. In January 2014, he was promoted to Route Control Manager (RCM) while also overseeing the start-up of Thai AirAsia X (TAAX). In June 2015, he was appointed Head of Revenue Management and also Head of Group Revenue Management for the AirAsia X Group. During his time at AirAsia X, he has seen the Group grow from celebrating its inaugural flight to the Gold Coast in 2007 to setting up affiliates in Thailand and Indonesia.

Amos brings with him a wealth of experience in the aviation industry, having held positions at Cathay Pacific Melbourne Airport, Malaysia Airlines and Virgin Australia prior to joining the AirAsia Group.

Amos holds a Bachelor’s in Commerce majoring in Marketing and Management at Deakin University, Victoria, Australia.

Paven began his journey with AirAsia X in December 2010 and was assigned the role of Head of Ancillary in 2015. His key responsibilities include driving ancillary revenue through strategic partnerships, pricing and product enhancement while continuously raising awareness across the AirAsia X network to ensure growth. Paven also played an instrumental role in setting up ancillary products and services for Thai AirAsia X and Indonesia AirAsia X before their inception.

Paven holds a Bachelor’s in Accounting & Information Technology from the Auckland University of Technology, New Zealand.

Jaisharan joined AirAsia X in May 2013 as a Supply Chain Manager in the Quality Assurance Department, responsible for the implementation of Axapta 2009 for Procurement and Inventory and setting up the airline’s supply chain processes.

She was subsequently promoted to Head of In-Flight Operations in August 2015, overseeing all in-flight operations and F&B ancillary. She is responsible for developing the In-Flight menu, negotiating contracts as well as procurement and vendor management. She oversees the day-to-day in-flight operations including catering and cleaning and laundry services.

Prior to AAX, she was a test engineer at Memory Products and later attached to an Australian Electrical Company as part of their Procurement & Contracts team.

She holds a Degree in Electronic Engineering and Master of Supply Chain Management from RMIT University, Melbourne.
FROM MALAYSIA TO THE
CHINA  JAPAN  KOREA  NEPAL  SAUDI ARABIA  INDIA  TAIWAN
THAILAND, INDONESIA

AUSTRALIA

NEW ZEALAND

Destinations as at 31st March 2016
**INSIDER TIPS**

- **Check out the Gourmet Farmer’s Market on Mirage Street (every Saturday morning).**

- **Perth**

- **CITY HIGHLIGHTS**

  - **SEA WORLD** - Aquatic theme park with animal shows, water rides and attractions.
  - **CURRUMBIN WILDLIFE SANCTUARY** - One of the largest collections of Australian native species in the world.
  - **WARNER BROS MOVIE WORLD** - Movie theme park with rides and attractions.
  - **SKYPOINT OBSERVATION DECK** - 230m-high deck with the best view of the city.
  - **BROADBEACH** - Beach with golden sands and clear water, near Surfer’s Paradise.
  - **WET N WILD** - The perfect way to enjoy a splashtacular day out.

- **Perth**

- **Kings Park & Botanic Gardens** - One of the most famous landmarks in Perth.

**Kuala Lumpur > Gold Coast > Auckland**

**New Zealand**

**Auckland**

**City Highlights**

- **State Library of Victoria** - Houses over 2 million books, opened in 1854.
- **Royal Botanical Gardens** - Beautiful botanic garden, overlooking Yarra River.
- **Federation Square** - A popular meeting point in the city, perfect for people watching.
- **Flinders Street Station** - Australia’s first iconic railway station, built in 1905.
- **Brighton Beach** - Known as Dendy Street Beach and is well-known for the colourful bathing boxes.

**CITY HIGHLIGHTS**

- **City of Melbourne**

- **Sky Tower** - Tallest building in the southern Hemisphere.
- **Mount Eden** - Magnificent volcanic crater, with spectacular city and harbour views.
- **Auckland Domain Park** - Houses the Auckland War Memorial Museum.
- **Viaduct Harbour** - Famous for its shopping, restaurant and buzzing nightlife.
- **Cornwall Park** - Renowned for its landscape design, centred on a volcanic cone, One Tree Hill.

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**INSIDER TIPS**

Visit the Da Shani 798 Art District, Beijing’s centre for contemporary art galleries.

Visit the Red Fort for its spectacular Mughal architecture.

**CITY HIGHLIGHTS**

- **FORBIDDEN CITY** - World’s largest palace complex with China’s largest collection of ancient buildings
- **TIANANMEN SQUARE** - One of the world’s largest public squares of 440,000 sqm
- **PANJAYUAN MARKET** - Market selling handcraft, curios and antiques
- **GREAT WALL OF CHINA** - (BADALING SECTION). Popular section of the Great Wall close to Beijing
- **LAMA TEMPLE** - Temple with decorative arches, tapestries and lonic statues

**INSIDER TIPS**

Search for antiques and one-of-a-kind knick knacks on Dong Tai road.

**CITY HIGHLIGHTS**

- **SHANGHAI MUSEUM** - Museum with a wide collection of paintings, seals, jade, Ming and Qing furniture
- **TIANZIFANG** - Area with shops selling everything from jewelry to traditional Chinese ceramics
- **LONGHUA TEMPLE & PAODDA** - The oldest and largest monastery in Shanghai famed for its 8,500kg bell, cast in 1894
- **ZHUJIAJIAO ANCIENT TOWN** - Shanghai’s ‘Venice’ with old buildings, water canals and gardens
- **THE BUND** - An area with old buildings featuring Gothic, Baroque and other architectural styles

**INSIDER TIPS**

If you’d like to visit Mount Everest yet hiking is not your cup of tea, take a mountain flight to view Earth’s most magnificent natural marvels.

**CITY HIGHLIGHTS**

- **ANNAPURNA** - World’s most challenging terrains with diverse scenery and easy accessibility, as well as guest houses sprawled across the hills
- **POKHARA** - Natural paradise with rare combinations of snow clad peaks and snow-fed lakes and rivers
- **THAMEL** - Bustling shopping and dining area of the city
- **CHITWAN NATIONAL PARK** - Nepal’s first national park, listed as a UNESCO World Heritage Site in 1984

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**INSIDER TIPS**

Visit the Red Fort for its spectacular Mughal architecture.

Visit the Humayun’s Tomb - The first of its kind in the Indian subcontinent with its grand mausoleum, splendid gardens and pools

**CITY HIGHLIGHTS**

- **QUTB COMPLEX** - Tallest brick minaret in the world, a UNESCO World Heritage Site
- **CHHATARPUR TEMPLE** - Second largest Hindu temple in India
- **LOTUS TEMPLE** - One of the most recognisable buildings in Delhi with 27 free-standing marble clad ‘petals’
- **TAJ MAHAL** - An ivory-marble mausoleum on the banks of the Yamuna river in the city of Agra

**INSIDER TIPS**

- **KHALIL ABDUL RAUF MUSEUM** - The museum boasts a large collection of items and artefacts belonging to the Ottoman Turks and tribes of fishermen who first inhabited this region
- **SILVER SANDS BEACH** - Best place for a relaxing day with books while soaking up the Arabian Sun
- **KING FAHD’S FOUNTAIN** - Tallest seawater fountain in the world
- **SOUQ AL-ALAWI** - Charming and buzzing marketplace with true atmosphere of the old Jeddah

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AUSTRALIA

GOLD COAST
Kuala Lumpur > Gold Coast

INSIDER TIPS
Check out the Gourmet Farmer’s Market on Mirage Street (every Saturday morning).

CITY HIGHLIGHTS
- Sea World - Aquatic theme park with animal shows, water slides and rollercoasters
- Currambin Wildlife Sanctuary - Home to the largest collection of Australian native species in the world
- Warner Bros Movie World - Movie theme park with water rides and attractions
- Sky Point Observation Deck - 230m-high deck with the best view of the city
- Broadbeach - Beach with golden sands and clear water, near Surfer’s Paradise
- Wet N Wild - The perfect way to enjoy a splash-tacular day out

AUSTRALIA

MELBOURNE
Kuala Lumpur > Melbourne

INSIDER TIPS
Don’t miss the vintage-style city circle tram! It operates for FREE within the CBD area.

CITY HIGHLIGHTS
- State Library of Victoria - Houses over 2 million books, opened in 1854
- Royal Botanical Gardens - One of the largest botanic gardens in the world, featuring over 500,000 plants
- Federation Square - A popular meeting point in the city, perfect for people watching
- Flinders Street Station - One of the oldest stations in the country, built in 1906
- Brighton Beach - Known as Dendy Street Beach and is well-known for its colourful bathing boxes

AUSTRALIA

NEW ZEALAND
Auckland
Kuala Lumpur > Gold Coast > Auckland

INSIDER TIPS
Take a little drive down to Matamata for the Hobbiton Movie set, the filming location for the Lord of The Rings trilogy.

CITY HIGHLIGHTS
- Sky Tower - The highest building in the southern hemisphere
- Mount Eden - Magnificent volcanic crater, with spectacular city and harbor views
- Auckland Domain Park - Houses the Auckland War Memorial Museum
- Viaduct Harbour - Famous for its shopping, restaurant and buzzing nightlife
- Cornwall Park - Renowned for its landscape design, centred on a volcanic cone, One Tree Hill

CHINA

XI’AN
Kuala Lumpur > Xi’an

INSIDER TIPS
Visit Xi’an for a panoramic view deemed by CNN Travel as one of the most beautiful sunset spots in the world.

CITY HIGHLIGHTS
- Terracotta Warriors Museum - An exhibition hall of thousands of life-size figures
- Xi’an Muslim Quarters - A vibrant street packed with snacks
- Xi’an Bell and Drum Towers - Established during the Ming dynasty (1368-1644), and offering a bird’s eye view of the city
- Big Goose Pagoda - A five-storey brick structure, one of the oldest man-made structures in China

NEW ZEALAND

HANGZHOU
Kuala Lumpur > Hangzhou

INSIDER TIPS
Visit the West Lake for a panoramic view deemed by CNN Travel as one of the most beautiful sunset spots in the world.

CITY HIGHLIGHTS
- Lingyin Temple - Countless artefacts and deities to be viewed
- Lijue Pagoda - A true masterpiece of ancient Chinese architecture
- Longjing Tea Plantations - Watch the meticulous production of the most famous green tea in China
- Bamboo Lined Path of Yungu - Stone path through a dense bamboo grove for an ethereal stroll, with the green panorama and cool air completing the serene scene
- Hangzhou Botanical Garden - Various trees and bamboo varieties make the garden verdant year round
**INSIDER TIPS**

*Tokyo*
For a more relaxed, traditional atmosphere within Tokyo, take a trip to the Shibamata neighbourhood.

**CITY HIGHLIGHTS**

- **Tokyo Sky Tree** - An iconic and amazing architectural landmark 634m tall
- **Tsukiji Fish Market** - The world’s biggest seafood market
- **Shibuya Crossing** - Huge traffic & pedestrian crossing flanked by bright, neon-lit buildings
- **Tokyo National Museum** - Museum with the world’s largest collection of Japanese art
- **Sensoji Temple** - An important temple that houses the golden image of Kannon

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**INSIDER TIPS**

*Do visit the historic village of Hokkaido for a trip down memory lane.*

**CITY HIGHLIGHTS**

- **Odori Park** - Hosts the annual Sapporo’s snow festival
- **Shiroyo Kohibito Park** - The birth place of Shiroyo Kohibito chocolate, a.k.a white lover chocolate
- **Curb Market** - For local grown produce and fresh seafood in Sapporo
- **Susukino** - Entertainment and nightlife district
- **Takino Suzuran Hills National Park** - The vast 400ha park includes the Ashiribetu Fall and is divided into the central mountain stream, and eastern and western Takino Forest zones

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**INSIDER TIPS**

*If you’d like to visit Mount Everest yet hiking is not your cup of tea, take a mountain flight to view Earth’s most magnificent natural marvels.*

**CITY HIGHLIGHTS**

- **Annapurna** - World’s most challenging terrains with diverse scenery and easy accessibility, as well as guest houses sprawled across the hills
- **Pokhara** - Natural paradise with rare combinations of snow clad peaks and snow-fed lakes and rivers
- **Thamel** - Bustling shopping and dining area of the city
- **Chitwan National Park** - Nepal’s first national park, listed as a UNESCO World Heritage Site in 1984

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**INSIDER TIPS**

*For a majestic view of the Red Sea, visit the White Al-Rahma Floating Mosque.*

**CITY HIGHLIGHTS**

- **Khalil Abdul Rauf Museum** - The museum boasts a large collection of items and artefacts belonging to the Ottoman Turks and tribes of fishermen who first inhabited this region
- **Silver Sands Beach** - Best place for a relaxing day with books while soaking up the Arabian Sun
- **Nassif House** - A symbol of Jeddah’s glorious past
- **SOUQ AL-ALAWI** - Charming and buzzing marketplace with true atmosphere of the old Jeddah

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**INSIDER TIPS**

*Visit the Red Fort for its spectacular Mughal architecture.*

**CITY HIGHLIGHTS**

- **Humayun’s Tomb** - The first of its kind in the Indian subcontinent with its grand mausoleum, splendid gardens and pools
- **Qutb Complex** - Tallest brick minaret in the world, a UNESCO World Heritage Site
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**CITY HIGHLIGHTS**

- **Annapurna** - World’s most challenging terrains with diverse scenery and easy accessibility, as well as guest houses sprawled across the hills
- **Pokhara** - Natural paradise with rare combinations of snow clad peaks and snow-fed lakes and rivers
- **Thamel** - Bustling shopping and dining area of the city
- **Chitwan National Park** - Nepal’s first national park, listed as a UNESCO World Heritage Site in 1984

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**AUSTRALIA**

**GOLD COAST**
KUALA LUMPUR > GOLD COAST

**INSIDER TIPS**
Check out the Gourmet Farmer’s Market on Mirrage Street (every Saturday morning).

**CITY HIGHLIGHTS**
- **SEA WORLD** - Aquatic theme park with animal shows, whirlpools and rollercoasters
- **CURRUMBIN WILDLIFE SANCTUARY** - One of the largest collections of Australian native species in the world
- **WARNER BROS MOVIE WORLD** - Movie theme park with rides and attractions
- **SKYPOINT OBSERVATION DECK** - 230m-high deck with the best view of the city
- **BROADBEACH** - Beach with golden sands and clear water, near Surfer’s Paradise
- **WET N WILD** - The perfect way to enjoy a splashtacular day out

**AUSTRALIA**

**MELBOURNE**
KUALA LUMPUR > MELBOURNE

**INSIDER TIPS**
Don’t miss the vintage-style city tram! It operates for FREE within the CBD area.

**CITY HIGHLIGHTS**
- **STATE LIBRARY OF VICTORIA** - Houses over 2 million books, opened in 1854
- **ROYAL BOTANICAL GARDENS** - Beautiful botanic garden, overlooking Yarra River
- **FEDERATION SQUARE** - A popular meeting point in the city, perfect for people watching
- **FLINDERS STREET STATION** - Australia’s first iconic railway station, built in 1905
- **BRIGHTON BEACH** - Known as Dendy Street Beach and is well known for the colourful bathing boxes

**AUSTRALIA**

**PERTH**
KUALA LUMPUR > PERTH

**INSIDER TIPS**
Sample the best street food from around the world at the Twilight hawkers market (every Friday night).

**CITY HIGHLIGHTS**
- **COOGEE BEACH** - Beautiful beach with the best beachfront cafe dining
- **FREMANTLE PRISON** - Old prison complex and a UNESCO World Heritage site
- **THE ART GALLERY OF WESTERN AUSTRALIA** - Gallery with fine indigenous art, founded in 1895
- **KINGS PARK & BOTANIC GARDEN** - 600-hectare park with a sweeping view of the city skyline
- **WESTERN AUSTRALIA MUSEUM** - Historical artifacts, a must-see for the maritime archaeology displayed at the Shipwreck Galleries
- **LANCELOT** - Sand dunes present an ideal playground for sand boarders, quad drivers, bikers and four-wheel drive owners

**AUSTRALIA**

**NEW ZEALAND**
KUALA LUMPUR > GOLD COAST > AUCKLAND

**INSIDER TIPS**
Take a little drive down to Matamata for the Hobbiton Movie set, the filming location for the Lord of the Rings trilogy.

**CITY HIGHLIGHTS**
- **SKY TOWER** - Tallest building in the southern Hemisphere
- **MOUNT EDEN** - Magnificent volcanic crater, with spectacular city and harbour views
- **AUCKLAND DOMAIN PARK** - Houses the Auckland War Memorial Museum
- **VIADUCT HARBOUR** - Famous for its shopping, restaurant and buzzing nightlife
- **CORNWALL PARK** - Renowned for its landscape design, centred on a volcanic cone, One Tree Hill

**NEW ZEALAND**

**AUCKLAND**
KUALA LUMPUR > GOLD COAST > AUCKLAND

**INSIDER TIPS**
Check out a Nanta Show, a non-verbal theatre that incorporates acrobatics, magic tricks, comedy and pantomime.

**CITY HIGHLIGHTS**
- **GREAT BARRIER REEF** - Houses the largest collections of marine species in the world
- **WETLANDS** - A natural habitat for birds and wildlife
- **RANGITikituarere** - One of the largest and most sacred shrines
- **HOBITON** - The perfect way to enjoy a splashtacular day out

**JAPAN**

**OSAKA**
KUALA LUMPUR > OSAKA

**INSIDER TIPS**
For a unique experience, stay a night in a capsule hotel.

**CITY HIGHLIGHTS**
- **NATIONAL BUNRAKU THEATER** - Traditional puppet theatre
- **OSAKA AQUARIUM** - One of the largest in the world with ocean life from different regions
- **DOGUVE-SUJI ARCADE** - Arcade selling goods from kichenware to unique souvenirs
- **UMEDA SKY BUILDING** - Cutting-edge modern twin tower complex with fantastic views
- **SUMIYOSHI-TAIHA SHRINE** - One of Japan’s oldest and most sacred shrines

**KOREA**

**SEOUL**
KUALA LUMPUR > SEOUL

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KUALA LUMPUR > SEOUL

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INSIDER TIPS
Visit the Jagalchi Fish Market to taste the freshest seafood in Busan.

CITY HIGHLIGHTS
- **BEOMEOSA TEMPLE** - The largest temple in Busan dating back 1,300 years
- **SEOKBURSA TEMPLE** - Temple consisting of carved rocks with enormous Buddhist images inside
- **TALJONGDAE** - Park with an observatory, amusement park, light house and rock beach
- **SPA LAND** - One of Asia’s largest spas with a public bath and a variety of spa services

**TAIPEI**
KUALA LUMPUR > TAIPEI

WEEKLY
14X

INSIDER TIPS
Head to the top of the iconic of Taipei, Taipei 101 for a stunning and unobstructed view of the city.

CITY HIGHLIGHTS
- **SHIHLIN NIGHT MARKET** - A market filled with over 539 food stalls, movie theatres and arcades that stay open till the wee hours
- **XIMENDING** - A vibrant square with fashion stalls, quirky restaurants and a chance to catch the street performances
- **YEHUH GEOPARK** - Renowned for its rock landscape
- **NATIONAL PALACE MUSEUM** - Artifacts are rotated every three months featuring imperial treasures from the Chinese Civil War
- **CHIANG KAI-SHEK MEMORIAL HALL** - The hub for cultural events
- **JIUFEN VILLAGE** - Well known for its foggy weather condition which creates a romantic atmosphere

**KATHMANDU**
KUALA LUMPUR > KATHMANDU

WEEKLY
7X

INSIDER TIPS
If you’d like to visit Mount Everest yet hiking is not your cup of tea, take a mountain flight to view Earth’s most magnificent natural marvels.

CITY HIGHLIGHTS
- **ANNAPURNA** - World’s most challenging terrains with diverse scenery and easy accessibility, as well as guest houses sprawled across the hills
- **POKHARA** - Natural paradise with rare combinations of snow clad peaks and snow-fed lakes and rivers
- **THAMEL** - Bustling shopping and dining area of the city
- **CHITWAN NATIONAL PARK** - Nepal’s first national park, listed as a UNESCO World Heritage Site in 1984

**WHERE DO YOU WANT TO GO?**

- **CHINA**
- **JAPAN**
- **KOREA**
- **NEPAL**
- **SAUDI ARABIA**
- **AUSTRALIA**
- **INDIA**
- **TAIWAN**
- **NEW ZEALAND**
- **MALAYSIA, THAILAND, INDONESIA**

**TO THE WORLD**
NEPAL
A Hidden Himalayan Gem

Explore Unchartered Destinations with Incentive Holidays
Adventures In Nilgiri and Journeys in the last two decades

Himalayan Adventures
Living Goddesses
World Heritage Sites
Himalayan Biodiversity

Incentive Tours & Trips to NEPAL For Groups & Incentives 2017

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NOVA

A Wonderful Blend of traditional Nepali Hospitality & European Comfort

www.novaoboutiquehotel.com

Traditional Decor

Perched on the second floor, the beautifully-crafted wooden fixtures blend into the room design.

Timeless Hospitality

Savor the delectable traditional & continental fare served by our warm and hospitable staff at our spacious restaurant.

State-of-the-art Facilities

High-speed Wi-Fi ensures efficient work and leisure.

Novo Boutique Hotel

Located in central Kathmandu, Novo Boutique Hotel is an oasis of peace and serenity. It is the address where traditional Nepali hospitality meets European style and comfort.

- Experience comfort, Experience class.
- Indulge yourself at Novo Boutique Hotel, Kathmandu.
ASSALAMUALAIKUM WAROHMATULLAHI
WABARAKATUH,

One of the greatest challenges in the aviation industry are factors beyond the control of individual players. The list includes natural disasters, outbreaks of disease, political upheavals and, in more recent years, the threat of terrorism. Like any other industry, aviation is also affected by market forces, which we in the region were only too aware of over the last few years, when overcapacity led to irrational behaviour that included unsustainably low fares.

However, tourism in the region has proven to be resilient in facing these challenges. While the number of travellers may take a dip immediately after a negative event, travel and tourism in general has been growing steadily. According to a World Travel and Tourism Council (WTTC) report released early 2015, travel and tourism worldwide was expected to grow by 3.7% in 2015, surpassing global economic growth of 2.9%. WTTC also noted that the highest growth in travel and tourism would be seen in South Asia, at 6.9%.

As for the irrational competition, from the third quarter of the year onwards, competitors started reducing capacity. This, combined with AirAsia X’s own capacity rationalisation that began earlier, allowed fares to adjust to more reasonable levels.

Airlines require sound fundamentals in order to overcome periods of adversity, which is precisely what AirAsia X continues to focus on. The airline has a young and therefore fuel-efficient fleet; we have a lean operating model that is being made even more efficient; and we operate within the larger AirAsia Group, benefiting from group efficiencies and route connectivity.

The new management team, headed by AirAsia founder, Datuk Kamarudin Meranun, has put in place a comprehensive turnaround plan which has led to some very encouraging results. Most notably, for the first time in eight quarters, AirAsia X made a profit in the last quarter of 2015. For the entire year, our revenue increased 4% Year-on-Year (Yo-Y) to RM3.1 billion while we reduced our total costs by 3% Yo-Y.

And, despite being affected by irrational competition, an earthquake, MERS, a weakening Ringgit and other unforeseen events, we managed to narrow our net loss to RM350 million from RM519 million in 2014.

The Board of Directors of AirAsia X is committed to ensuring the sustainability of AirAsia X, and is confident of the ability of the management to leverage on AirAsia X’s inherent strengths to create long-term value for our shareholders.

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The airline industry itself is poised for further growth, as the world’s middle-income population continues to increase, and with it the number of potential travellers using airline services. Liberalisation of the sector as well as bi-lateral air service agreements will serve to further enhance travel. Taking these factors into consideration, the Airbus Global Market Forecast, Flying By Numbers 2015-2034, predicts that global passenger traffic will grow at 4.6% per annum over the next 20 years, and that most of this growth will stem from the Asia-Pacific region – which will account for 39% of total aircraft demand.

AirAsia X is poised to leverage on this growth and be a market leader in the long-haul, low-cost segment in the industry. With the right strategies in place, the Board of Directors is confident of AirAsia X being able to continue along the upward trajectory it has embarked upon.

On behalf of the Board, I would like to express a heartfelt thank you to the management and staff for their dedicated service to the airline, which has seen it emerge from a particularly challenging phase, and on a profitable track.

As Chairman, I would like to thank all my colleagues for their steadfast contributions to the airline. A special thank you goes to Dato’ Seri Kalimullah bin Masheerul Hassan and Kiyotaka Tanaka for their contributions to the Board until their retirement effective from 4 June 2015. Dato’ Seri Kalimullah was one of the founding partners of AirAsia X and served as Chairman from June 2007 to February 2010, and subsequently as a Non-Independent Non-Executive Director. Tanaka served the Board, first as an Alternate Director from November 2012 and then as a Non-Independent Non-Executive Director as of June 2014. We wish them the best in their future undertakings.

Most of all, I would like to thank you – our shareholders – for your continued trust in and support of the Company.
The year 2015 saw a massive turnaround plan implemented at AirAsia X, and I am glad to say it also marked a turning point for the airline, which has been through two particularly challenging years, mainly as a result of factors beyond our control.

Malaysia AirAsia X (MAAX) struggled in the face of low fares brought about by overcapacity from late 2013 till the end of the first half of 2015, which was exacerbated by the airline incidents in 2014 and a weakening Ringgit. In deference to QZ8501, we halted our marketing initiatives in the first quarter of 2015, while in the second quarter Kathmandu was hit by a devastating earthquake; and South Korea was engulfed by an outbreak of the Middle East Respiratory Syndrome (MERS). By the second half of 2015, the issue of irrational competition was resolved, however the weak Ringgit was still a concern.

Thai AirAsia X (TAAX) was challenged by flight restrictions following an International Civil Aviation Organization (ICAO) audit that downgraded the safety ranking of Thailand’s Department of Civil Aviation as well as the MERS outbreak and later, bombing of Bangkok’s Erawan Shrine.

Meanwhile, Indonesia AirAsia X (IAAX) suffered the backlash of negative press in Australia following disruption to the Bali–Melbourne inaugural flight, which was meant to have taken off in December 2014. This was followed by several regulatory issues in 2015.

In response to these challenges, we embarked on an extensive turnaround programme which saw us thoroughly review our routes and operations, and implement various measures to further cut already low costs and maximise revenue. It also saw us carry out a rights issue in mid-June which raised RM391 million to rationalise our cash operations.

All the effort and hard work, I’m pleased to say, have not been in vain. Despite intense scepticism when we announced the launch of AirAsia X in January 2007, eight years on here we are – still fighting some internal and external battles, admittedly – but also having achieved some successes we can truly be proud of.

Operationally, we serve 19 destinations across nine countries in Australasia and the Middle East with a total fleet of 29 Airbus A330-300 aircraft. Our Premium Cabin has been acknowledged as the best in the world among low-cost carriers for the luxury of the flat-bed that we offer. Financially, although still in the early stages, Alhamdulillah we are seeing some light at the end of the tunnel. Most significantly, after eight consecutive quarters of losses, MAAX achieved a humble net profit of RM197 million in the fourth quarter of 2015.

God willing, our turnaround initiatives will continue to bear fruit.

BUSINESS OVERVIEW

The devaluation of the Ringgit and other regional currencies added much pressure on our dollar-denominated costs. Part of our strategy to manage this was to increase our collections in USD, AUD, and other strong currencies where possible. Excess capacity from our route rationalisation was deployed in wet leases that charged in USD. We also intensified sales in AUD and explored the option of swapping international payments in local currencies into USD upon collection.

Key among our cost-cutting measures has been greater integration of AirAsia X’s operations with the AirAsia Group as a whole. This is an ongoing exercise to create cost effectiveness and operational efficiencies in both organisations. To generate more revenue, meanwhile, we embarked on extensive capacity management and route rationalisation while boosting our ancillary income.

Although the continued decline in fuel price was a boon to the industry, we were not able to fully capitalise on it as we had hedged 54% of our fuel requirements at
an average of USD88 per barrel for 2015. However, we expect to reap the benefits of the ongoing low jet fuel price regime in 2016; just in January 2016 the price dipped below USD40 per barrel and is expected to remain around this level throughout the year.

**REGIONAL PERFORMANCE**

After a strong performance in less than a year of operations in 2014, TAAX had to review its planned route expansion for 2015 following the ICAO report which led to a blanket restriction on all airlines in the country from adding new flights to Japan and South Korea, or increasing the frequency of flights to Japan. Pre-ICAO, TAAX had already ramped up its Bangkok–Tokyo route to twice daily and its Bangkok–Osaka route to daily. Later, to counter the temporary impasse into Japan and South Korea, TAAX redirected its focus towards China and launched a direct service from Bangkok to Shanghai in September 2015. This route expansion was supported by the addition of three more Airbus A330-300 aircraft during the year, bringing the airline’s total fleet size to five.

Despite the ICAO implications, MERS outbreak in Korea, and bombing in Bangkok, TAAX still managed to maintain a healthy passenger load for the entire year, averaging 80%.

IAAX got off to a shaky start when the inaugural Bali-Melbourne flight was delayed due to hiccups in the necessary documentation by the Civil Aviation Safety Authority (CASA) of Australia. This put a spanner in the works of many guests who had booked flights on this route when we opened the sector for sale prior to clearance, a common practice among airlines that have every reason to believe the necessary clearance will be obtained well in time. We acknowledged the inconvenience caused to guests who had booked flights for holiday travel in December 2014, and compensated them with replacement tickets or refunds.

To strengthen the Australian market, we entered into a partnership with the Flight Centre Travel Group (FLT) that enables us to ride on its strong distribution channel in the country. This is the first partnership of its kind for AirAsia X Group in Australia, and we hope to be able to enter into more such strategic alliances in future.

As a further boost to our marketing efforts in Australia, we have introduced a new, vibrant commercial team to strengthen our brand and market presence as well to drive strategic partnerships.

In the later part of the year, IAAX increased the frequency of its flights to Melbourne while launching new Bali–Sydney and Jakarta–Jeddah routes. The latter is something we feel proud of, as it marks our first direct connection from Indonesia to the religious centre of Islam. We believe, given the cultural and religious connections between Indonesia’s Muslims and the Middle East, there is huge potential to expand into the Middle East market.

IAAX was also faced with the local Ministry of Transport’s Aviation Law No. 1 Year 2009 that requires all commercial airlines in the country to operate a minimum of 10 aircraft. Although we worked conscientiously to meet this requirement by October, the regulatory environment in Indonesia continues to be challenging and we are still monitoring developments in this regard.

**OUTLOOK**

While we have accomplished significant growth in 2015, we remain cautiously optimistic about the year 2016 given ongoing currency volatilities and challenges that are beyond our control. Within the challenging environment,
we will continue with our turnaround initiatives, and focus intently on creating even greater operational and cost efficiencies by building a profitable route network and further enhancing our collaboration with the AirAsia Group to derive mutual benefits.

All three airlines within the AirAsia X Group are still working to strengthen their financial footing, cutting capacity on underperforming sectors and launching new sectors to cater to existing and latent demand. In this regard, we have begun 2016 on a positive note, commencing two new routes - from Kuala Lumpur direct to New Delhi in early February followed by Kuala Lumpur to Auckland via Gold Coast towards the end of March. The latter is an exotic route unique to us, and we hope to create more such sectors in the coming months.

At the same time, we intend to introduce new Fly-Thru city pairings while increasing the number of Fly-Thru hubs in the AirAsia network to boost numbers on both AirAsia X as well as AirAsia flights. We are targeting to increase the volume of cross-overs in Kuala Lumpur in particular given the larger capacity of the new KLIA 2, compared to the LCC Terminal, to handle transit passengers.

Leveraging on falling fuel prices, we have hedged on a lower price as compared to last year, which spells good news for 2016. As for currency volatilities, we are taking a proactive approach of continuing to grow our revenue from ancillary products and services to cushion any unexpected movements.

We are confident that growth of TAAX will pick up, given that it is a unique tourist hub that has always rebounded from crises, ultimately unaffected by these challenges. For Indonesia, although Bali is a great hub and listed by BBC Travel as one of the world’s best islands, we remain cautious of the regulatory challenges in the country.

While serving more guests, we are placing greater emphasis on passenger safety. Last year, AirAsia X had been awarded the IATA International Operational Safety Audit (IOSA) certification by the International Air Transport Association (IATA), one of the most stringent safety certifications in the world. In September 2015, IATA implemented enhanced requirements for the renewal of IOSA certification, which I am proud to say we have fulfilled, thus passing the IOSA audit for the second time. This makes AirAsia X the second airline in Malaysia to have successfully passed the full international safety and compliance standards which puts us on par with top airlines in the world.

Our safety performance, as with our performance in general, is the result of the hard work and dedication of our Allstars, who truly are our heroes. The early results of our turnaround programme would not have been possible without the passion and dedication of our people, who continue to prove that, working as ONE, we can overcome anything. I would like to express my heartfelt gratitude to our fantastic team of Allstars. You inspire us, the management, as much as you delight our guests. With your continued passion, Insha’Allah, we can achieve sustainable growth in these uncertain times.

Thank you.
Last year, when I wrote this Statement I had just been appointed Acting CEO. In the space of a year, I have been entrusted as a full-fledged CEO, but that is probably the least significant of a series of events that have unfolded at AirAsia X, because… what a year this has been! There has not been a dull moment in the last 12 months as we worked collaboratively, a strong united team, to lift the airline from the financial mire it had slipped into and turn it around to re-build the business.
Although the business model itself – based on the same lean operational principles as that of AirAsia – is fundamentally sound, the tough operating environment necessitated a thorough review of our internal and external processes to increase efficiencies, shore up our revenue and improve cash position.

It has been a very challenging endeavour... yet with AirAsia co-founder Datuk Kamarudin bin Meranun, a great mentor, as Group CEO, and the full support of my team, we have been able to achieve some early wins. In the fourth quarter of 2015, after eight consecutive quarters of losses, we finally transitioned our profit statement from the red into black. Our net profit was a humble RM197 million, but it marks the dawn of a new phase in AirAsia X’s ongoing journey. We truly believe, after embarking on an extensive turnaround programme, the airline is poised to accomplish what it originally set out to do, namely to enable everyone to fly further.

THE YEAR THAT WAS
The year 2015 began on a challenging note, with over-capacity in full-throttle – especially on routes from Malaysia to Australia – impacting both fares and passenger loads. This was compounded by a complete halt on marketing initiatives following the QZ8501 incident. Our capacity rationalisation, which began in the fourth quarter of 2014 when we cut back on flights to Australia by as much as 21%, led to some short-term relief in the first quarter of 2015, enabling our base fare to recover 8% Year-on-Year (Y-o-Y).

However, the slight momentum gained was lost in the second quarter following the earthquake in Nepal and MERS outbreak in South Korea, greatly impacting passenger loads to both these countries. In response, we cancelled over 60 flights to Kathmandu and Korea.

Although the falling price of fuel relieved some pressure on our operating costs, for the most part of the year this was countered by the Ringgit’s devaluation, particularly against the US Dollar, which relaxed somewhat in the fourth quarter. More positively, by the third quarter of the year, there was a significant capacity reduction by competitors. This, along with a revival in tourist numbers from China, marked a turning point for AirAsia X’s fortunes.

By the fourth quarter of 2015, scheduled flight revenue was up 11% Y-o-Y, our average base fare increased 22% and average load factor hit 83%, two percentage points higher than in the fourth quarter of 2014. At the same time, our total costs dipped by 2% Y-o-Y.

Taken as a whole, it has been a very intense year. Guided by our turnaround plan 2015-16, however, we have begun the process of strengthening our fundamentals to place AAX on a stronger financial footing to resume growth in a sustainable manner. This plan focuses on three main areas: revenue enhancement, cost reduction and cash conservation, which I will elaborate on in the following pages.

Revenue Enhancement
A key element of any airline’s revenue is its yield. This we have managed to enhance through drastic capacity reduction. Over the course of the year,
Kuala Lumpur–Sapporo, creating the first direct link from Malaysia to this scenic capital of the northern Japanese island of Hokkaido. We also focused more intently on wet leasing which serves the double purpose of capitalising on available capacity and earning us revenue in USD.

As a result of these efforts, our average base fare increased steadily from quarter to quarter, along with revenue per available seat kilometre (RASK), which measures the profitability of our capacity.

In contrast, our load factor in the first three quarters of the year was sluggish – given the events as outlined. To resurrect healthy numbers, we invested considerably in marketing and distribution initiatives from the second quarter onwards.

Strategic partnerships were forged with prominent travel partners such as the Flight Centre Group Travel (FLT) and BYOjet in Australia. Both have an online presence as well as traditional sales outlets – FLT with 1,000 travel shops throughout the country – through which we can promote AirAsia X among a wider market. Leveraging on our partners’ extensive customer databases, we have been able to grow our average monthly revenue significantly. Because of the strong AirAsia brand and the Group’s extensive network connectivity, we are confident that even those who are not overly conscious about cost would be interested in flying with us.

In terms of marketing, we continued to collaborate with tourism organisations in the countries that we serve, offering familiarisation trips and developing tactical campaigns as well as partnering in events, including a K-pop concert in Gangwon, South Korea.

Also with AirAsia, we appointed sports icon Park Ji-Sung and Grammy-award winning musician ‘Hitman’ David Foster as our global ambassadors.

The appointment of Park Ji-Sung was strategic as his story shares some commonalities with the Group. He is widely seen as a football star who dared to dream the impossible and, through hard work, has achieved monumental success. The choice of a Korean ambassador, moreover, is ideal to boost passenger traffic from the North Asian market. Meanwhile, Foster’s wide acclaim – of having won 16 Grammy Awards, an Emmy, a Golden Globe and three Oscar nominations for Best Original Song – makes him perfect as the face of our Premium products. With his endorsement, guests will be reminded of the quality of our Premium Cabin, which was named by Skytrax as the world’s best among low-cost carriers for the third consecutive year, along with our Flatbeds, which were named the Best Low Cost Airline Premium Seat.

We also stepped up efforts to push our ancillary products and services such as Fly-Thru, Duty Free, EZPay (forex card), Seat Options, Premium Lounge, Value-Bundled Pack, new in-flight food menu and more, as highlighted in the turnaround initiatives booklet. Fly-Thru, in particular, is growing at an encouraging rate as more connections are being made and more guests are becoming aware of them. This is an area that can be more fully developed and we aim to realise the latent potential, which would be beneficial not just to AirAsia X but to the entire AirAsia Group.

Greater integration with AirAsia Group allowed us to harness synergies from shared resources. At the same time, we have reduced the number of crew on flights without high passenger loads from nine to eight; and negotiated a rescheduling of flight times with some of the airports to oblige the need for crew to stay overnight. Further negotiations are ongoing to reduce ground handling, airport, D-factors charges, and aircraft rental fees, among others.

As fuel remained one of our major costs, we are looking at ways to create greater efficiencies in its usage. This includes fuel tankering, by which we fill up our aircraft with fuel from destinations that offer the most competitive prices; and creating paperless cockpits. We also plan to replace voluminous hardcopy charts on board with Electronic Flight Bags (EFBs), which will allow us to reduce the weight of our aircraft by up to 55kg, saving as much as 8.25kg of fuel per sector.

Conserve & Build Cash
To strengthen our cash flow, we have avoided major capital expenditure in 2015. During the year, we deferred the delivery of four A330ceo aircraft that we were meant to receive in 2015 to 2016; and are in discussions to convert all remaining A330ceo aircraft orders for 2016-2018 to the new A330neo, which are meant to save up to 14% of fuel burn per seat.

The RM391 million raised from our rights issue in June 2015 has further boosted our cash position, aiding in the rationalisation of our operations.

FINANCIAL PERFORMANCE
Our financial results for the year ending 2015 indicate that we are on the right path towards achieving our turnaround objectives. Taken on their own, the numbers for the fourth quarter have been encouraging. For the full year, our capacity and route rationalisation made a definite mark on average base
fare, while the popularity of our routes together with intensified marketing efforts led to a 10% increase in RASK. Together, these contributed to a 4% growth in revenue for the year, from RM2.9 billion in 2014 to RM3.1 billion.

Meanwhile, our multi-pronged efforts to reduce costs coupled with foreign exchange gains (with a strengthening of the Ringgit against the US Dollar in the fourth quarter) – saw our total costs reduce by 3%. This, in turn, contributed to an 79% narrowing of our operating loss from RM176 million in 2014 to RM37 million, and a 33% decrease in net loss from RM519 million to RM350 million.

OUTLOOK
Although the year 2016 is set to be challenging given macro-economic headwinds, we expect AirAsia X to continue on the path of recovery that we have embarked on. We have already achieved many early wins in our two-year transformation, but are working relentlessly to complete our more than 20-point plan which will set the airline on a more sustainable path for growth.

While minimising our fleet growth until the second half of 2018, we will also continue to push for sales from stronger currency markets such as Australia to manage the impact of the weak Ringgit, and further reduce our currency risk via ancillary income.

Leveraging on low jet fuel prices, we have hedged 89% of our fuel needs at USD53 per barrel, markedly lower than our average hedging price of USD88 per barrel in 2015.

On board, we aim to further enhance our Duty Free offerings and entice more guests to book in-flight meals by engaging renowned chefs to spice up our menu. We also plan to make In-Flight Entertainment (IFE) available in markets other than Australia. These efforts will be supported by a more dynamic baggage pricing strategy and the development of exciting campaigns to market our Premium flatbed leveraging on our new ambassador, David Foster.

In a slight diversion from 2015 strategies, we aim to start building our network once again by focusing on scheduled flights as opposed to wet leases. Capacity will be allocated to routes with strong yields while we explore the possibility of launching new routes. The year 2016 got off to a good start with the inaugural flight to New Delhi in early February, while flights to Auckland started towards the end of March.

As the operating environment has improved, and with new destinations creating added demand for travel, our forward bookings are looking good, and we expect passenger loads for the year to improve markedly from 2015. And, as our affiliates grow, we will be able to present our guests with an even wider network of routes enticing more guests to make the most of our affordable prices to visit new destinations.

For all our successes to date, I would like to thank our wonderful cast of Allstars who have continued to put in the extra effort to enable the airline, literally, to go the extra mile. I have a fantastic team here at AirAsia X, and with their continued passion for the company, we are set to enable more people to make their travel dreams come true.
Gold Coast
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In 1997 we turned the world of Services on its head. Now we’re doing it again.

V-Serve™ was an industry game-changing concept that revolutionised the way we care for our customers’ engines. It continues to be the most comprehensive service and the most popular choice for our customers and Jet. As our engine technology and services have continued to adapt and evolve, we’ve added V-Serve™ Next and V-Serve™ Innovative and JetSaver services that can be tailored to meet the specific requirements of customers across all phases of the engine lifecycle.

But we’re not stopped there. We are already delivering the next stage of service excellence, transforming our range of support across our customer spectrum. The Data lets us know that we are already starting to see the benefits of data-driven insights and analytics. It means we are empowering our customers to make more informed, cost-effective decisions and enhance their operations.

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ASIA'S LEADING
AirAsia CABIN CREW
BY WORLD TRAVEL AWARDS 2015
It was a challenging year for Thai AirAsia X (TAAAX), especially with flight restrictions following an International Civil Aviation (ICAO) report on the Department of Civil Aviation of Thailand, outbreak of the Middle East Respiratory Syndrome (MERS) in Korea and bombing at the Erawan Shrine in Bangkok on 17 August. However, as we continued to plough hard and reinforce the exceptional qualities of the AirAsia brand, we were able to overcome these obstacles and chart an encouraging performance for the year.

We were helped greatly in our efforts by Thailand’s natural magnetism. The country is without doubt one of the most popular tourist destinations in the world, attracting more than 20 million international visitors annually who contribute to approximately 7% of the nation’s gross domestic product (GDP). For local airlines, the country’s outbound traffic presents yet another gold mine, with about 40 million Thais travelling abroad every year, mostly to countries within Asia – Japan, Korea and China being the top destinations.
Following the bombing, tourism arrivals dipped slightly. However, taking the year as a whole, tourism increased 20.4% from 24.81 million to 29.88 million and I am pleased to say that TAAX was able to contribute towards this increase.

From just two Airbus A330-300 aircraft at the end of 2014, TAAX brought in another three aircraft and, with our added capacity, introduced new flights as well as increased the frequency of existing ones. In March, we increased the Bangkok–Tokyo route frequency to twice a day and Bangkok–Osaka to daily. We also announced daily flights to Sapporo from Bangkok, to begin in May. However, before this new route could take off, Japan – along with Korea – reacted to the ICAO audit by restricting all Thai carriers from starting new routes or increasing the frequency of existing routes to their countries.

In response, we redirected our focus onto China, to cater to the huge demand for travel to our country from this market. Of the total number of tourists to Thailand in 2015, no less than 26.6% were from China. In numbers, this represented 7.93 million Chinese tourists, an increase of more than three million from 2014. Capitalising on the Chinese market, starting from 28 September, we launched daily flights from Bangkok to Shanghai. This new route has truly taken off, with passenger loads averaging 84%. Later the same month, we doubled our flight frequency to Incheon, Seoul to two flights per day.

That all these routes are successful can be seen in our load factor, which has been averaging a steady and relatively high 80% throughout the year.

This demand is contributed at least in part by our connectivity with other routes within the extensive and ever-growing AirAsia/ AirAsia X network. Currently, guests have the opportunity to make use of 54 Fly-Thru routes including 16 possible connections from Narita, 14 from Osaka, nine from Incheon and 15 from Shanghai.

Within Thailand, TAAX together with Thai AirAsia offer Fly-Thru service to guests flying to or from Chiang Rai, Chiang Mai, Hat Yai, Phuket and Krabi. Guests can fly easily to and from these holiday destinations from, say, Incheon or Osaka connecting through Don Mueang Airport without the need to check-in twice, their baggage being sent directly to their final destination. Travellers from Japan and Korea may also use the Fly-Thru service to connect to Cambodia, Indonesia, Malaysia, Myanmar, Singapore and Vietnam.

Complementing our expanding route network, we engaged in some innovative marketing campaigns while launching new services that make it easier for guests to book and pay for their flights.

Throughout the year, we participated in quarterly promotions with credit card partners and mobile phone operators in order to offer a 15% discount through bookings made via the call centre. Participating partners included Krungsrci Bank, Bangkok Bank, KTC, Kasikorn Bank, AIS, TRUE, DTAC and Samsung.

In November, we ran a campaign with McDonald’s offering customers the opportunity to win free tickets to Japan.

For added convenience, we have partnered with Counter Service to allow guests to book and pay for their flights at any one of its more than 10,000 outlets nationwide – including all 7-Eleven stores in the country. This is an extension of the service which was made available for our sister airline, Thai AirAsia, in early 2014. The service has proven to be very popular given that internet penetration in Thailand remains relatively low, at about only 28.8% of the population.

Always with guests in mind, we also entered into a partnership with Lotte World Adventure to allow visitors to Seoul to buy tickets to the popular Korean theme park on board flights through the Sky Ticket service. Lotte World Adventure features various exciting rides, shows and parades, the largest ice-skating rink in Korea, and even a Folk Museum.

In July, we further extended our guest service offerings by tie-ing up with Airport Limousine to enable guests on flights to Seoul to purchase shuttle passes from Incheon Airport to either Myeong Dong Station or Cheongnyangni Station in the city. Likewise, passengers travelling to Thailand can transfer from Don Mueang Airport to all areas in Bangkok, Nonthaburi and Pathum Thani in limousines operated by Phrapirap Co Ltd.

To whet the appetite of guests, and increase our ancillary revenue, we introduced new in-flight meals every quarter. These have included popular Thai dishes such as spicy fried chicken with rice and traditional Thai-style omelette, pad thai with prawns, grilled chicken with sticky rice and mouth-watering desserts such as the famous coconut pudding.

Going forward, TAAX will continue to offer attractive fares and even more attractive convenience to guests. As an example, starting from 27 March 2016, flight times to Osaka will be adjusted to arrive an hour earlier to allow more time for guests to access public transport into the city. We also intend to keep developing more exciting routes, to be able to connect even more holiday destinations within greater Asia.
THAI AIRASIA X LEADERSHIP TEAM

NADDA BURANASIRI
Chief Executive Officer

PHAIRAT PORNPATHANANANGOON
Chief Financial Officer

SARIT TANTRAPORN
Head of Business Development
THAI AIRASIA X
LEADERSHIP TEAM

MATANA THIENTHONG
Head of Commercial

CAPTAIN PITTINUN INTARASAK
Head of Flight Operations

KRIRKWOOT BOONSORN
Head of Engineering

NITIROTE KITCHAROEN
Head of Group Operations
The sky's the limit

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WE DELIVER HALAL & QUALITY CUISINE OF THE WORLD
Waiting in the Wings

It has been slightly over a year since Indonesia AirAsia X (IAAX) has been operational, however the airline is still waiting in the wings. We have a lot of potential – a fantastic team of 194 Allstars; a base in one of the world’s best islands, Bali; first-mover advantage from being the first long-haul low-cost carrier in Indonesia; and the support of the World’s Best Low-Cost Airline, namely the AirAsia Group. Yet, sometimes, even with all the right ingredients, one has to wait for the right time to energise the mix in order to truly soar.
Our timing has been unfortunate from the start. The plan, when IAAX was established on 13 August 2013, was to leverage on Bali’s popularity among Australians. Thus, the Bali–Melbourne route was announced, and was meant to take off in December 2014. However, this was put on hold due to unforeseen delays in approvals for the necessary documentation. Instead, on 19 January 2015, we launched our inaugural flight from Bali to Taipei, Taiwan.

The much-awaited connection to Melbourne followed two months later, taking to the skies on 18 March. As expected, the route proved to be popular, prompting us to increase its frequency, as of 1 April, from twice weekly to five times a week. The frequency of our Taipei route, too, was increased from once a week to four times weekly beginning from 29 March.

In April, in true AirAsia style, we established IAAX as an airline with heart by working closely with the Ministry of Foreign Affairs to repatriate Indonesians from Yemen, as tensions escalated among warring factions in the country. A total of 741 of our fellow countrymen and women were first evacuated from Yemen to Oman, and from there were airlifted back home on two separate flights.

We then focused on meeting Indonesia’s Aviation Law No. 1 Year 2009, which requires all scheduled commercial airlines to operate a minimum of 10 aircraft. With AirAsia’s support, we were able to meet this regulation by 28 September.

Undeterred by these challenges, our team continued to persevere. We made a strategic decision to channel our energies on Australia, which has always been one of our key target markets as it holds high yield potential. We concentrated our marketing efforts here and once we were confident of having won over the trust of our eastern neighbours, we launched Bali–Sydney on 17 October.

In December, we launched yet another new route, this time a seasonal one linking Jakarta with Jeddah. We are particularly proud of this sector as, for the first time, we are making available affordable flights for Indonesians to perform the umrah (pilgrimage), which before was beyond the means of the average citizen in the country.

It has, without doubt, been a tough start for IAAX, yet we have ended the year with added flight frequencies and new routes. And our team of Allstars are going all out to provide the same quality service to our guests that can be expected on any AirAsia airline. This is helping to build our brand, elevating us to the same level as our sister airlines.

At the same time, we are looking to optimise on the connectivity made available by the AirAsia Group. Given AirAsia’s extensive network, our guests have easy access to many more destinations not served by IAAX itself. AirAsia contributes approximately 17% of the total number of travellers passing through Bali, who now have the option of extending their travel via IAAX.

And with Fly-Thru – which allows guests to connect from one AirAsia/AirAsia X flight onto another without having to go through Immigration or re-checking in baggage – inter-flight connections are becoming that much more convenient. Both Bali and Jakarta are among the Group’s Fly-Thru hubs, providing seamless links to IAAX passengers to the wider Australasia region.

Bali remains a fantastic location for our hub. Not only is it one of the world’s most popular island destinations, receiving about four million international visitors in 2015, but Denpasar International Airport (also known as Ngurah Rai International Airport) recently underwent a USD263 million expansion, and has the capacity to accommodate 25 million passengers a year up to 2025.

In other words, we are in the right place. And once the time is also right, Bali’s X factor may just be that all-crucial element to help us emerge from the wings and truly take to the skies.
INDONESIA AIRASIA X LEADERSHIP TEAM

CAPTAIN JURRY SOERYO WIHARKO
Director of Safety and Security

CAPTAIN WIDHI SETYO DARWANTO
Director of Flight Operations

LIZA NUR AZIZAH
Head of Legal

PENTA PRIYONO
Head of Procurement & General Affairs

EDWIN
Head of Network and Government Relations
Thank you for your trust in us.

When airlines entrust their aircraft to us for maintenance, repair and overhaul services, we return the favor by going above and beyond their expectations. Before releasing the aircraft, we ensure the service rendered warrants two thumbs up. With highly skilled, highly qualified workers as the backbone of our operations, not only do we assure airlines of their aircraft’s safety and reliability, they would know that it received the utmost care.
“Vision is the art of seeing things invisible.”

- Jonathan Swift

To Accomplish great things, we must not only act, but also dream.
While that formed the basis of the company’s business model, it also created a strong foundation for the current Group’s sustainability. The reason being: the better the Group is at keeping costs down, the more people can fly, and the better the airline will perform in the long term.

AirAsia X has inherited this vision and adapted the business model slightly to suit the medium to long-haul sector. We have managed to do this so successfully that, today, we are the lowest long-haul unit cost airline not just in Asia Pacific where we primarily operate, but the world. For as long as we are able to maintain this distinction while remaining profitable, our sustainability is assured.

However, there are other ways in which we as an airline can further strengthen our sustainability. These include building our brand, and the confidence that people have in us – not just our guests and Allstars but also our business partners, shareholders, regulators, government authorities and other stakeholders. It is something we have developed over the years by conducting our business with integrity and respect for everyone; and is something we have focused on in a more structured manner with time, especially since our listing.

We are heartened by the positive steps we are taking and feel proud to be able to describe our growing efforts in the four key domains of sustainability, namely the community, marketplace, workplace and environment.
As an airline that seek to democratise long-haul travel, AirAsia X is imbued with a strong sense of duty to the communities surrounding us. And this is evident in various projects we have undertaken, either on our own steam or as part of the AirAsia Group. Throughout the year, we have provided both flights as well as funds in aid of a number of humanitarian missions, either airlifting people out of danger zones or flying in resources and relief. In addition, we are proud to have been able to support scientific research as well as to reach out to the underprivileged and bring cheer to their lives.

**MISSIONS MADE POSSIBLE**

For the first 18 days of the year, as part of the Group, we collected funds on board in support of MERCY Malaysia’s East Coast Relief Fund. A total of RM902,447 was raised and channelled via AirAsia Foundation to the organisation’s flood recovery initiatives. This included a School Preparedness Programme to increase the capacity of schools and students to respond to future disasters.

Mid-April, our affiliate Indonesia AirAsia X (IAAX) supported the Indonesian Ministry of Foreign Affairs in its effort to bring back Indonesians working or studying in Yemen, at a time when internal conflict between various groups reached dangerous levels. A total of 741 Indonesians were flown home to safety from Oman, having already been evacuated from Yemen.

At the end of April, following the devastating earthquake in Nepal, AirAsia X provided flights over a period of two weeks for personnel from accredited non-governmental organisations (NGOs) as well as aid and humanitarian agencies to fly in and out of Kathmandu.

Then, in September, once again as part of a Group effort, AirAsia X provided flights to transport Malaysian army personnel on a peacekeeping mission to Lebanon. A total of 860 men joined the United Nations Interim Force in Lebanon (UNIFIL) for a period of 12 months.

**IN THE NAME OF SCIENCE**

AirAsia X contributed to the success of Misi Perdana UTM Everest 2015 by assisting eight students and two lecturers from Universiti Teknologi Malaysia (UTM) with flights for their expedition to Kathmandu, Nepal. The group’s objective was to collect data to support research on acute mountain sickness (AMS), which is caused by reduced air pressure and lower oxygen levels at high altitudes. The hope is for their work to help future climbers be better prepared before attempting any mountainous ascent.

**BRINGING CHEER TO ORPHANS**

In July, during the month of Ramadhan, the leadership team of AirAsia X spent time with 102 orphans at Rumah Kasih Sayang. In addition to spreading laughter and fun, they repainted the home, and distributed goodies as well as duit raya.
Other than providing quarterly and annual results for our investors, which are communicated through press releases and our corporate website for easy reference, we also encourage our shareholders to attend our annual general meetings (AGMs) at which any query they may have can be answered personally by our top management team.

We also have a well-oiled investor relations (IR) machinery that includes a packed schedule of non-deal roadshows and investor conferences. During the year under review, for example, we organised no less than six non-deal roadshows that took our IR team to meet potential and existing investors in London, Hong Kong, Singapore, Tokyo and the Middle East. These roadshows were led by our senior management team, often including our Group Chief Executive Officer (CEO), Datuk Kamarudin Meranun. Over the course of our Rights Issue and Warrants subscription in May 2015, our Group CEO took it upon himself to brief institutional investors, retailers, remisiers and employees on the exercise.

Our CEO, Benyamin Ismail, also participated in all our IR roadshows. This year, he presented at the Equities Tracker Investor Talk which was held in Kuala Lumpur in September, following which he engaged with the retail investors by answering their queries.
An integral component of AirAsia X’s identity is the focus we place on people – our Allstars, guests as well as the larger community. Despite being a low-cost carrier, every effort is made to deliver a warm service and to offer our guests options that will make their experience of flying with AirAsia X memorable.

This starts with our user-friendly website, and the 24-hour live chat we make available to answer queries, and continues with the service we offer at the airport, much of which is being automated to make it easier and quicker for our guests.

While on board, we offer the most comfortable seats available in the low-cost carrier sector with our Premium class – fully re-clinable seats that feature universal power sockets, adjustable headrests and built-in personal utilities such as tray table, drink holder, reading light and more. Further adding to a first-class experience, Premium Flatbed guests also enjoy complimentary products and services including Pick A Seat, priority check-in, priority boarding, pillow & duvet, priority baggage, 40kg baggage allowance, and a complimentary meal. This service truly stands AirAsia X apart while our flatbeds have been recognised by global travellers – polled by renowned airline review site, Skytrax – as being the Best Low-Cost Airline Premium Seat for three consecutive years.

During the year, new services were introduced on board as well as on ground to add to guests’ convenience and pleasure.

On flights to Seoul, Malaysia AirAsia X and Thai AirAsia X (TAAX) enable guests to purchase tickets to various exciting rides, shows and parades in Lotte World Adventure, a popular Korean theme park, through its Sky Ticket services.

TAAX added to its guest service proposition by collaborating with Airport Limousines, to enable guests to purchase shuttle passes from Incheon Airport to either Myeong Dong Station or Cheongnyangni Station in the city. Likewise, while on their flights, guests travelling to Thailand can buy coupons for limousines operated by Phrapirap Co Ltd to take them from Don Mueang Airport into central Bangkok.

Acknowledging that only about 28.8% of the Thai population have access to internet, TAAX is also making it easier for guests to book their flights offline. Through a partnership with Counter Service, Thais can now book and pay for flights at more than 9,900 outlets in the country inclusive of all 7-Eleven stores.

We don’t believe in ‘customer service’ because at AirAsia X, we don’t have customers, only guests. We treat our guests as we would our closest friends – with warmth and caring. Because we truly value all those who travel with us, we seek continuously to get to know them better so that we do not just meet their expectations but anticipate ways in which we can delight them. Their happiness is our happiness; their smiles, our smiles.
The tagline of ‘Now everyone can fly’ applies equally to our employees, who are not just people we hire, but people whose passion and commitment to the airline are what give us that special edge. That is why we don’t refer to our people as ‘employees’ but rather as ‘Allstars’. We bring in people who have drive and ambition, and we fuel that ambition by making it possible for them to achieve their personal dreams – through continuous professional training and development, coaching and the creation of an open work environment in which everyone is encouraged to contribute ideas and opinions.

Our People Department is constantly identifying skills gaps in the organisation and filling these with appropriate learning interventions. One of our key strengths lie in training our own Allstars to become trainers themselves. In 2014, we had launched JET@X, our signature train-the-trainer programme designed for captains and co-pilots to become Ground Training Instructors (GTI) and Type Rating Instructors (TRI). In 2015, similar train-the-trainer programmes were extended to members of other Operations teams. The sessions proved to be very productive as our new trainers are able to turn real issues they have encountered into case studies that can be incorporated into training sessions.

Problem-solving is something we place much emphasis on and has become a key skill that sets our Allstars apart. At our Monthly Action Learning workshops, Allstars from various departments form groups to solve complex problems using reflective questioning and listening. These sessions also help our Allstars to develop leadership skills by requiring them to navigate their way through problems, fine-tuning their ability to get to the crux of matters at hand and generate actions needed to be taken for problem solving. These team-coaching sessions are led by internal Action Learning Coaches who are certified by and have won coaching awards from the World Institute of Action Learning (WIAL International).

Problem solving is among a set of work-related skills that the Learning and Development team from the People Department focused on throughout 2015. The department also designed and delivered programmes on SMART Goal-setting and Monitoring, and Behaviour-based Interview Skills.

Some of the programmes introduced by the People Department are not directly related to work, yet helps contribute to a healthier working environment and develop better team spirit which are valuable qualities in themselves. One such programme was the training provided to Allstars who volunteered to be Peer Supporters. The objective is to equip these volunteers to be able to provide emotional and psychological support to colleagues in times of...
stress, either due to work or personal issues. This is integral to the Critical Incidents and Stress Management initiative of the Flight Operations department. Volunteers in the programme are from the technical and operations teams, including Cabin Safety.

These initiatives, and more, aim to create a healthier work environment in which our colleagues feel safe to explore ideas, escalate issues and experiment with potential solutions.

**DIVERSITY & INCLUSION**

We pride ourselves in being an ASEAN airline, and this is reflected in the racial and cultural backgrounds of our 2,204 Allstars. Within the organisation, 46% of our people are Malay, 22% Chinese, 11% Indian, 2% non-Malay Bumiputra while the remaining 19% are foreigners. We embrace ethnic diversity as we believe the different perspectives brought by Allstars from different backgrounds enrich our intellectual capital, creating a stimulating environment which divergent viewpoints are considered before important decisions are made.

Such diversity extends to the age and gender profiles of our Allstars too. About 1% of our Allstars fall within the 17-20 age bracket, 58% in the 21-30 age bracket; 30% in the 31-40 age bracket, 8% in the 41-50 age bracket; and 3% are aged between 51-70 years. Our female to male ratio, meanwhile, stands at 38:62.

**SAFETY ABOVE ALL**

At AirAsia X, safety is given the highest priority by everyone from management to our ramp staff, and is never compromised. We have in place a comprehensive, risk-based Safety Management System (SMS) that includes a Safety Policy, Risk Assessment, Safety Assurance and Safety Promotion.

Maintaining the highest standards of safety is an ongoing process and to ensure we keep improving in this regard we have set ourselves the goals of zero accidents and zero ‘high risk’ incidents. In 2015, we achieved both targets. At the same time, we managed to greatly reduce the incidence of ‘medium risk’ events to 1.32 per 1,000 sectors from 5.55 per 1,000 sectors in 2014. Most of these incidents were related to cargo/ramp operations, and were thoroughly investigated by the Safety Department to prevent any recurrence.

Allstars are encouraged to report any occurrence that may jeopardise the safety of our operations in order to facilitate remedial actions as well as for the benefit of sharing with others to improve our overall safety scorecard.

**SUSTAINABILITY REPORT**

In April 2015, AirAsia X was awarded the IATA International Operational Safety Audit (IOSA) certification by the International Air Transport Association (IATA), which reflects a very high level of safety within the organisation. The total accident rate among IOSA carriers in 2013 was 2.5 times lower than for non-IOSA operators. As such, IOSA has become a global standard and benchmark for aviation safety performance. All IOSA certified airlines are required to undergo E-IOSA (Enhanced IOSA) for their renewal. E-IOSA encompasses information from internal oversight assessments, enhancing the scope and value of the audit result. In January 2016, AirAsia X embarked on the E-IOSA for our first certification renewal. Having met the stringent standards, we have assured our place in the IOSA registry.

In our quest to maintain the highest standards of safety, we are constantly improving our systems and procedures and adopting the latest best practices. No detail is too small for our safety scrutiny; and every Allstar is trained to be 100% safety conscious. Nothing is more important to us than to keep you and your loved ones safe, all the time.
Flight safety is monitored through a set of Safety Performance Indicators (SPI) which includes information from Flight Data Monitoring (FDM) and pilot reports. Flight data - which reflects the aircraft’s systems performance - is captured in Quick Access Recorders (QAR) and subsequently downloaded and screened. Any deviations from the norm are analysed and, where necessary, corrective and/or preventive measures are taken. As a result of conscientious efforts to capture, identify and rectify deviations, the level of High Risk (Level 3) deviation from Standard Operating Procedures (SOP) on all AirAsia X flights has decreased substantially since 2010.

AirAsia X has a Cabin Safety team that conducts frequent safety checks during flights. Cabin Safety Examiners observe how our crew perform their safety duties, collate their observations and share these with the Cabin Crew Department, Training Department and crew members. Working closely with the team, in September 2015, AirAsia X hosted an inaugural AirAsia Group Regional Cabin Safety Conference at the Asian Aviation Centre of Excellence (AACE), which resulted in the sharing of best practices and streamlining of procedures and training for all cabin crew.

Our Ground Safety team monitors and analyses safety practices within ground operations to ensure strict compliance with procedures and policies. As with the Cabin Safety team, data collected by the Ground Safety team is analysed to identify any discernible trend that could lead to a safety deviation, and the necessary remedial action is taken.

We have a comprehensive Emergency Response Plan (ERP), which has been endorsed by Malaysia’s Department of Civil Aviation and meets strict international standards. Procedures as recommended in the ERP are tested biannually through an ERP Table Top Exercise to ensure a safe and orderly transition from normal to emergency operations, and safe continuation of operations or return to usual operations as soon as practicable.

In 2015, we carried out a hijack scenario simulation codenamed Exercise ‘Ops Rampas’ to test the response time of relevant airport parties to emergency situations. The exercise revealed that the relevant parties have a good understanding of their roles and can execute the appropriate decisions and functions as stated in the procedures. We also identified areas where the procedures could be further improved, and relevant steps have been taken to ensure the enhancements are carried out.

In 2015, our Safety Department initiated a campaign to enhance safety awareness among our engineering personnel. This included department visits, safety management system (SMS) classes, the placement of safety posters around the engineering office and sharing of engineering-related safety news every week. The initiative was a success, given the increase in engineering safety reports produced following the campaign.

To promote a culture of safety in AirAsia X, all Allstars are required to undergo SMS training. The Safety Department also publishes a monthly newsletter that includes best practices on how incidents can be avoided. In addition, beginning in August 2015, weekly safety news updates are sent to all Allstars to highlight significant aviation safety events around the world.

Over and above internal safety activities, our Safety Department frequently engages with aviation safety groups such as the Association of Asia Pacific Airlines Flight Operations Safety Working Group, Flight Safety Foundation, ICAO Asia Pacific Regional Aviation Safety Team, and the International Society of Air Safety Investigators. AirAsia X also serves as Secretary of the Malaysia Flight Safety Forum. Our active participation in such forums allows us to learn from best practices and to share our experiences and processes in the interest of safety of the entire aviation industry. That we are a leader in this sector is reflected by the fact that AirAsia X is one of only two airlines in Malaysia to be awarded five stars for our SMS by the Department of Civil Aviation (DCA).
As an airline, we are conscious of our duty to reduce as much as possible of our carbon footprint via the most efficient use of energy. Fuel efficiency is, in fact, of critical importance to us not only because of its environmental repercussions but also because it is a major cost factor in our operations.

Our entire business model revolves around keeping our operations as fuel efficient as possible. The airline has been maximising efficiency through the maintenance of a young fleet with modern and fuel efficient engines, following fixed guidelines on engine maintenance to ensure optimal operations, and adopting flying practices that reduce unnecessary fuel burn.

Some of the specific ways in which we enhance our fuel efficiency and reduce our consumption are described below.

### Reduce Weight, Reduce Fuel Burn

It has been a year since the launch of AirAsia X Electronic Flight Bag (EFB) Operations exercise. EFB replaces the need for hardcopy charts on board, which will allow us to reduce the weight of our aircraft as manuals weigh about 55kg. On average, every kilogramme of additional weight on board the aircraft burns approximately 0.15kg of fuel. Removing the manuals translates into a reduction in fuel burn of up to 8.25kg per sector, while also reducing the amount of paper used to support our operations. With the EFB, moreover, our crew are able to do performance calculations to optimise our take-off thrust. Although thrust reduction may increase fuel consumption slightly, this is offset by considerably lower engine maintenance costs due to reduced wear and tear. Also, taking off at reduced thrust minimises our noise emission.

### One Pack Off

On flights with moderately light loads, our crew will conduct one pack off taxi-out and taxi-ing, which entails switching off the cabin air-conditioning from one of the two engines. This reduces fuel burn and noise emission on the ground. In addition, our crew has made it a practice to always use brake fans on ground. Brake fans, which reduce brake temperatures, are turned on only when needed during taxi-ing, and are shut off once the aircraft whee are on chocks (wedges that prevent the wheels from moving accidentally while aircraft are stationary) to reduce noise emission at the parking bay.

### Noise Reduction

AirAsia X adopts and complies with all noise abatement procedures as required by the authorities in countries where we operate. However, in Busan, our aircraft (and those of many other carriers as well) are regularly flagged for exceeding the accepted noise level during take-off. Following a thorough analysis, our Technical & Development team has designed special departure procedures to avoid areas sensitive to noise, as prescribed by the airport authorities. Given the success of this initiative, it will be replicated in other airports should it be required in the future.
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Tel:  +603-5191 7833 / +603-5191 7844
Fax:  +603-5103 2533
AirAsia X Berhad (“AirAsia X”, “AAX” or “the Company”) is committed to ensure good corporate governance are applied throughout the group. Save as disclosed otherwise, the Board of Directors (“Board”) considers that it has complied with the principles and recommendations as set out in the Malaysian Code on Corporate Governance 2012 (“MCCG” or “the Code”), Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) during the period under review. The following sections describe the Company policies and practices.

A. Board Matters

Roles, responsibilities and powers of the Board Members

The Board has authority over the Company’s matters and the following obligations to ensure the effectiveness of the Board and to discharge its fiduciary and leadership functions:

• Reviewing the strategies, business plans and significant policies for the Company. The business plan and strategies of the Company will be presented by the Group Chief Executive Officer (“GCEO”) and Chief Executive Officer (“CEO”) during the Board meetings.
• Ensuring that there shall be unrestricted access to independent advice or expert advice at the Company’s expense in furtherance of the Board’s duties whether as a Board or a director in his or her individual capacity. The Board or the individual Director can seek advice from independent professional experts at the Company’s expenses, if necessary, with the consent of the Board.
• Establishing, approving, reviewing, and monitoring AirAsia X’s risk appetite and comprehensive risk management policies, processes and infrastructure. The risk management activities will be presented during the Audit Committee (“AC”) meetings. Then, the AC Chairman will brief the Board on the updates during the Board meetings.
• Considering emerging issues which may be material to the business and affairs of the Company and ensuring there is a proper succession plan for its senior management. The Performance, Talent and Development Department will be responsible in ensuring proper succession plan is in place.
• Reviewing the Company’s annual capital and revenue budgets (and any material changes thereto). The CEO and Chief Financial Officer (“CFO”) of AirAsia X are responsible to present the Annual Budget and Business Plan to the Board.
• Ensuring that the Board has adequate procedures in place to receive reports periodically and/or on a timely basis from the Company’s management.
• Reviewing the adequacy and integrity of the Company’s internal control system and management information systems.

The Board keeps a formal schedule of matters specifically reserved for the Board’s decision as disclosed in the Board Charter to ensure that the direction and control of the Company is firm in its hands.

The Board Charter can be downloaded from the Company’s website.

Board Members Balance and Meetings

There are seven (7) Members who form the Board, the details are given on pages 31 to 33 of this Annual Report.

The Board comprised of one (1) Senior Independent Non-Executive Chairman, one (1) Non-Independent Executive Director and Group Chief Executive Officer, two (2) Non-Independent Non-Executive Directors and three (3) Independent Non-Executive Directors. This composition met the MMLR of Bursa Malaysia, which requires a minimum of two (2) or one third (1/3) of the directors, whichever is the higher, to be independent directors.

To ensure that AirAsia X promotes corporate governance effectiveness, the Independent Non-Executive Directors are in place to provide the check and balance in the function of the Board.

The Board appointed Tan Sri Rafidah Aziz as the Senior Independent Non-Executive Chairman of the Company to whom concerns of shareholders and other stakeholders may be conveyed.

Dato’ Seri Kalimullah Bin Masheerul Hassan and Mr. Kiyotaka Tanaka have retired from Board members of AirAsia X on 4 June 2015. Datuk Kamarudin Bin Meranun was re-designated from a Non-Independent Non-Executive Director to a Non-Independent Executive Director and Group Chief Executive Officer (“GCEO”) of the Company effective 30 January 2015. Mr. Lim Kian Onn was re-designated from Non-Independent Non-Executive Director to Independent Non-Executive Director effective 26 February 2016.

En. Benyamin Bin Ismail (“En. Benyamin”) was appointed as the Chief Executive Officer (“CEO”) of the Company on 1 September 2015. En. Benyamin is not a Board member of the Company and his profile is provided on page 40 of this Annual Report.

The size, balance and composition of the Board support its role that drives the long term direction and strategy of the Company. It creates value for shareholders and tracks the progress of the milestones to meet its business objectives. It also ensures that good corporate governance is practiced and that the Company meets its other obligations to its shareholders, other stakeholders and guests.
The roles of the Chairman, GCEO and the CEO of the Company are separate with a clear division of responsibilities to ensure an appropriate balance of role, responsibilities and accountabilities at the Board level, such that no one individual has unfettered powers of decision.

The Non-Executive Directors ("NED") are persons of high aptitude and integrity, and jointly gather the various backgrounds in finance, legal and regulatory and in public and private sectors to the Board and Board Committees for deliberations. They dedicate reasonable time and attention required to fulfil their roles. Other professional commitments of the NED are provided in their biographies on pages 95 to 97 of this Annual Report. The Board requires that all Independent Directors to be impartial in judgment; non-participation in the day-to-day management of the Company; non-involvement in business transactions or relationships with the Company, in order to have a conscientious decision to achieve its objectives.

The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining its competitive advantage. Our diverse Board includes and makes good use of differences in skills, regional and industry experience, background, gender, ethnicity, age and other attributes of Directors. This effort could be evidenced by the appointment of Tan Sri Rafidah Aziz as an Independent Non-Executive Chairman of the Board since March 2011. Tan Sri Rafidah Aziz was re-designated as a Senior Independent Non-Executive Chairman of the Company since its listing on the Main Market of Bursa Malaysia. The Company also maintains a good mix of diversity in its senior management.

The Board, through the Nomination and Remuneration Committee ("NRC") will discuss the measurable objectives for achieving diversity. For instance, 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; ultimately it will be based on merit and contributions the candidate can bring to the Board.

The Board had in November 2014 combined the Nomination Committee and Remuneration Committee of the Company into one known as the NRC.

The NRC also reviews the composition of the Board and the Board members annually. During the year under review, the NRC discussed the assessments on the performance of the Board and Board members, the individual performance of the Board and Board members and the succession planning on the key management as well. The Board will undertake an assessment of its Independent Directors annually.

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 incorporate the year’s Board meetings into their respective schedules.

The Board’s regular meetings are conducted 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 and decision.

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:

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Meetings</th>
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<tbody>
<tr>
<td>Tan Sri Rafidah Aziz</td>
<td>6</td>
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<tr>
<td>Tan Sri Dr. Anthony Francis Fernandes</td>
<td>7</td>
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<tr>
<td>Datuk Kamarudin Bin Meranun</td>
<td>8</td>
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<tr>
<td>Lim Kian Onn</td>
<td>8</td>
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<tr>
<td>Dato’ Fam Lee Ee</td>
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<tr>
<td>Tan Sri Asmat Bin Kamaludin</td>
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<tr>
<td>Dato’ Yusli Bin Mohamed Yusoff</td>
<td>8</td>
</tr>
<tr>
<td>Dato’ Seri Kalimullah Bin Masheerul Hassan</td>
<td>3(1)</td>
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<tr>
<td>Kiyotaka Tanaka</td>
<td>3(2)</td>
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</tbody>
</table>

(1) Dato’ Seri Kalimullah Bin Masheerul Hassan retired on 4 June 2015.
(2) Mr. Kiyotaka Tanaka retired on 4 June 2015.

**Dissemination of Information**

Prior to the Board Meetings, Members of the Board will receive the agenda and a set of Board papers digitally containing items for discussion at the Board Meetings. This is to allow sufficient time for the Directors to review and seek clarifications that they may require from the Management or the Company Secretary. Urgent papers may be presented and tabled at the Board meetings under supplemental agenda. The Board meeting papers are presented in a concise and comprehensive format.

Board papers tabled to Directors include progress reports on the Company’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 of the Company, 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.

Directors are required to make full disclosure to the Board at once of any direct or indirect interests they may have in any transaction to be entered into directly or indirectly by the Company. Upon such disclosure, the interested Director(s) are required to abstain from Board deliberation and voting on the said transaction. If shareholders’ approval is required for the said transaction, the interested Director, if he is a shareholder as well, shall abstain from voting on the resolution pertaining to the transaction and ensure the person connected with them similarly abstains from voting on the same resolution.

Directors have access to all information and records of the Company and also the advice and services of the Company Secretary, who also serves in that capacity in the various Board Committees. The Company Secretary also serves notice to Directors on the closed periods for trading in AirAsia X’s shares, in accordance with Chapter 14 of the MMLR in respect of Dealings in Securities.

**Directors’ Appointment**

The Company has implemented procedures for the nomination and election of Directors via the NRC. The NRC will assess the nominee(s) for directorship including conducting an interview and Board Committee membership and thereafter, submit their recommendation to the Board for decision.

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

**Directors’ Training**

All the Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia for Directors of Public Listed Companies (“MAP”).

Directors are regularly updated on the Company’s businesses and regulatory environment in which they operate. Company site visits by the Directors, especially for the newly appointed members to understand the business operations is recommended as the process will facilitate the Board’s effective decision making.

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

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Programmes</th>
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</thead>
</table>
| Tan Sri Rafidah Aziz | • Crisis Communications Workshop, Trainer: John Bailey, Ketchum ICON on April 2015;  
• “The Story” Conference, Organiser: Generasi Muda Bersatu on 16 September 2015, Putrajaya; and  
• Bumipreneurs of Tomorrow (Bahtera) Conference, Organiser: Ministry Of Finance on 19 August 2015, KLCC. |
| Datuk Kamarudin Bin Meranun | • Regional ASAM Conference on 10 March 2015 in Bangkok;  
• ASEAN Aviation Summit 2015 18 and 19 March 2015 in Langkawi;  
• Credit Suisse 18th Asian Investment Conference on 23 Mar 2015 in Hong Kong;  
• ABC Asean Business Club Forum on 14 May 2015 in Singapore;  
• EASA-FAA International Aviation Safety Conference on 10 June 2015 in Brussels;  
• LCC Airport Summit on 15 September 2015 in Bangkok;  
• CLSA Investors Forum 16 September 2015 in Hong Kong;  
• “Whats Next” Conference on 29 September 2015 in Cyberjaya;  
• Global Transformation Forum on 21October in Kuala Lumpur;  
• APEC Manila on 17 November 2015;  
• ASEAN Summit Manila 18 November 2015;  
• Global Malayalee Symposium 27 November 2015 in Kuala Lumpur; and  
• RHB Banking Group Leaders Talk on 1 December 2015 in Kuala Lumpur. |
| Tan Sri Dr. Anthony Francis Fernandes | |
### Name Programmes

<table>
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<tr>
<th>Name</th>
<th>Programmes</th>
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<tbody>
<tr>
<td>Dato' Fam Lee Ee</td>
<td>• “Market Outlook” talk by UOB Bank on 26 May 2015;</td>
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<td>• Annual Meeting of Malaysia-China Joint Business Council Meeting in Kuala Lumpur on 24 August 2015;</td>
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<td></td>
<td>• Malaysia-China (Guangdong) Economic &amp; Trade Cooperation Conference in Guangzhou, PRC on 6&amp;7 July 2015;</td>
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<td>• CG breakfast series with Directors: Future of Auditor Reporting - The Game Changer for Boardroom organised by Bursa, CPA and MIA on 21 September 2015;</td>
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<td>• Malaysia-China High Level Economic Forum on 23 November 2015 in Kuala Lumpur; and</td>
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<td></td>
<td>• World Chinese Economic Summit in London on 10&amp;11 June 2015.</td>
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<tr>
<td>Lim Kian Onn</td>
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<td>• Predicting Financial Crime – Detection Prevention and Remediation on 1 April 2015;</td>
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<td>• Seminar Kelestarian Integriti 14 April 2015;</td>
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<td>• Light and Shadow in the Boardroom: Reflections on Board Evaluation and Development on 12 May 2015;</td>
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<td>• Money Laundering and its impact on Investment Companies on 1 June 2015;</td>
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<td></td>
<td>• SC Guidelines on Prevention of Money Laundering and Terrorism Financing for Capital Market Intermediaries on 1 June 2015;</td>
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<td>• CMDP (Capital Market Director Programme) Module 2 on 5 August 2015;</td>
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<td></td>
<td>• CMDP (Capital Market Director Programme) Module 1 on 10 August 2015;</td>
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<td>• CMDP (Capital Market Director Programme) Module 3 on 3 October 2015;</td>
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<td>• Talk on the business on 26 October 2015; and</td>
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<td>• Customised Advocacy on 30 October 2015; and</td>
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<td>• CMDP (Capital Market Director Programme) Module 4 on 4 December 2015.</td>
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<tr>
<td>Dato' Yusli Bin Mohamed Yusoff</td>
<td>• Nominating Committee Programme 2: Effective Board Evaluations on 8 April 2015;</td>
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<td>• Enterprise Risk management: Driving Organisational Sustainability, Agility and Resilience on 10 June 2015;</td>
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<td>• Knowing How to Direct, Prevent &amp; Report Financial Irregularities &amp; Scandalous Activities on 15 June 2015;</td>
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<td></td>
<td>• Board Chairman Series: Tone from the Chair and Establishing Boundaries on 15 September 2015; and</td>
</tr>
<tr>
<td></td>
<td>• CG Breakfast Series with Directors: Board Reward &amp; Recognition on 26 November 2015.</td>
</tr>
</tbody>
</table>

The Board, through the NRC, will undertake the assessment of the training of each director and suggest training needs, if required.

The Board was updated by the Company Secretary on changes to the MMLR and relevant guidelines on the regulatory and statutory requirements. The Audit Committee will also be updated by the external auditors on the changes to the financial reporting standards and tax related matters.

### Directors’ Re-election

The Articles of Association of the Company provides that at least one-third of the Directors are subject to retirement by rotation at every Annual General Meeting (“AGM”) such that each Director shall retire from office once in every three (3) years, and are eligible to offer themselves for re-election. The Articles of Association also provides that a Director who is appointed during the year shall be subject 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 reappointment 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 were established. The functions and terms of reference are clearly defined and, where applicable, comply with the recommendations of the Code.
i. Audit Committee (“AC”)

AC comprises of three (3) Independent Non-Executive Directors, the Members are set out on page 15 of this Annual Report. The primary roles, responsibilities and powers of the AC in accordance with its terms of reference are to assist the Board with the following:

- Informing the Board of any salient matters raised at the AC meetings which require the Board’s notice or direction.
- Reviewing and informing the Board of the effectiveness of risk management in place, which includes the risk management framework, processes and its reports.

Further information on the composition, summary terms of reference and other information relating to the AC are set out on pages 99 to 101 of this Annual Report.

ii. NRC

NRC comprises of one (1) Chairman who is the Senior Independent Non-Executive Chairman; one (1) Independent Non-Executive Director and one (1) Non-Independent Non-Executive Director, the Members are set out on page 15 of this Annual Report.

The primary roles, responsibilities and powers of the NRC in accordance with its terms of reference are to assist the Board with the following:

For Nomination:
- Recommending to the Board for approval, the minimum requirements for the Board, i.e. required mix of skills, knowledge, experience, qualification and other core competencies required of a director;
- Assessing and recommending to the Board for their approval, nominees for directorships and Board committee members;
- Considering, in making its recommendations, candidates for directorships proposed by the CEO and, within the bounds of practicability, by any other senior executive or any director or shareholder;
- Establishing a mechanism for the formal annual assessment on the effectiveness of the Board as a whole and the contribution of each director to the effectiveness of the Board and the contribution of the Board’s various committees;
- Recommending and ensuring that all directors receive appropriate continuous training in order to maintain an adequate level of competency in order to effectively discharge their roles as directors; and
- Overseeing the appointment, management succession planning and performance evaluation of the Board, the Board Committees and individual directors.

The NRC was satisfied with the size and composition of the Board is adequate with the appropriate mix of knowledge, skills, attributes, core competencies and diversity to meet the needs of the Company. A Board Diversity Policy was also established in year 2014, setting out the approach to diversify the Board of the Company.

Other than that, the NRC discussed on the assessments of the Board, Board Committees and individual directors on the mix of knowledge, skills, independency, effectiveness and contribution to the Company. The NRC also discussed on the succession planning for the key management of the Company.

On the nomination process of a director, the NRC discussed and considered the skills, knowledge, expertise, professionalism and integrity of the nominee.

For Remuneration:
- Reviewing annually and recommending to the Board the overall remuneration policy for Directors, GCEO and CEO (including but not limited to directors’ fees, salaries, allowances, bonuses, share options and benefits-in-kind) that supports AirAsia X’s long-term success and shareholder value, and ensure that compensation is consistent with AirAsia X’s business strategy and long-term objectives;
- Recommending to the Board on the individual remuneration package for the GCEO, CEO and Dato’ Fam Lee Ee (including but not limited to salaries, allowances, bonuses and benefits-in-kind);
- Reviewing annually the performance of the Directors and CEO, and recommend to the Board specific adjustments in remuneration and/or reward payments, if any;
- Obtaining advice from external sources or experts, if necessary, regarding remuneration practices of other companies of a similar size in a comparable industry sector for the purposes of comparison; and
- Reviewing its own performance and terms of reference at least once a year to ensure that the Committee is operating at maximum effectiveness and recommend any change it considers necessary to the Board for approval.
The Company maintains a procedure in determining the remuneration policy for Directors. 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.

iii. Safety Review Board (“SRB”)

The SRB comprises of the Senior Independent Non-Executive Chairman, GCEO, CEO and is supported by a team of operation’s safety and security specialist from the Company. The members are set out on page 15 of this Annual Report.

The SRB is eminently strategic, deals with high-level issues in relation to policies, resource allocation and organisational performance monitoring, and meets infrequently, unless exceptional circumstances dictate otherwise.

The SRB also provides the platform to achieve the objectives of resource allocation and neutral assessment of the effectiveness and efficiency of the mitigation strategies.

The primary roles, responsibilities and powers of the SRB in accordance with its terms of reference are to assist the Board with the following:

• Providing to the Board the oversight and input to the management of safety issues within the AirAsia X’s operations;
• Reviewing the progress and safety trends in relation to Flight, Cabin, Ground Operations, Engineering, Security and Quality Assurance, and ensuring all identified hazards are appropriately resolved;
• Reviewing organisational control and continual improvement by assessing opportunities for improvement and the need for changes to the system, including but not limited to organisational structure, reporting lines, authorities, responsibilities, policies, processes and procedures, as well as allocation of resources and identification of training needs;
• Monitoring the effectiveness of the Safety Management System (“SMS”) implementation plan;
• Monitoring and reviewing policy, objectives and procedures as part of development of SMS;
• Making recommendations or decisions concerning safety policy and objectives;
• Monitoring that any necessary corrective action is taken in a timely manner;
• Reviewing activities that require formal application of risk management techniques;
• Reviewing actions recommended by incident/accident investigations are monitored, tracked and implemented by relevant departmental managers;
• Monitoring safety performance against the organisation’s safety policy and objectives;
• Reviewing safety performance and outcomes;
• Defining safety performance indicators and set safety performance goals for the organisation;
• Monitoring the effectiveness of the organisation’s safety management processes which support the declared corporate priority of safety management as another core business process;
• Monitoring the effectiveness of the safety supervision of subcontracted operations;
• Ensuring that appropriate resources are allocated to achieve safety performance beyond that required by regulatory compliance;
• Providing strategic directions to departmental Safety Action Group (“SAG”) where applicable;
• Functioning as steering committee and oversight for Flight Data Monitoring Team; and
• Periodically review regulations, standards and exemptions for ensuring the most current information is available.

Input to the management review process SRB would typically include:

• Results of audits;
• Findings from operational inspections and investigations;
• Operational feedback;
• Incidents and near-miss reports;
• Changes in regulatory policy and civil aviation legislation;
• Process performance and organisational conformity;
• Status of corrective and preventive actions;
• Results from implementation or rehearsal of an Emergency Response Plan (“ERP”);
• Follow-up actions from previous management reviews;
• Feedback and recommendations for management system improvement;
• Regulatory violations; and
• Security matters.

Output from SRB would typically include decisions and actions related to:

• Improvement of the processes throughout the management system;
• Safety and security requirements; and
• Resources needs.
iv. Employees’ Share Option Scheme (”ESOS”) Committee

ESOS Committee comprises of one (1) Non-Independent Executive Director and GCEO, the CEO and the Regional Head of People Department, the Members are set out on page 15 of this Annual Report.

The primary roles, responsibilities of the ESOS Committee in accordance with its by-laws are to assist the Board with the followings:

• Administering the ESOS of the Company in accordance with the objectives and regulations; and
• Determining the participation eligibility, option offers and share allocations and to attend to such other matters as may be required.

B. Directors and/or CEO Remuneration

The remuneration package comprises the following elements:

1. Fee

The fees payable to the Non-Executive Directors for their services to the Board are based on a basic board fee and their respective additional responsibilities on the Board Committees.

2. Benefits-in-kind

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

3. Service contract

The CEO has a one-year service contract with AirAsia X, subject to renewal of the Board.

4. Directors’ share options

There are currently no share options for the Directors.

Details of the Directors’ remuneration are set out in Note 5 of the Audited Financial Statements on page 139 of this Annual Report. Whilst the Code has prescribed for individual disclosure packages, the Board is of the view that the transparency and accountability aspects of Corporate Governance in respect of the Directors’ remuneration are appropriately and adequately addressed by the band disclosure in the said Note 5.

C. Shareholders and Investors

Investor Relations (”IR”)

The Company is dedicated in maintaining good communications with shareholders and investors.

Several communication channels are in place to disseminate information to shareholders and investors on the performance of the Company. These include the Annual Report, Financial Announcements and Key Operating Statistics and Announcements through Bursa Malaysia and AGMs.

Senior management that is supported by the IR Team, participate actively in investor relations activities that consist of road shows, conferences, quarterly investor briefings locally and globally with financial analysts, institutional investors and fund managers.

Financial Results, Key Operating Statistics and Presentations on a quarterly basis are available for download at the Company’s website at www.airasiax.com. Shareholders may also obtain the Company’s announcement on the website or via the Bursa Malaysia’s website at www.bursamalaysia.com.

In conjunction with AirAsia X’s Initial Public Offering (“IPO”), the Shareholders’ Benefit Programme was implemented. This programme is running for three (3) years from the first anniversary of the IPO. The terms and conditions of this benefit are made available on the Company’s website at www.airasiax.com. For any enquiries relating to the benefits availability, eligibility criteria or general enquiry on this programme, shareholders can reach the team through aax_shareholder@airasia.com or Customer Support Line 603 8775 4680 during operating hours from 9.00 am to 6.00 pm (Malaysian time) Mondays to Fridays.

AGM

AGM is another avenue for shareholders to interact with the senior management of the Company. Shareholders will be notified of the meeting date and time together with an e-copy of the Company’s Annual Report at least 21 days before the meeting is held.

The GCEO or the CEO will do a brief presentation on the Company’s financial performance and the outlook. The Chairman and each Board Committees’ Chairman will be present, if possible at the AGM to respond to any query by the shareholders and views during the meeting. Given the size and geographical diversity of our shareholders’ base,
the AGM is another important forum for shareholders’ interaction.

**Corporate Disclosure Policy and Procedures**

AirAsia X continues to fulfil its duty on disclosure obligation required upon the Company according to the guidelines and regulation of Bursa Malaysia’s Corporate Governance Guidelines. All disclosure of material corporate information will be disseminated in an accurate, a clear and timely manner via Bursa Malaysia announcement.

**D. Accountability and Audit**

**Financial Reporting**

The Board aims to ensure that the quarterly reports, annual audited financial statements and 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.

The Board aims to ensure the timely release of announcements on quarterly financial reports that provide the transparency and latest disclosures on the performance of the Company.

The Board is 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.

**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 internal control system and overseeing the financial reporting process. A report on the AC and its summary terms of reference is presented on pages 95 to 97 of this Annual Report.

The Board is responsible for the Company’s internal control system, which comprises a process for identifying, evaluating and managing the risks faced by the Company and for regularly reviewing its effectiveness accordingly.

The Board confirms that this process was in place during 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 Company’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 98 to 101 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 Company’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.

An External Auditor Independence Policy was established aimed at establishing a process to monitor the suitability and independence of external auditors.

**E. Sustainability Report**

The Company is committed in ensuring that it aligns its strategies on matters relating to the community, workplace, marketplace and environment with sustainability objectives. The sustainability report is set out in pages 76 to 83 of this Annual Report.

**F. Standard Operating Procedures (“SOPs”)**

The Company formalised the following SOPs that will facilitate the safety and operational effectiveness in the business operation of the Company and ensure its compliance. The following SOPs are published on the Company’s website.

**i. Sustainability Policy**

The Company has established a Sustainability Policy for the provision of guidance on the Company’s strategy on sustainability with focus on four main domains - Community, Workplace, Market Place and Environment.

**ii. 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 established a Whistleblowing Policy 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 Head of Internal Audit who will then assess all concerns reported and recommend the appropriate action, and subsequently:

- To compile all reports received and submit to the Chairman of the Board, AC; and
- To report to Management the results of the investigation for further action.

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

iii. Anti-Fraud Policy

In order to prevent loss or damages due to fraud, the Company has established an Anti-Fraud Policy, as the Company has zero tolerance in this area. To safeguard the interest of the Company and stakeholders, legal action may be taken if required.

All matters should be addressed to Head of Internal Audit, who will then investigate for further action and recommend for tighter internal control, and subsequently:

- To compile all investigations and evidence before recommend appropriate action to be taken; and
- To report to Management and AC of the results and corrective action.

iv. Code of Business Conduct

In order to engage efficiently, responsibly and profitable in the commercial aviation business, the Company seeks the high standard of performance and also aims to maintain a long term position in the competitive environment towards shareholders, passengers, employees, business partners and society.

This statement is made in accordance with a resolution of the Board of Directors of AirAsia X dated 29 March 2016.
SUMMARY OF TERMS OF REFERENCE OF THE AUDIT COMMITTEE ("AC")

A. Composition

The AC shall comprise at least three (3) non-executive directors appointed by the Board. All the AC members must be non-executive directors, with a majority of them being independent directors. All AC members must have strong financial background 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) adhere to other requirements as prescribed or approved by Bursa Malaysia.

B. Roles and responsibility

The primary roles and responsibilities of the AC with regards to the AirAsia X Internal Audit function, risk management, external auditor, financial reporting, related party transactions, annual reporting and investigation are as follows:

Internal Audit ("IA")

• IA function is to report directly to the AC;
• Review the adequacy of the scope, functions, competency and resources of the internal audit function, 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 the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit functions;
• Review any appraisal or assessment of the performance of members of the internal audit function;
• Approve any appointment or termination of senior staff members of the internal audit function; and
• Take cognisance of resignations of internal audit staff and provide the staff an opportunity to submit reasons for resigning.

Risk Management

• Review the risk management framework of the Company to ensure the existence of effective risk management policies and controls to monitor and manage all financial and non-financial risks.
• Review the risk profile and the quarterly risk progress report.
• Updating the Board on risk management activities within the Company on quarterly basis.

External Auditor

• Consider the appointment or re-appointment of the external auditor, the audit fees, any questions of resignation or dismissal of the external auditor and to recommend the nomination of the external auditor;
• Assess the suitability and independence of the external auditor;
• Discussing 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;
• Provide a line of communication between the Board and the external auditor;
• 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) including the Audit Report and the level of assistance given by the Company’s employees to the external auditor; and
• Review the external auditor’s management letter and management’s response in evaluating the Company’s system of internal control.

Financial Reporting

Review the quarterly and year-end financial statements of the Company, focusing particularly on:

• any change and appropriateness of accounting policies and practices;
• significant adjustments arising from the audit;
• litigation that could affect the results materially;
• significant and unusual events;
• the going concern assumption;
• compliance with approved accounting standards and other legal requirements; and
• ensuring the timely release of such financial statements.

Related Party Transactions

• Consider and evaluate any related party transactions or conflict of interest situations that may arise within the Company or affiliates including any transaction, procedure or course of conduct that raises questions of management integrity.
Investigation

• Consider the major findings of internal investigations; and
• Review the Company’s procedures for detecting fraud and whistle blowing and ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters (in compliance with provisions made in the Companies Act, 1965).

Other Matters

• Consider any other matters as directed by the Board.

C. Authority and powers of the AC

In carrying out its duties, an AC shall, at the cost of the Company:

• have authority to investigate any matter within its terms of reference;
• have the resources in order to perform its duties as set out in terms of reference;
• have the support from the Company management to perform its duties;
• have full, free and unrestricted access to the 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 auditor; and person(s) carrying out the internal audit/quality assurance function;
• have ability to obtain external legal or other independent professional or other advice or other necessary resources to perform its duties; and
• have meetings with the external auditor, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Should the AC 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 AC must promptly report such matter to Bursa Malaysia.

D. Meetings

• The AC shall meet at least four (4) times a year and such additional meetings as the Chairman shall decide.
• The AC meeting quorum shall be at least two (2) members where the majority of members present must be independent directors.
• The External Auditor has the right to appear and be heard at any meeting of the AC and shall appear before the AC when required to do so.
• The CEO, CFO and the Head of Internal Audit of the Company shall normally be invited to attend the meetings to assist in the deliberations and resolution of matters raised. At least twice a year, the AC shall meet with the external auditor without the presence of management.
• The Company Secretary shall act as Secretary of the AC and shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting.
• The Secretary of the AC shall be entrusted to record all proceedings and minutes of all meetings of the AC. The Secretary of the AC shall circulate the draft minutes to the Chairman within fourteen (14) calendar days of the AC Meeting, for the Chairman’s approval ahead of distribution to the AC members with at least seven (7) calendar days of notice prior to the AC Meeting. Reasonable time should be given for AC members and to other attendees as appropriate, to consider all relevant papers and materials prior to the AC meeting.
• In addition to the availability of detailed minutes of the AC Meetings to all Board members, the AC at each Board Meeting will report a summary of significant matters resolutions.

The Terms of Reference of the AC was approved on 17 August 2012.

ACTIVITIES OF THE AC DURING THE YEAR

A summary of the activities performed by the AC during the financial year ended 31 December 2015 (“financial year”) is set out below.

Composition of the AC and Attendance of meetings

A total of eight (8) meetings were held during the financial year and the details of the attendance of the AC members were as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Directorship</th>
<th>Number of meetings attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dato’ Yusli Bin Mohamed Yusoff</td>
<td>Independent Non-Executive Director</td>
<td>8</td>
</tr>
<tr>
<td>Tan Sri Asmat Bin Kamaludin</td>
<td>Independent Non-Executive Director</td>
<td>8</td>
</tr>
<tr>
<td>Lim Kian Onn</td>
<td>Independent Non-Executive Director</td>
<td>8</td>
</tr>
</tbody>
</table>

The representatives of the external auditors, Messrs PricewaterhouseCoopers (“PwC”) are invited to discuss the annual audited financial statements, their management letters, audit plan and other matters deemed relevant.
Financial Reporting

• Reviewed and deliberated on the quarterly financial announcements and annual audited financial statements prior to submission to the Board for consideration and approval.

Internal Audit

• Reviewed and approved the Audit Charter for Internal Audit Department.
• Reviewed and approved the Internal Audit Plan 2015.
• Reviewed the findings from internal audit works and monitor the implementation of management action plans in addressing and resolving issues.
• Reviewed the results of operational audit reports.
• Provided assistance to the appointed external auditor in all oversight of the operational audits on each quarterly review.

Risk Management

• Reviewed the key risk profile and risk register of the Company.
• Reviewed and approved the progress report on risk management activities.

External Audit

• The AC reviewed PwC’s overall work plan and recommended to the Board on their remuneration and terms of engagement as external auditors and considered in detail the results of the audit, PwC’s performance and independence and the effectiveness of the overall audit process. The AC recommended PwC’s re-appointment as auditor to the Board and this resolution will be put to shareholders at the AGM.
• Reviewed updates to the Malaysian Financial Reporting Standards and how they will impact the Company and has monitored progress in meeting the new reporting requirements.
• The AC was also updated by PwC on changes to the relevant guidelines on the regulatory and statutory requirements.
• Deliberated and reported the results of the annual audit for recommendation to the Board.
• Met with the external auditors without the presence of management to discuss any matters that they may wish to present.

Related Party Transactions

• Reviewed the related party transactions entered into by the Company and its affiliates in conformity to the established procedures in adherence to the MMLR.

ESOS

• Annually, will verify the allocation options pursuant to the criteria disclosed to the employees of the Company and established pursuant to the Employees’ Share Option Scheme for each financial year.

Internal Audit (IA)

AirAsia X has an in-house 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 AC.

The IA reports functionally to AC and administratively to the CEO.

The responsibilities of IA include:

• Review the systems of internal controls.
• 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.
• Implement risk based audit to establish the strategic and annual audit plan, the main factor to determine areas or units to be audited.
• Review 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.
• Table to the management on any areas that require improvement and audit recommendations for attention and further actions.

Management is to ensure that corrective actions are implemented within the required time frame. The audit reports which provide the results of the audit conducted, as well as key control issues and recommendations are highlighted and submitted to the AC for review and execution.

AC reviews and approves the IA’s human resource requirements to ensure that the function is adequately resourced with competent and proficient internal auditor. Total operational costs of the IA department for 2015 were RM484,197.59.
The Board of Directors ("Board") of AirAsia X Berhad ("AAX" or the Company) remains committed in complying with the Malaysian Code on Corporate Governance 2012 (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 Main Market Listing Requirements Paragraph 15.26 (b) and Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuer. The Board is pleased to issue the following statement of risk management & internal control for the financial year ended 31 December 2015.*

### Responsibility

The Board of AAX acknowledges its responsibility for maintaining sound internal control and risk management systems that would provide reasonable assurance in ensuring the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations, to safeguard shareholders’ interests and the Company’s assets. The system of internal control is designed to manage the Company’s risk within acceptable risk profile, and provides reasonable assurance against material errors, misstatement or irregularities.

In view of the limitations inherent in any system of internal control, such a system is designed to mitigate rather than eliminate risks of failure to achieve corporate objectives. Accordingly, the system provides reasonable and not absolute assurance against material error, misstatement or loss. The system of internal control covers, inter alia, risks management, financial, operational and compliance controls. The Board confirms that the system of internal control and risk management of the Company was in place during the financial year. The system is subject to regular review by the Board.

### Risk Management

By virtue of AAX is one of the players in low cost aviation industry, our businesses have unique risks that are specific to our industry. We recognize the fact that these risks must be effectively managed to ensure the long-term growth and enhancement of shareholder value. As such, AAX adopts a comprehensive risk management framework that includes risk management policy, clear lines of responsibility and accountability as well as an efficient framework on procedures and reporting guidelines. Our risk management system is also linked to the Company’s internal control system, thus providing us an efficient and reliable decision making tool. AAX Risk Management Framework has been approved by the Board of Directors for adoption in year 2013. The AAX Risk Register and status of action plans on High Risks were updated and presented on quarterly basis to the Audit Committee via Risk Management Progress Report. The information will then be communicated to the Board of Directors by Chairman, Audit Committee during Board meetings.

### Key Objectives of the Risk Management Process

Our Risk Management structure aims to enhance the understanding and acceptance of risk management within AAX in order to assist the decision making process and ensuring our strategic objectives are fulfilled. It also aims to develop and sustain a risk management culture, initiatives and activities within AAX community. Finally, it ensures we are continuously in compliance with corporate governance best practices and the relevant laws including Bursa Malaysia’s Listing Requirements. The following diagram outlines the risk management reporting structure that is in place at AAX. The company utilise the similar tools and processes which have been developed by AirAsia Berhad’s ("AAB") Group Risk Management Department.

### Risk Management Structure

#### Role of the Board of Directors

Below are the roles of the Board with regards to risk management initiatives in AAX:

- To approve the risk management policy and framework, this includes risk parameters, thresholds & boundaries;
- To ensure that overall corporate risks are measured & thresholds are controlled within pre-determined limits;
- To ensure that there are sufficient internal controls and clear mitigation plans for major risks and that these plans include accountabilities and timelines;
- To ensure that a culture of identifying and managing risk exists throughout AAX organisation; and
- Setting the right example and tone at the top for risk management culture and ensure risk analysis and quantification is conducted for all major investments or strategic decisions.

### Role of the Audit Committee

The Audit Committee’s role is to implement and support the overseeing functions of the Board’s role in risk management. It performs risk oversight and review risk profiles on quarterly basis. Risk Management Progress Report will be presented to the Audit Committee on quarterly basis to update the status of High Risk action plans. The AC will then communicates to the Board on critical risks and corresponding management action plans as well as highlighting any changes to AAX’s Risk Profile.
Role of the Risk Management Department ("RMD")

The RMD is tasked with reviewing AAX Risk Register, highlighting any new risk that may arise to the Audit Committee and updating the Risk Register accordingly. It is responsible for the following activities:

- Recommending procedures and reporting formats on the risk management process;
- To assist Audit Committee in coordinating the risk management activities and reviewing of the Risk Register;
- Preparing risk progress report for the presentation to the Audit Committee;
- Considering new entries for the risk register from the time of the last review and updating entries of the last reported register;
- To coordinate risk management training for management team members; and
- Discussing and recommending improvement plans on risk management issues and procedures that can be implemented or incorporated by any function in AAX to Audit Committee;

Risk Management Process

There are four (4) steps within the risk management process in AAX. At each stage, there are distinct decisive factors to be considered before the next stage is reached. A structured framework approach to risk management that incorporates all the necessary steps was developed. These steps are depicted in Figure 1 below.

<table>
<thead>
<tr>
<th>No</th>
<th>Type of Risk</th>
<th>Net Risk Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>High</td>
</tr>
<tr>
<td>1</td>
<td>Strategic</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>Commercial</td>
<td>0</td>
</tr>
<tr>
<td>3</td>
<td>Legal &amp; Regulatory</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Business Development</td>
<td>0</td>
</tr>
<tr>
<td>5</td>
<td>Engineering</td>
<td>0</td>
</tr>
<tr>
<td>6</td>
<td>Ground Operations</td>
<td>0</td>
</tr>
<tr>
<td>7</td>
<td>Flight Operations</td>
<td>2</td>
</tr>
<tr>
<td>8</td>
<td>Safety &amp; Security</td>
<td>2</td>
</tr>
<tr>
<td>9</td>
<td>Finance</td>
<td>2</td>
</tr>
<tr>
<td>10</td>
<td>People</td>
<td>0</td>
</tr>
<tr>
<td>11</td>
<td>ICT</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>TOTAL RISKS</td>
<td>13</td>
</tr>
</tbody>
</table>

INTERNAL CONTROL

Key elements of the Company’s internal control system, including the processes in place to review its adequacy, are as follows:

Control Environment

The internal control mechanism is embedded in the various work processes and procedures at appropriate levels in the Company especially for operations activities. The work processes and procedures for flight operations and ground operations are documented in Flight Operations Manuals and Ground Operations Manuals respectively. These manuals assist in ensuring continuity of best practice and effective control of various tasks in operations. Continuous efforts are
also being undertaken by the heads of departments to review and update the manuals regularly or when it is deemed necessary.

The Board wishes to disclose that during the course of statutory audit for the financial year ended 31 December 2014, the external auditor has discovered the irregular dealings between the Company and a service provider. Following that, the Board on the recommendation of the Audit Committee has appointed a consultant to carry out a forensic audit. It has been established that the irregularities does not have any material financial and operational impact on the Company. Legal action has been initiated and a police report has been lodged.

Organisational Structure

AAX has a well-defined organisational structure that is aligned to its business and operational requirements. Each strategic operating function is headed by a responsible Departmental Head. Clear lines of accountability and responsibility, approval, authorization, and control procedures have been laid down and communicated throughout AAX.

People Department

AAX believes that the key strategy to maintain business growth in an environment of intense competition is to enhance the operational efficiency and productivity of human capital. Thus, formal appraisal process namely Performance Review Appraisal Process using Performance Appraisal Form and guided by Expectations, Goals and Measurements (EGM) provide a framework to translate and align the strategy of human capital development to the Company’s Strategic Plan. It is also being used as a performance measurement tool. AAX continued to emphasise on the talent and competencies of employees by establishing Talent Management Framework.

Budget

The Company undertakes a comprehensive budgeting process each year, to establish goals and targets against which performance is monitored on an on-going basis. The Board participates in the review and approval of the Yearly Budget.

Limits of Authority (LOA)

AAX documented its Limits of Authority (“LOA”) which clearly defines the level of authority and responsibility in making operational and commercial business decisions. Approving authorities cover various levels of management and includes the Board. The LOA is reviewed regularly and any amendments made to the LOA must be tabled to and approved by the Board. The latest version of LOA which named Revised LOA was approved by the Board in November 2012.

Information and Communication

While the management is responsible to ensure proper implementation of internal control procedures, the Board can request to review the state of internal controls as and when it deems necessary. The Board can request for information and clarification from management as well as to seek inputs from the Audit Committee, external and internal auditors, and other experts, and any costs shall be borne by the Company.

Audit Committee

The Audit Committee has been established by the Board since year 2013. The Audit Committee comprises of three (3) members of the Board, all of whom are independent directors. Its terms of reference together with the Audit Committee Report are disclosed in pages 99 to 101 of this Annual Report.

Internal Audit Function

The Audit Committee has established the Internal Audit Department (“IAD”) since year 2013. The IAD of AAX acts as an independent appraisal function to assist the Audit Committee in discharging their duties and to provide assurance to Management and the Board that all internal controls are in place, adequate and functioning effectively within the acceptable limits and expectations. IAD strives to provide the means for the Company to accomplish its control objectives by introducing a systematic and disciplined approach in evaluating and improving the effectiveness of risk management, internal control and governance processes. The purpose, authority and responsibility of IAD as well as the nature of assurance and consultancy activities provided to the Company are clearly stated in the Internal Audit Charter as approved by the Audit Committee in year 2014. In order to preserve its independence, the Head of IAD reports directly to the Audit Committee and administratively to the Chief Executive Officer of AAX.
As an integral part of the management process, IAD furnishes the Management with independent analysis, appraisals, counsel and information on the activities under review. The key internal audit activities that add value to AAX can be summarized as follows:

1. Identify all auditable activities and relevant risk factors, and to assess their significance;
2. Research and gather information that is competent, factual and complete;
3. Analyse and examine that operational activities are carried out effectively;
4. Provide assurance on compliance to statutory requirements, laws, company policies and guidelines;
5. Recommend appropriate controls to overcome deficiencies and to enhance company operations;
6. Evaluate procedures in place to safeguard company assets;
7. Assist Management in establishing a proper risk management framework, assessing risk and monitoring the effectiveness of the risk management program and ensuring the adequacy of the internal control system.

Throughout year 2015, twelve (12) audit works have been carried out i.e. nine (9) audit works as per approved Audit Plan 2015, two (2) as per ad-hoc audit works and one (1) audit work was carried out by third party appointed by the Audit Committee. The audit coverage encompasses evaluation of effectiveness and efficiency of the system of internal control in the Company.

The Head of IAD currently sits as an observer in the Leadership Meeting where the senior management of the Company discusses and deliberates on issues pertaining to the financial, commercial, operations and other necessary areas of the Company. He would provide his input and opinion on matters discussed with regards to internal control, where necessary.

**Whistle Blower Policy**

A Whistle Blower Policy was approved by the Board in year 2013 and then being introduced to all staff in the same year. The Policy provides a platform for employees to report instances on unethical behaviour, actual or suspected fraud or dishonesty, or a violation of the Company’s Code of Conduct. The Whistle Blower Policy includes protection for the whistle-blowers from any reprisals as a direct consequence on making such disclosures. It also covers the procedures for disclosure, investigation and the respective outcomes of such investigations. AAX expects its employees to act in the Company’s best interests and to maintain high principles and ethical values. AAX will not tolerate any irresponsible or unethical behaviour that would jeopardize its good standing and reputation.

**Associate and Joint-Venture Companies**

The statement of risk management and internal control of the associate and joint-venture companies are excluded from this Statement.

**Conclusion**

The Board is of the opinion that the Company’s Internal Control System is effective and functioning adequately, and that everyone in the Company has been made aware of and alert to the requirements of the system and its procedures.

The Board has received an assurance from the CEO and CFO of AirAsia X Berhad that the risk management and internal control system is operating adequately and effective, in all material aspects.

**Code of Conduct**

Our Code of Conduct (“the Code”) governs the professional conduct of our employees and outlines their responsibilities to the Company in performing their duties. The various policies and guidelines within the Code spell out the standards and ethics that all employees are expected to adhere to in the course of their work. It highlights AAX’s expectations on their professional conduct which includes amongst others:

- The environment inside and outside of workplace.
- How we work.
- Conflict of interest.
- Confidentiality and disclosure of information.
- Good practices and controls.
- Duty and declaration.

The Code is designed to maintain discipline and order in the workplace among employees at all levels. It also sets out the circumstances in which such employees would be deemed to have breached the Code and the disciplinary actions that can be taken against them.
The information set out below is disclosed in compliance with the MMLR of Bursa Malaysia:

1. **UTILISATION OF PROCEEDS FROM CORPORATE PROPOSAL**

   (a) The proceeds raised from the Initial Public Offering (“IPO”) had been partially utilised and the details of the utilisation of proceeds as at 18 March 2016 are as follows:

<table>
<thead>
<tr>
<th>Proposed Utilisation of IPO proceeds RM’mil</th>
<th>Utilisation to date RM’mil</th>
<th>Balance RM’mil</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repayment of bank borrowings 285.8</td>
<td>(285.8)</td>
<td>-</td>
</tr>
<tr>
<td>Capital expenditure 280.0</td>
<td>(280.0)</td>
<td>-</td>
</tr>
<tr>
<td>Estimated listing expenses 38.0</td>
<td>(38.0)</td>
<td>-</td>
</tr>
<tr>
<td>Working capital 136.9</td>
<td>(136.9)</td>
<td>-</td>
</tr>
<tr>
<td>Total 740.7</td>
<td>(740.7)</td>
<td>-</td>
</tr>
</tbody>
</table>

   (b) During the financial year, the Company increased its issued and paid-up share capital by 1,777,777,790 ordinary shares of RM0.15 each pursuant to the Renounceable Rights Issue of new ordinary shares of RM0.15 each in the Company together with Free Detachable Warrants to Raise Gross Proceeds of up to RM395.00 million (“Rights Issue with Warrants”).

   The details of the utilisation of proceeds raised from the Rights Issue with Warrants as at 18 March 2016 are as follows:

<table>
<thead>
<tr>
<th>Proposed Utilisation of Rights Issue proceeds RM’mil</th>
<th>Utilisation to date RM’mil</th>
<th>Balance RM’mil</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repayment of bank borrowings 119.0</td>
<td>(119.0)</td>
<td>-</td>
</tr>
<tr>
<td>Working capital 266.1</td>
<td>(266.1)</td>
<td>-</td>
</tr>
<tr>
<td>Estimated corporate exercise expenses 6.0</td>
<td>(6.0)</td>
<td>-</td>
</tr>
<tr>
<td>Total 391.1</td>
<td>(391.1)</td>
<td>-</td>
</tr>
</tbody>
</table>

2. **SHARE BUY-BACK**

   The Company does not have a scheme to buy-back its own shares during the financial year ended 31 December 2015.

3. **OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES EXERCISED**

   As at 31 December 2015, the Company issued 1,777,777,790 Rights Shares and 888,888,895 Warrants 2015/2020 pursuant to the Rights Issue with Warrants in the Company. The proceeds arising from issuance Rights Issue with Warrants are used for working capital purpose.

   Other than the above, there was no issuance of convertible securities during the financial year.

   During the financial year ended 31 December 2015, the ESOS is exercisable but no exercise of ESOS took place.

4. **DEPOSITORY RECEIPT PROGRAMME**

   The Company did not sponsor any depository receipt programme during the financial year ended 31 December 2015.
5. ESOS

The ESOS is the only share scheme of the Company in existence during the financial year ended 31 December 2015 approved by the shareholders on 12 October 2012. The information of the ESOS is as follows:

<table>
<thead>
<tr>
<th></th>
<th>During the financial year ended 31 December 2015</th>
<th>Since commencement of the ESOS on 12 October 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of options or shares granted</td>
<td>180,994</td>
<td>9,730,994</td>
</tr>
<tr>
<td>Total number of options exercised or shares vested</td>
<td>-</td>
<td>1,725,000</td>
</tr>
<tr>
<td>Total options or shares outstanding</td>
<td>2,798,725</td>
<td>2,798,725</td>
</tr>
</tbody>
</table>

Aggregate maximum allocation in percentage

<table>
<thead>
<tr>
<th></th>
<th>During the financial year ended 31 December 2015</th>
<th>Since commencement of the ESOS on 12 October 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aggregate maximum allocation in percentage</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Actual percentage granted</td>
<td>96.95%</td>
<td>96.95%</td>
</tr>
</tbody>
</table>

There were no options granted to the Non-Executive Directors pursuant to the ESOS since its commencement on 12 October 2012.

6. SANCTIONS AND/OR PENALTIES

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year ended 31 December 2015.

7. NON-AUDIT FEES

The amount of non-audit fees incurred for services rendered to the Company by the external auditors for the financial year ended 31 December 2015 were RM205,000 in connection with rights issue exercise.

8. VARIATION IN RESULTS

There were no profit estimations, forecasts or projections made or released by the Company during the financial year ended 31 December 2015.

9. PROFIT GUARANTEE

During the financial year ended 31 December 2015, the Company did not give any profit guarantee.

10. MATERIAL CONTRACTS INVOLVING DIRECTORS’ AND MAJOR SHAREHOLDERS’ INTERESTS

There were no material contracts entered into by the Company and its subsidiaries involving directors and major shareholders’ interest still subsisting at the end of the financial year ended 31 December 2015.
11. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the Annual General Meeting (“AGM”) held on 4 June 2015 the Company had obtained a shareholders’ mandate to allow the Company to enter into recurrent related party transactions (“RRPTs”) of a revenue or trading nature.

The breakdown of the aggregate value of the RRPTs entered into by the Group during the financial year is as follows:

<table>
<thead>
<tr>
<th>No.</th>
<th>Transacting Parties</th>
<th>Nature of RRPT</th>
<th>Class and relationship of the Related Parties</th>
<th>Actual Value</th>
</tr>
</thead>
</table>
| 1.  | AirAsia Berhad (“AirAsia”) | Rights granted by AirAsia to our Company to operate air services under the “AIRASIA” trade name and livery in respect of our low-cost, long-haul air services. | Interested Directors  
Tan Sri Dr. Tony Fernandes 
Datuk Kamarudin Bin Meranun (“Datuk Kamarudin”)  
Dato’ Fam Lee Ee (“Dato’ Fam”)  
Interested Major Shareholders  
AirAsia  
Tune Group Sdn. Bhd. (“Tune Group”)  
Tan Sri Dr. Tony Fernandes  
Datuk Kamarudin | RM2,624,000 |
| 2.  | AirAsia | Provision of the following range of services by AirAsia to our Company:  
(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  
Tan Sri Dr. Tony Fernandes  
Datuk Kamarudin  
Dato’ Fam | RM4,254,000 |
<table>
<thead>
<tr>
<th>No.</th>
<th>Transacting Parties</th>
<th>Nature of RRPT</th>
<th>Class and relationship of the Related Parties</th>
<th>Actual Value</th>
</tr>
</thead>
</table>
| 3.  | AirAsia                             | Provision of charter services to Beirut, Lubnan by our Company for the Malbatt contingent. The carried passenger services for a long-haul destination to AirAsia on an ad-hoc basis, whereby the passengers are procured by AirAsia but are carried by our Company. | Interested Directors
Tan Sri Dr. Tony Fernandes
Datuk Kamarudin
Dato’ Fam

Interested Major Shareholders
AirAsia
Tune Group
Tan Sri Dr. Tony Fernandes
Datuk Kamarudin | RM280,000 |
| 4.  | Asian Contact Centres Sdn Bhd (“ACCSB”) | Provision of call centre services to our Company | Interested Directors
Tan Sri Dr. Tony Fernandes
Datuk Kamarudin
Dato’ Fam

Interested Major Shareholders
AirAsia
Tune Group
Tan Sri Dr. Tony Fernandes
Datuk Kamarudin | NIL |
| 5.  | CaterhamJet Global Ltd (“CJG”)       | Annual payment in respect of chartered air travel services to be provided by CJG for members of our Board and key management for corporate and strategic development activities of our Company to explore, assess and implement our growth strategies and future plans. Such services allow for more flexibility in managing their travel requirements. Examples of such travel requirements include governmental or ministerial meetings as well as meetings with civil aviation and airport authorities, including flights to Europe for meetings with our aircraft supplier or financiers. | Interested Directors
Tan Sri Dr. Tony Fernandes
Datuk Kamarudin

Interested Major Shareholders
Tune Group
Tan Sri Dr. Tony Fernandes
Datuk Kamarudin | RM3,217,000 |
| 6.  | Rokki Sdn Bhd (formerly known as Tune Box Sdn Bhd) (“Rokki”) | Supply of in-flight entertainment system, hardware, software, content and updates by Rokki. | Interested Directors
Tan Sri Dr. Tony Fernandes
Datuk Kamarudin

Interested Major Shareholders
Tune Group
Tan Sri Dr. Tony Fernandes
Datuk Kamarudin | RM417,000 |
| 7.  | Rokki Avionics Sdn Bhd (formerly known as Tune Box Avionics Sdn Bhd) | Sale and maintenance of an in-flight entertainment and connectivity (“IFEC”) solution. | Interested Directors
Tan Sri Dr. Tony Fernandes
Datuk Kamarudin

Interested Major Shareholders
AirAsia
Tune Group
Tan Sri Dr. Tony Fernandes
Datuk Kamarudin | NIL |
<table>
<thead>
<tr>
<th>No.</th>
<th>Transacting Parties</th>
<th>Nature of RRPT</th>
<th>Class and relationship of the Related Parties</th>
<th>Actual Value</th>
</tr>
</thead>
</table>
| 8.  | Tune Insurance Malaysia Berhad (“Tune Insurance”) | Receipt of commission income of 25% on all insurance premiums received by Tune Insurance pursuant to our Company’s role as a corporate agent of Tune Insurance for the provision of AirAsia Insure, a travel protection plan which provides coverage for losses arising from, amongst others, personal accident, medical and evacuation, emergency medical evacuation and mortal remains repatriation, travel inconvenience such as flight cancellation or loss or damage to baggage and personal effects, flight delay and on-time guarantee. | Interested Directors  
Tan Sri Dr. Tony Fernandes  
Datuk Kamarudin  
Interested Major Shareholders  
AirAsia  
Tune Group  
Tan Sri Dr. Tony Fernandes  
Datuk Kamarudin | RM2,808,000 |
| 9.  | Asian Aviation Centre of Excellence Sdn Bhd (“AACOE”) | Provision of commercial training services and non-pilot training services by AACOE. | Interested Directors  
Tan Sri Dr. Tony Fernandes  
Datuk Kamarudin  
Dato’ Fam | RM4,363,000 |
| 10. | Think BIG Digital Sdn Bhd (“Think BIG”) | Purchase of loyalty points from Think BIG, which operates and manages a loyalty program branded as the BIG Loyalty Program. | Interested Directors  
Tan Sri Dr. Tony Fernandes  
Datuk Kamarudin  
Dato’ Fam  
Lim Kian Onn  
Interested Major Shareholders  
AirAsia  
Tune Group  
Tan Sri Dr. Tony Fernandes  
Datuk Kamarudin | RM529,000 |
| 11. | Tune Insurance | Payment to Tune Insurance of insurance premiums collected on its behalf pursuant to our Company’s role as a corporate agent of Tune Insurance for the provision of AirAsia Insure, a travel protection plan which provides coverage for losses arising from, amongst others, personal accident, medical and evacuation, emergency medical evacuation and mortal remains repatriation, travel inconvenience such as flight cancellation or loss or damage to baggage and personal effects, flight delay and on-time guarantee. | Interested Directors  
Tan Sri Dr. Tony Fernandes  
Datuk Kamarudin  
Interested Major Shareholders  
AirAsia  
Tune Group  
Tan Sri Dr. Tony Fernandes  
Datuk Kamarudin | RM11,232,000 |
### Additional RRPT

<table>
<thead>
<tr>
<th>No.</th>
<th>Transacting Parties</th>
<th>Nature of RRPT</th>
<th>Class and relationship of the Related Parties</th>
<th>Actual Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>AirAsia Global Shared Services Sdn Bhd (“AGSS”)</td>
<td>Provision of the following shared services by AGSS to our Company: &lt;br&gt; (a) Finance and accounting support operation services; &lt;br&gt; (b) People department support operation services; &lt;br&gt; (c) Information and technology operation support services; and &lt;br&gt; (d) Sourcing and procurement operation support services.</td>
<td>Interested Directors &lt;br&gt; Tan Sri Dr. Tony Fernandes &lt;br&gt; Datuk Kamarudin &lt;br&gt; Dato’ Fam</td>
<td>RM2,444,000</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>No. of Shares</th>
<th>%</th>
<th>No. of Shares</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interested Directors</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tan Sri Dr. Tony Fernandes</td>
<td>87,303,728</td>
<td>2.11</td>
<td>1,310,331,376&lt;sup&gt;(1)&lt;/sup&gt;</td>
</tr>
<tr>
<td>Datuk Kamarudin</td>
<td>337,702,739</td>
<td>8.14</td>
<td>1,310,331,376&lt;sup&gt;(1)&lt;/sup&gt;</td>
</tr>
<tr>
<td>Dato’ Fam</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Lim Kian Onn</td>
<td>196,783,356</td>
<td>4.74</td>
<td>1,050,000&lt;sup&gt;(2)&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

| **Interested Major Shareholders** | | | |
| AirAsia | 570,728,502 | 13.76 | - | - |
| Tune Group | 739,602,874 | 17.83 | - | - |
| Tan Sri Dr. Tony Fernandes | 87,303,728 | 2.11 | 1,310,331,376<sup>(1)</sup> | 31.59 |
| Datuk Kamarudin | 337,702,739 | 8.14 | 1,310,331,376<sup>(1)</sup> | 31.59 |

**NOTE:**

(1) Deemed interested via their interests in AirAsia and Tune Group, being the Major Shareholders of our Company pursuant to Section 6A of the Act.  
(2) Deemed interest via shareholdings of his spouse and children.

Please refer to Section 7 and Section 2.3 of the Circular to Shareholders dated 13 May 2015 respectively on the directorships and shareholdings of the interested directors and interested major shareholder in the transacting parties as stated above.
FINANCIAL STATEMENTS

109 Directors’ Report
113 Income Statements
114 Statements of Comprehensive Income
115 Balance Sheets
117 Consolidated Statement of Changes in Equity
118 Company Statement of Changes in Equity
119 Statements of Cash Flows
121 Notes to the Financial Statements
195 Supplementary Information
196 Statement by Directors
197 Statutory Declaration
198 Independent Auditors’ Report
The Directors hereby submit their report together with the audited financial statements of the group and company for the financial year ended 31 December 2015.

Principal Activities

The principal activity of the Company is that of providing long haul air transportation services. The principal activities of the subsidiaries are described in Note 16 to the financial statements. There was no significant change in the nature of these activities during the financial year.

Financial Results

<table>
<thead>
<tr>
<th></th>
<th>Group RM’000</th>
<th>Company RM’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loss for the financial year</td>
<td>(349,616)</td>
<td>(366,547)</td>
</tr>
</tbody>
</table>
DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend for the financial year ended 31 December 2015.

RESERVES AND PROVISIONS

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

ISSUANCE OF SHARES

On 11 June 2015, the Company completed a renounceable rights issue of new ordinary shares of RM0.15 each in the Company together with free detachable warrants for working capital purpose. As a result, 1,777,777,790 ordinary shares of RM0.15 each were issued during the year. These new ordinary shares rank pari passu with the existing ordinary shares. Following the completion of the exercise, the issued and fully paid ordinary shares of the Company consists of 4,148,148,177 ordinary shares of RM0.15 each with a share premium of RM911,820,644 and warrant reserve of RM62,222,223.

The new issuance of share capital is disclosed in Note 27.

EMPLOYEES’ SHARE OPTION SCHEME

The Company had implemented an Employees’ Share Option Scheme (“ESOS”) which entails the issuance of up to ten percent (10%) of the issued and paid-up share capital of the Company at any one time pursuant to the exercise of options to be granted under the ESOS, to full-time eligible employees of the Group. The tenure of the ESOS shall be five (5) years with an option to extend for a further five (5) years, subject to a maximum duration of ten (10) years. The ESOS is governed by the by-laws which were approved by the shareholders on 12 October 2012.

On 1 July 2013, the Company granted 9,550,000 ESOS Options to its eligible employees at the exercise price of RM1.25 per option (“Initial Grant”). The vesting of the ESOS Options under the Initial Grant shall be subject to the terms and conditions of the By-Laws.

There is no ESOS exercised during the financial year.

Details of the ESOS are set out in Note 27 to the financial statements.

DIRECTORS

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

Tan Sri Rafidah Aziz
Datuk Kamarudin Bin Meranun
Tan Sri Dr. Anthony Francis Fernandes
Lim Kian Onn
Dato’ Fam Lee Ee
Tan Sri Asmat Bin Kamaludin
Dato’ Yusli Bin Mohamed Yusoff
Dato’ Seri Kalimuthul Hassan (Retired on 4 June 2015)
Kiyotaka Tanaka (Retired on 4 June 2015)
DIRECTORS’ BENEFITS

During and at the end of the financial year, 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 5 and Note 30 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 in the Company and its related corporations are as follows:

<table>
<thead>
<tr>
<th>Number of ordinary shares of RM0.15 each</th>
<th>1.1.2015</th>
<th>Acquired/ Transferred</th>
<th>Disposed/ Transferred</th>
<th>31.12.2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct interests in the Company</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Datuk Kamarudin Bin Meranun</td>
<td>192,972,994</td>
<td>144,729,745</td>
<td></td>
<td>337,702,739</td>
</tr>
<tr>
<td>Tan Sri Dr. Anthony Francis Fernandes</td>
<td>49,887,845</td>
<td>37,415,883</td>
<td></td>
<td>87,303,728</td>
</tr>
<tr>
<td>Lim Kian Onn</td>
<td>112,447,632</td>
<td>84,335,724</td>
<td></td>
<td>196,783,356</td>
</tr>
<tr>
<td>Tan Sri Rafidah Aziz</td>
<td>100,000</td>
<td>75,000</td>
<td></td>
<td>175,000</td>
</tr>
<tr>
<td>Tan Sri Asmat Bin Kamaludin</td>
<td>100,000</td>
<td>75,000</td>
<td></td>
<td>175,000</td>
</tr>
<tr>
<td>Dato’ Yusli Bin Mohamed Yusoff</td>
<td>100,000</td>
<td>100,000</td>
<td></td>
<td>200,000</td>
</tr>
<tr>
<td>Indirect interests in the Company</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Datuk Kamarudin Bin Meranun</td>
<td>748,760,787</td>
<td>561,570,589</td>
<td></td>
<td>1,310,331,376*</td>
</tr>
<tr>
<td>Tan Sri Dr. Anthony Francis Fernandes</td>
<td>748,760,787</td>
<td>561,570,589</td>
<td></td>
<td>1,310,331,376*</td>
</tr>
<tr>
<td>Lim Kian Onn**</td>
<td>600,000</td>
<td>450,000</td>
<td></td>
<td>1,050,000</td>
</tr>
<tr>
<td>Tan Sri Rafidah Aziz***</td>
<td>100,000</td>
<td>-</td>
<td></td>
<td>100,000</td>
</tr>
</tbody>
</table>

* Deemed interest by virtue of their shareholding interests in AirAsia Berhad and Tune Group Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.
** Pursuant to Section 134(12)(c) of the Companies Act, 1965, the interests of spouse and children of Lim Kian Onn in the shares of the Company shall also be treated as the interest of Lim Kian Onn.
*** Pursuant to Section 134(12)(c) of the Companies Act, 1965, the interest of spouse (deceased) of Tan Sri Rafidah Aziz in the shares of the Company shall also be treated as the interest of Tan Sri Rafidah Aziz.

According to the register of Directors’ shareholdings, other than disclosed above, none of the other Directors who held office at the end of the financial year had any interests in shares and options over shares in the Company and its related corporations during the financial year.
STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements were made out, the Directors took reasonable steps:

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

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

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

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

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

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

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

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

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

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

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

In the opinion of the Directors:

(a) except as disclosed in the financial statements, the results of the Group’s and Company’s operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

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

AUDITORS

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

Signed on behalf of the Board of Directors in accordance with a resolution dated 29th March 2016.

TAN SRI RAFIDAH AZIZ
DIRECTOR

DATUK KAMARUDIN BIN MERANUN
DIRECTOR
**INCOME STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
</tr>
<tr>
<td>Revenue</td>
<td>3,062,553</td>
<td>2,936,727</td>
<td>3,061,192</td>
<td>2,935,584</td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Staff costs</td>
<td>(315,821)</td>
<td>(313,018)</td>
<td>(311,501)</td>
<td>(308,730)</td>
</tr>
<tr>
<td>- Depreciation of property, plant and equipment</td>
<td>(144,807)</td>
<td>(180,730)</td>
<td>(144,807)</td>
<td>(180,730)</td>
</tr>
<tr>
<td>- Aircraft fuel expenses</td>
<td>(1,020,881)</td>
<td>(1,519,924)</td>
<td>(1,020,881)</td>
<td>(1,519,924)</td>
</tr>
<tr>
<td>- Maintenance, overhaul, user charges and other related expenses</td>
<td>(891,865)</td>
<td>(638,167)</td>
<td>(891,865)</td>
<td>(638,167)</td>
</tr>
<tr>
<td>- Aircraft operating lease expenses</td>
<td>(706,058)</td>
<td>(337,978)</td>
<td>(706,058)</td>
<td>(337,978)</td>
</tr>
<tr>
<td>- Other operating expenses</td>
<td>(891,865)</td>
<td>(638,167)</td>
<td>(891,865)</td>
<td>(638,167)</td>
</tr>
<tr>
<td>Other income</td>
<td>116,881</td>
<td>190,744</td>
<td>116,881</td>
<td>190,744</td>
</tr>
<tr>
<td>Operating loss</td>
<td>(37,443)</td>
<td>(176,300)</td>
<td>(38,052)</td>
<td>(176,872)</td>
</tr>
<tr>
<td>Finance income</td>
<td>19,812</td>
<td>6,349</td>
<td>19,812</td>
<td>6,349</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(84,131)</td>
<td>(159,658)</td>
<td>(84,131)</td>
<td>(159,658)</td>
</tr>
<tr>
<td>Net operating loss</td>
<td>(101,762)</td>
<td>(329,609)</td>
<td>(102,371)</td>
<td>(330,181)</td>
</tr>
<tr>
<td>Foreign exchange losses</td>
<td>(299,562)</td>
<td>(136,921)</td>
<td>(299,562)</td>
<td>(136,921)</td>
</tr>
<tr>
<td>Share of results of an associate</td>
<td>(19,516)</td>
<td>97,028</td>
<td>97,028</td>
<td>86,163</td>
</tr>
<tr>
<td>Share of results of a joint venture</td>
<td>(16,322)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other losses</td>
<td>(7,585)</td>
<td>(61,473)</td>
<td>(7,585)</td>
<td>(61,473)</td>
</tr>
<tr>
<td>Loss before taxation</td>
<td>(446,475)</td>
<td>(605,361)</td>
<td>(463,406)</td>
<td>(570,095)</td>
</tr>
<tr>
<td>Taxation</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>- Current taxation</td>
<td>(169)</td>
<td>(245)</td>
<td>(169)</td>
<td>(71)</td>
</tr>
<tr>
<td>- Deferred taxation</td>
<td>97,028</td>
<td>86,163</td>
<td>97,028</td>
<td>86,163</td>
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<td>Net loss for the financial year</td>
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<td>85,918</td>
<td>96,859</td>
<td>86,092</td>
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<td>Net loss for the financial year attributable to:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Equity holders of the Company</td>
<td>(349,616)</td>
<td>(519,443)</td>
<td>(366,547)</td>
<td>(484,003)</td>
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<tr>
<td>- Non-controlling interests</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Loss per share (sen)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Basic</td>
<td>(10.4)</td>
<td>(21.9)</td>
<td>(10.4)</td>
<td>(21.9)</td>
</tr>
<tr>
<td>- Diluted</td>
<td>(10.4)</td>
<td>(21.9)</td>
<td>(10.4)</td>
<td>(21.9)</td>
</tr>
</tbody>
</table>
## Statements of Comprehensive Income

For the financial year ended 31 December 2015

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
<td>2014</td>
</tr>
<tr>
<td>Net loss for the financial year</td>
<td>(349,616)</td>
<td>(519,443)</td>
</tr>
<tr>
<td>Other comprehensive (loss)/income</td>
<td></td>
<td></td>
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<tr>
<td>Items that may be subsequently reclassified to profit or loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flow hedges</td>
<td>(114,108)</td>
<td>(14,049)</td>
</tr>
<tr>
<td>Foreign currency translation differences</td>
<td>231</td>
<td>(26)</td>
</tr>
<tr>
<td>Other comprehensive loss for the financial year, net of tax</td>
<td>(113,877)</td>
<td>(14,075)</td>
</tr>
<tr>
<td>Total comprehensive loss for the financial year</td>
<td>(463,493)</td>
<td>(533,518)</td>
</tr>
</tbody>
</table>

Total comprehensive loss attributable to:
- Equity holders of the Company | (463,493) | (533,518) |
- Non-controlling interests | -     | -     |

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
<td>2014</td>
</tr>
</tbody>
</table>

Total (463,493) | (533,518) |
### Balance Sheets

#### RM’000

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>12</td>
<td>1,677,613</td>
<td>1,934,588</td>
<td>1,677,613</td>
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<tr>
<td>Deferred tax assets</td>
<td>13</td>
<td>542,821</td>
<td>445,793</td>
<td>542,821</td>
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<tr>
<td>Deposits on aircraft purchases</td>
<td>14</td>
<td>243,601</td>
<td>469,526</td>
<td>243,601</td>
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<tr>
<td>Other deposits and prepayments</td>
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<td>903,374</td>
<td>344,420</td>
<td>903,374</td>
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<tr>
<td>Investments in subsidiaries</td>
<td>16</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Investment in an associate</td>
<td>17</td>
<td>-</td>
<td>20,018</td>
<td>20,018</td>
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<tr>
<td>Investment in a joint venture</td>
<td>18</td>
<td>-</td>
<td>37,566</td>
<td>-</td>
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<tr>
<td><strong>Total Non-current Assets</strong></td>
<td>3,367,409</td>
<td>3,231,893</td>
<td>3,387,427</td>
<td>3,268,233</td>
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</table>

<table>
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<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventories</td>
<td>20</td>
<td>3,985</td>
<td>1,362</td>
<td>3,985</td>
</tr>
<tr>
<td>Receivables and prepayments</td>
<td>21</td>
<td>282,463</td>
<td>310,894</td>
<td>282,403</td>
</tr>
<tr>
<td>Amounts due from related parties</td>
<td>22</td>
<td>30,103</td>
<td>38,769</td>
<td>29,330</td>
</tr>
<tr>
<td>Amount due from a joint venture</td>
<td>22</td>
<td>55,570</td>
<td>19,499</td>
<td>55,570</td>
</tr>
<tr>
<td>Amount due from an associate</td>
<td>22</td>
<td>26,150</td>
<td>5,314</td>
<td>-</td>
</tr>
<tr>
<td>Amount due from a subsidiary</td>
<td>22</td>
<td>-</td>
<td>26,150</td>
<td>5,314</td>
</tr>
<tr>
<td>Tax recoverable</td>
<td>712</td>
<td>1,065</td>
<td>579</td>
<td>1,039</td>
</tr>
<tr>
<td>Deposits, cash and bank balances</td>
<td>23</td>
<td>310,789</td>
<td>127,198</td>
<td>310,274</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>709,772</td>
<td>504,101</td>
<td>708,291</td>
<td>503,106</td>
</tr>
</tbody>
</table>

| Non-current Asset Held for Sale | 24 | 105,116 | - | 105,116 | - |
| **Total Current Liabilities** | 814,888 | 504,101 | 813,407 | 503,106 |

| Less: Current Liabilities | |
|-----------------------------|------|------|------|------|
| Sales in advance | 671,510 | 497,855 | 671,510 | 497,855 |
| Derivative financial instruments | 115,215 | 102,993 | 115,215 | 102,993 |
| Trade and other payables | 849,075 | 828,802 | 848,279 | 828,019 |
| Amounts due to related parties | 45,668 | 23,173 | 45,668 | 23,173 |
| Amounts due to subsidiaries | 22 | - | 2,263 | 1,896 |
| Amount due to an associate | 22 | - | 196 | - |
| Borrowings | 319,477 | 513,245 | 319,477 | 513,245 |
| **Total Net Current Liabilities** | 2,000,945 | 1,966,264 | 2,002,412 | 1,967,377 |

<table>
<thead>
<tr>
<th>Non-current Liabilities</th>
<th>2015</th>
<th>2014</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowings</td>
<td>26</td>
<td>1,109,610</td>
<td>1,066,100</td>
<td>1,109,610</td>
</tr>
<tr>
<td>Other payables and accruals</td>
<td>25</td>
<td>439,935</td>
<td>-</td>
<td>439,935</td>
</tr>
<tr>
<td><strong>Total Non-current Liabilities</strong></td>
<td>1,549,545</td>
<td>1,066,100</td>
<td>1,549,545</td>
<td>1,066,100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Equity</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>631,807</td>
<td>703,630</td>
</tr>
</tbody>
</table>

| **Total Shareholders’ Equity** | 648,877 | 737,862 | 648,877 | 737,862 |
### CAPITAL AND RESERVES

<table>
<thead>
<tr>
<th>Note</th>
<th>2015</th>
<th>2014</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
</tr>
<tr>
<td>Share capital</td>
<td>622,222</td>
<td>355,556</td>
<td>622,222</td>
<td>355,556</td>
</tr>
<tr>
<td>Share premium</td>
<td>911,821</td>
<td>849,598</td>
<td>911,821</td>
<td>849,598</td>
</tr>
<tr>
<td>Warrant reserve</td>
<td>62,222</td>
<td>-</td>
<td>62,222</td>
<td>-</td>
</tr>
<tr>
<td>Currency translation reserve</td>
<td>127</td>
<td>(104)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accumulated losses</td>
<td>(859,029)</td>
<td>(509,413)</td>
<td>(841,832)</td>
<td>(475,285)</td>
</tr>
<tr>
<td>Other reserves</td>
<td>(105,556)</td>
<td>7,993</td>
<td>(105,556)</td>
<td>7,993</td>
</tr>
<tr>
<td>Shareholders' equity</td>
<td>631,807</td>
<td>703,630</td>
<td>648,877</td>
<td>737,862</td>
</tr>
</tbody>
</table>

* Less than RM1,000
## Attributable to equity holders of the Company

<table>
<thead>
<tr>
<th>Note of shares</th>
<th>Number of shares '000</th>
<th>Nominal value RM'000</th>
<th>Share premium RM'000</th>
<th>Warrant reserve RM'000</th>
<th>Cash flow hedge reserve RM'000</th>
<th>Share option reserve RM'000</th>
<th>Currency translation reserve RM'000</th>
<th>Accumulated losses RM'000</th>
<th>Total controlling interest RM'000</th>
<th>Total equity RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At 1 January 2015</strong></td>
<td>2,370,370</td>
<td>355,556</td>
<td>849,598</td>
<td>-</td>
<td>6,478</td>
<td>1,515</td>
<td>(104)</td>
<td>(509,413)</td>
<td>703,630</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net loss for the financial year</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(349,616)</td>
<td>-</td>
<td>(349,616)</td>
</tr>
<tr>
<td><strong>Other comprehensive (loss)/income</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(14,108)</td>
<td>-</td>
<td>231</td>
<td>-</td>
<td>113,877</td>
<td>(113,877)</td>
</tr>
<tr>
<td><strong>Total comprehensive (loss)/income</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(14,108)</td>
<td>-</td>
<td>231</td>
<td>(349,616)</td>
<td>(463,493)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Issuance of new shares</strong></td>
<td>27</td>
<td>1,777,778</td>
<td>266,666</td>
<td>62,223</td>
<td>62,222</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>391,111</td>
<td>-</td>
</tr>
<tr>
<td><strong>Employee Share Option Scheme</strong></td>
<td>27</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>559</td>
<td>-</td>
<td>559</td>
<td>-</td>
</tr>
<tr>
<td><strong>At 31 December 2015</strong></td>
<td>4,148,148</td>
<td>622,222</td>
<td>911,821</td>
<td>62,222</td>
<td>(107,630)</td>
<td>2,074</td>
<td>127</td>
<td>(859,029)</td>
<td>631,807</td>
<td>-</td>
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</tbody>
</table>

## Attributable to equity holders of the Company

<table>
<thead>
<tr>
<th>Note of shares</th>
<th>Number of shares '000</th>
<th>Nominal value RM'000</th>
<th>Share premium RM'000</th>
<th>Warrant reserve RM'000</th>
<th>Cash flow hedge reserve RM'000</th>
<th>Share option reserve RM'000</th>
<th>Currency translation reserve RM'000</th>
<th>Accumulated losses RM'000</th>
<th>Total controlling interest RM'000</th>
<th>Total equity RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At 1 January 2014</strong></td>
<td>2,370,370</td>
<td>355,556</td>
<td>849,598</td>
<td>20,527</td>
<td>522</td>
<td>(78)</td>
<td>10,030</td>
<td>1,236,155</td>
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<td>1,236,155</td>
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<td><strong>Net loss for the financial year</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(519,443)</td>
<td>-</td>
<td>(519,443)</td>
</tr>
<tr>
<td><strong>Other comprehensive loss</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(14,049)</td>
<td>-</td>
<td>(26)</td>
<td>-</td>
<td>(14,075)</td>
<td>-</td>
<td>(14,075)</td>
</tr>
<tr>
<td><strong>Total comprehensive loss</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(14,049)</td>
<td>-</td>
<td>(26)</td>
<td>(519,443)</td>
<td>(533,518)</td>
<td>-</td>
<td>(533,518)</td>
</tr>
<tr>
<td><strong>Employee Share Option Scheme</strong></td>
<td>27</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>993</td>
<td>-</td>
<td>-</td>
<td>993</td>
<td>-</td>
<td>993</td>
</tr>
<tr>
<td><strong>At 31 December 2014</strong></td>
<td>2,370,370</td>
<td>355,556</td>
<td>849,598</td>
<td>6,478</td>
<td>1,515</td>
<td>(104)</td>
<td>(509,413)</td>
<td>703,630</td>
<td>-</td>
<td>703,630</td>
</tr>
<tr>
<td>Note</td>
<td>Issued and fully paid ordinary shares of RM0.15 each</td>
<td>Non-distributable</td>
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<td></td>
<td></td>
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<tr>
<td></td>
<td>Number of shares</td>
<td>Nominal value</td>
<td>Share premium</td>
<td>Warrant</td>
<td>Cash flow</td>
<td>Share option</td>
<td>Accumulated losses</td>
<td>Total</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January 2015</td>
<td>2,370,370</td>
<td>355,556</td>
<td>849,598</td>
<td>-</td>
<td>6,478</td>
<td>1,515</td>
<td>(475,285)</td>
<td>737,862</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss for the financial year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(366,547)</td>
<td>(366,547)</td>
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<tr>
<td>Other comprehensive loss</td>
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<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>(114,108)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total comprehensive loss</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(114,108)</td>
<td>-</td>
<td>(366,547)</td>
<td>(480,655)</td>
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</tr>
<tr>
<td>Issuance of new shares</td>
<td>27</td>
<td>1,777,778</td>
<td>266,666</td>
<td>62,223</td>
<td>62,222</td>
<td>-</td>
<td>-</td>
<td>391,111</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Share Option Scheme</td>
<td>27</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>559</td>
<td>-</td>
<td>559</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 December 2015</td>
<td>4,148,148</td>
<td>622,222</td>
<td>911,821</td>
<td>62,222</td>
<td>(107,630)</td>
<td>2,074</td>
<td>(841,832)</td>
<td>648,877</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note</th>
<th>Issued and fully paid ordinary shares of RM0.15 each</th>
<th>Non-distributable</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of shares</td>
<td>Nominal value</td>
</tr>
<tr>
<td></td>
<td>'000</td>
<td>RM'000</td>
</tr>
<tr>
<td>At 1 January 2014</td>
<td>2,370,370</td>
<td>355,556</td>
</tr>
<tr>
<td>Net loss for the financial year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other comprehensive loss</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive loss</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Employee Share Option Scheme</td>
<td>27</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December 2014</td>
<td>2,370,370</td>
<td>355,556</td>
</tr>
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</table>
## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM’000</td>
<td></td>
<td>RM’000</td>
<td></td>
</tr>
<tr>
<td>Loss before taxation</td>
<td>(446,475)</td>
<td>(605,361)</td>
<td>(463,406)</td>
<td>(570,095)</td>
</tr>
<tr>
<td>Adjustments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Depreciation</td>
<td>144,807</td>
<td>180,730</td>
<td>144,807</td>
<td>180,730</td>
</tr>
<tr>
<td>- Write off</td>
<td>7,752</td>
<td>4,890</td>
<td>7,752</td>
<td>4,890</td>
</tr>
<tr>
<td>Gain on disposal</td>
<td>(32,541)</td>
<td>(121,257)</td>
<td>(32,541)</td>
<td>(121,257)</td>
</tr>
<tr>
<td>Impairment of trade and other receivables</td>
<td>-</td>
<td>1,509</td>
<td>-</td>
<td>1,509</td>
</tr>
<tr>
<td>Impairment of investment in a joint venture</td>
<td>-</td>
<td>-</td>
<td>53,888</td>
<td>-</td>
</tr>
<tr>
<td>Finance cost</td>
<td>75,076</td>
<td>99,935</td>
<td>75,076</td>
<td>99,935</td>
</tr>
<tr>
<td>Discounting effect of deposits</td>
<td>9,055</td>
<td>59,723</td>
<td>9,055</td>
<td>59,723</td>
</tr>
<tr>
<td>Interest income</td>
<td>(3,849)</td>
<td>(1,051)</td>
<td>(3,849)</td>
<td>(1,051)</td>
</tr>
<tr>
<td>Discounting/accretion of interest on deposits</td>
<td>(15,963)</td>
<td>(5,298)</td>
<td>(15,963)</td>
<td>(5,298)</td>
</tr>
<tr>
<td>Fair value (gain)/loss on derivative financial instruments</td>
<td>(101,886)</td>
<td>134,858</td>
<td>(101,886)</td>
<td>134,858</td>
</tr>
<tr>
<td>Fair value gain on shareholders’ benefits scheme</td>
<td>-</td>
<td>(1,990)</td>
<td>-</td>
<td>(1,990)</td>
</tr>
<tr>
<td>Share option expense</td>
<td>559</td>
<td>993</td>
<td>559</td>
<td>993</td>
</tr>
<tr>
<td>Share of results of an associate</td>
<td>-</td>
<td>19,516</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Share of results of a joint venture</td>
<td>37,566</td>
<td>16,322</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net unrealised foreign exchange losses</td>
<td>255,805</td>
<td>90,736</td>
<td>255,118</td>
<td>90,772</td>
</tr>
<tr>
<td></td>
<td>(70,094)</td>
<td>(125,745)</td>
<td>(71,390)</td>
<td>(126,281)</td>
</tr>
</tbody>
</table>

**CASH FLOWS FROM OPERATING ACTIVITIES**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash generated from operations</td>
<td>55,308</td>
<td>46,271</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(72,483)</td>
<td>(98,793)</td>
</tr>
<tr>
<td>Interest received</td>
<td>3,745</td>
<td>800</td>
</tr>
<tr>
<td>Tax recovered</td>
<td>1,001</td>
<td>-</td>
</tr>
<tr>
<td>Tax paid</td>
<td>(817)</td>
<td>(836)</td>
</tr>
<tr>
<td>Net cash used in operating activities</td>
<td>(13,246)</td>
<td>(52,558)</td>
</tr>
</tbody>
</table>
## STATEMENTS OF CASH FLOWS

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

### Group Company

<table>
<thead>
<tr>
<th>Note</th>
<th>2015</th>
<th>2014</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Additions</td>
<td>12</td>
<td>(37,337)</td>
<td>(352,461)</td>
<td>(37,337)</td>
</tr>
<tr>
<td>Investment in a joint venture</td>
<td>-</td>
<td>(53,888)</td>
<td>-</td>
<td>(53,888)</td>
</tr>
<tr>
<td>Proceeds from disposal of aircraft and engine pursuant to sales and leaseback arrangement</td>
<td>69,178</td>
<td>1,010,059</td>
<td>69,178</td>
<td>1,010,059</td>
</tr>
<tr>
<td>Refund/(Placement) of deposits on aircraft purchases</td>
<td>265,483</td>
<td>(211,469)</td>
<td>265,483</td>
<td>(211,469)</td>
</tr>
<tr>
<td><strong>Net cash from investing activities</strong></td>
<td>297,324</td>
<td>392,241</td>
<td>297,324</td>
<td>392,241</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from allotment of shares</td>
<td>391,111</td>
<td>-</td>
<td>391,111</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds from borrowings</td>
<td>392,100</td>
<td>597,104</td>
<td>392,100</td>
<td>597,104</td>
</tr>
<tr>
<td>Repayments of borrowings</td>
<td>(890,779)</td>
<td>(1,078,563)</td>
<td>(890,779)</td>
<td>(1,078,563)</td>
</tr>
<tr>
<td>Deposits pledged as securities</td>
<td>(6,181)</td>
<td>(1,374)</td>
<td>(6,181)</td>
<td>(1,374)</td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td>(113,749)</td>
<td>(482,833)</td>
<td>(113,749)</td>
<td>(482,833)</td>
</tr>
<tr>
<td><strong>NET INCREASE/(DECREASE) FOR THE FINANCIAL YEAR</strong></td>
<td>170,329</td>
<td>(143,150)</td>
<td>170,476</td>
<td>(143,382)</td>
</tr>
<tr>
<td><strong>CURRENCY TRANSLATION DIFFERENCES</strong></td>
<td>7,081</td>
<td>5,998</td>
<td>6,850</td>
<td>5,998</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</strong></td>
<td>74,937</td>
<td>212,089</td>
<td>74,506</td>
<td>211,890</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</strong></td>
<td>23</td>
<td>252,347</td>
<td>74,937</td>
<td>251,832</td>
</tr>
</tbody>
</table>
1 GENERAL INFORMATION

The principal activity of the Company is that of providing long haul air transportation services. The principal activities of the subsidiary companies are described in Note 16 to the financial statements.

There was no significant change 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 Group and Company is as follows:

Mezzanine Floor, LCCT
Jalan KLIA S3
Southern Support Zone KLIA
64000 Sepang
Selangor Darul Ehsan

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 29th March 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the Group and Company have been prepared in accordance with the 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 this summary of significant accounting policies.

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 financial year. It also requires Directors to exercise their judgment in the process of applying the Group’s and Company’s accounting policies. Although these estimates and judgment are based on the Directors’ best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.
2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

The Group and the Company incurred net losses of RM349,616,000 (2014: RM519,443,000) and RM366,547,000 (2014: RM484,003,000) respectively during the financial year ended 31 December 2015 and as of that date, the Group’s and the Company’s current liabilities exceeded their current assets by RM1,186,057,000 (2014: RM1,462,163,000) and RM1,189,005,000 (2014: RM1,464,271,000) respectively.

The Directors are of the view that the Group and the Company will have sufficient cash flows for the next twelve months from the reporting date to meet their cash flow requirements. The Directors believe that the Group and the Company are able to realise their assets and discharge their liabilities in the normal course of business and that the financial position will be improved through future operating profits and cash flows. Thus, the Directors believe no material uncertainty exist that may cast significant doubt on the Group’s and Company’s ability to continue as a going concern.

In preparing the cash flow forecast for the next twelve months, the Directors have made certain significant assumptions involving regulatory approvals for prospective routes, aircraft deliveries, fares, load factors, fuel price, maintenance costs and currency movements. These assumptions have been built into the forecast based on past performance, adjusted for non-recurring circumstances and a reasonable growth rate. In addition, the Directors have also reflected cash flows arising from the implementation of the following strategies:

(i) Rationalising route frequency to allow capacity introduced in the past two years to mature. In this regard, any excess capacity is reassessed and redeployed as necessary to new routes.

(ii) As part of this route strategy, the Group is exploring and analysing new routes in order to optimise yields and network.

(iii) Streamlining the Group’s operating expenses and pursuing further unit cost reduction initiatives.

Based on the above, the Directors believe that it is appropriate to prepare the financial statements of the Group and the Company on a going concern basis.

(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 the Annual Improvements to MFRSs 2010 – 2012 Cycle has required additional disclosures about the aggregation of segments. Other than that, 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.
2 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 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.
2 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 (continued)

- 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.

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.
2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Basis of consolidation (continued)

(i) Subsidiaries (continued)

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) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor’s share of the profit or loss of the investee after the date of acquisition. The Group’s investment in associates includes goodwill identified on acquisition.

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

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

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

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

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

(iii) 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.
2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Basis of consolidation (continued)

(iii) Joint arrangements (continued)

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.

(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 2(q) 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 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.

The useful lives for this purpose are as follows:

Aircraft
- engines and airframe excluding service potential 25 years
- service potential of engines and airframe 6 or 12 years
Aircraft spares 10 years
Aircraft fixtures and fittings Useful life of aircraft or remaining lease term of aircraft, whichever is shorter
Motor vehicles 5 years
Office equipment, furniture and fittings 5 years

Service potential of 6 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 6 years.
(e) Property, plant and equipment (continued)

Certain elements of the cost of an airframe are attributed on acquisition to 6 years interval check or 12 years interval check, reflecting its maintenance conditions. This cost is amortised over the shorter of the period to the next scheduled heavy maintenance or the remaining life of the aircraft.

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 values 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 costs of upgrades to leased assets are capitalised and amortised over the shorter of the expected useful life of the upgrades or the remaining life of the aircraft.

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

At each balance sheet date, the Group and Company assess whether there is any indication of impairment. If such an indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2(h) on impairment of non-financial assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the income statements.

(f) Non-current assets held-for-sale

Non-current assets are classified as assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.
2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Investments in subsidiaries, joint ventures and associates

In the Company’s separate financial statements, investments in subsidiaries, joint ventures and associates are stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount (see Note 2(h)).

On disposal of investments in subsidiaries, joint ventures and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(h) Impairment of non-financial assets

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

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

(i) Maintenance and overhaul

Owned aircraft

The accounting for the cost of major airframe and certain engine maintenance checks for own aircraft is described in the accounting policy for property, plant and equipment (see Note 2(e)).

Leased aircraft

Where the Group and Company have a commitment to maintain aircraft held under operating leases, a 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 statements 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.

Finance leases

Leases of property, plant and equipment where the Group and Company assume substantially all the benefits and risks of ownership are classified as finance leases.

Finance leases are capitalised at the commencement dates of the respective leases at the lower of the fair value of the leased property and the present value of the minimum lease payments at the date of inception. Each lease payment is allocated between the liability and finance charges so as to achieve a periodic constant rate of interest on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in payables. The interest element of the finance charge is charged to the income statements over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.
2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Leases (continued)

Finance leases (continued)

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

Property, plant and equipment acquired under finance lease contracts are depreciated over the estimated useful life of the asset, in accordance with the annual rates stated in Note 2(e) above. Where there is no reasonable certainty that the ownership will be transferred to the Group and Company, 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 incentives received from the lessor) are charged to the income statements on a straight-line basis over the lease period.

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

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:

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.

(k) Inventories

Inventories comprising consumables used internally for repairs and maintenance and in-flight merchandise, 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 incidental costs 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 estimated costs to completion and applicable variable selling expenses. In arriving at net realisable value, due allowance is made for all damaged, obsolete and slow-moving items.
2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Derivative financial instruments and hedging activities

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

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for in accordance with the accounting policy set out in Note 2(w). 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 and Company document 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 and Company also document their 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 19 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 statements.

Amounts accumulated in equity are reclassified to the income statements 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 the income statements 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 the cost of goods sold in the case of inventory or in depreciation in the case of property, plant and equipment.

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

(m) 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 allowance for impairment.
2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Cash and cash equivalents

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

(o) Provision

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

(p) Share capital

(i) Classification

Ordinary shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

(ii) Share issue costs

Incremental external costs directly attributable to the issuance of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(iii) Dividends to shareholders of the Company

Dividends are recognised as a liability in the period in which they are declared. A dividend declared after the end of the reporting period, but before the financial statements are authorised for issue, is not recognised as a liability at the end of the reporting period.

(q) Borrowings

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.

Borrowing costs that are 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.
2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Borrowings (continued)

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 and Company have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

(r) Current and deferred income taxes

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

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

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

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

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary differences shall not be 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 tax authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(s) 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 and Company.
2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Employee benefits (continued)

(ii) Defined contribution plan

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

(t) Revenue recognition

Revenue from scheduled passenger flights is recognised upon the rendering of transportation services net of discounts. The revenue of seats sold for which services have not been rendered is included in current liabilities as sales in advance.

Revenue from charter flights is recognised upon the rendering of transportation services.

Fuel surcharge, insurance surcharge, administrative fees, seat fees, change fees, convenience fees, excess baggage and baggage handling fees are recognised upon the completion of services rendered net of discounts. Freight and other related revenue are recognised upon the completion of services rendered net of discounts.

Management fees, incentives and commission income are recognised on an accrual basis.

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

Interest income is recognised using the effective interest method.

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.

(u) 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 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 are separately disclosed after net operating profit.
2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Foreign currencies (continued)

(iii) Group companies

The results and financial position of all entities within the Group (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:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) 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

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders’ equity. When a foreign operation is disposed of or sold, such exchange differences that were recorded in equity are recognised in the income statements as part of the gain or loss on disposal.

(v) Contingent liabilities

The Group and Company do not recognise a contingent liability 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 uncertain future events beyond the control of the Group and Company, or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably. However contingent liabilities do not include financial guarantee contracts.

The Group and Company recognise 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 and Company measure 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”.

(w) Financial assets

(i) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.
2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Financial assets (continued)

(i) Classification (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term. Derivatives are also categorised as held for trading unless they are designated as hedges (see Note 2(l)). 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 and Company’s loans and receivables comprise ‘trade and other receivables’, ‘amounts due from related parties, a subsidiary, an associate and joint venture’ and ‘deposits, cash and bank balances’ in the balance sheet.

(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

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 the income statement in the period in which the changes arise.

(iv) Subsequent measurement – Impairment of financial assets

Assets carried at amortised cost

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

(w) Financial assets (continued)

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

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 is reduced and the amount of the loss is recognised in the income statement. 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 the income statement.

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.

(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.

(x) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is presented in the balance sheet 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.

(y) Trade and other payables

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

(y) Trade and other payables (continued)

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

(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.

(aa) Warrant reserve

Warrants reserve arising from the issuance of free warrants together with the rights issue, is determined based on the allocation of the proceeds from the right issue using the fair value of the warrants and the ordinary shares on a pro-rate basis. Proceeds from warrants which are issued at a value, are credited to a warrants reserve. Warrants reserve is non-distributable, and is transferred to the share premium account upon the exercise of warrants. Warrants reserve in relation to unexercised warrants at the expiry of the warrants period is transferred to retained earnings.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

The Group and Company make 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 and Company’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 financial year are outlined 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 frames and engines based on factors such as business plan 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 of 5% in the residual values of aircraft airframes and engines as disclosed in Note 2(e), would increase the recorded depreciation for the financial year ended 31 December 2015 by RM3,346,000 (2014: RM3,346,000) and decrease the carrying amount of property, plant and equipment as at 31 December 2015 by RM10,704,000 (2014: RM8,548,000).
3  CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(ii)  Deferred tax assets

Deferred tax assets are mainly originating from unutilised tax incentives, unabsorbed capital allowances and tax losses carry forward which have no expiry dates. The 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 factors, fuel price, maintenance cost and currency movements. These assumptions have been built based on past performance and adjusted for non-recurring circumstances and a reasonable growth rate. Based on these projections, management believes that the current non-time restricted temporary differences will be utilised and has recognised the deferred tax assets as at balance sheet date.

(iii)  Impairment of investments in associate and joint venture

The investments in associate and joint venture are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Significant judgement is required in the estimation of the present value of future cash flows generated by the associate and joint venture, which involves uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Estimating the future cash flows involves significant assumptions, especially in respect of regulatory approvals for prospective routes, aircraft delivery, fares, load factors, fuel price, maintenance cost and currency movements. Changes in assumptions can significantly affect the results of the Group's test for impairment of investments in associate and joint venture.

(iv)  Sale 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 Company had accounted for the aircraft under the sale and leaseback arrangements as “operating lease” as the Company operates, but does not own, these aircraft. The Company 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.

4  REVENUE

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
<td>2014</td>
</tr>
<tr>
<td></td>
<td>RM’000</td>
<td>RM’000</td>
</tr>
<tr>
<td>Scheduled flights</td>
<td>1,682,740</td>
<td>1,508,465</td>
</tr>
<tr>
<td>Charter flights</td>
<td>421,662</td>
<td>293,287</td>
</tr>
<tr>
<td>Fuel surcharge</td>
<td>98,861</td>
<td>344,133</td>
</tr>
<tr>
<td>Freight services</td>
<td>107,508</td>
<td>113,878</td>
</tr>
<tr>
<td>Ancillary revenue</td>
<td>476,407</td>
<td>586,485</td>
</tr>
<tr>
<td>Aircraft operating lease income</td>
<td>274,014</td>
<td>89,336</td>
</tr>
<tr>
<td>Management fees</td>
<td>1,361</td>
<td>1,143</td>
</tr>
<tr>
<td></td>
<td>3,062,553</td>
<td>2,936,727</td>
</tr>
</tbody>
</table>

Ancillary revenue includes assigned seat, cancellation, documentation and other fees, and the on-board sale of meals and merchandise.
5 STAFF COSTS

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
<td>2014</td>
</tr>
<tr>
<td></td>
<td>RM’000</td>
<td>RM’000</td>
</tr>
<tr>
<td>Wages, salaries, bonuses and allowances</td>
<td>289,900</td>
<td>289,054</td>
</tr>
<tr>
<td>Defined contribution retirement plan</td>
<td>25,362</td>
<td>22,971</td>
</tr>
<tr>
<td>Share option expense</td>
<td>559</td>
<td>993</td>
</tr>
<tr>
<td></td>
<td>315,821</td>
<td>313,018</td>
</tr>
</tbody>
</table>

The details of outstanding options over the ordinary shares of the Company granted under ESOS to the eligible employees are disclosed in Note 27 to the financial statements.

Included in staff costs are Executive Director and Non-Executive Directors’ remuneration which is analysed as follows:

<table>
<thead>
<tr>
<th></th>
<th>Group and Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
</tr>
<tr>
<td></td>
<td>RM’000</td>
</tr>
<tr>
<td>Executive Director</td>
<td></td>
</tr>
<tr>
<td>- Salaries, bonus, and allowances</td>
<td>2,213</td>
</tr>
<tr>
<td>- Defined contribution plan</td>
<td>265</td>
</tr>
<tr>
<td>- Fees</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>2,487</td>
</tr>
<tr>
<td>Non-executive Directors</td>
<td></td>
</tr>
<tr>
<td>- Fees</td>
<td>721</td>
</tr>
<tr>
<td></td>
<td>3,208</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Non-executive</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
</tr>
<tr>
<td>Range of remuneration</td>
<td></td>
</tr>
<tr>
<td>Less than RM100,000</td>
<td>4</td>
</tr>
<tr>
<td>RM100,001 to RM150,000</td>
<td>3</td>
</tr>
<tr>
<td>RM150,001 to RM200,000</td>
<td>1</td>
</tr>
<tr>
<td>More than RM200,000</td>
<td>1</td>
</tr>
</tbody>
</table>
### 6 OTHER OPERATING EXPENSES

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Management fee</td>
<td>-</td>
<td>-</td>
<td>4,670</td>
<td>3,508</td>
</tr>
<tr>
<td>Rental of land and buildings</td>
<td>6,112</td>
<td>3,986</td>
<td>5,971</td>
<td>3,839</td>
</tr>
<tr>
<td>Auditors’ remuneration</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Statutory audit</td>
<td>358</td>
<td>358</td>
<td>341</td>
<td>341</td>
</tr>
<tr>
<td>- Non-audit fees</td>
<td>205</td>
<td>331</td>
<td>205</td>
<td>331</td>
</tr>
<tr>
<td>Rental of equipment</td>
<td>299</td>
<td>327</td>
<td>299</td>
<td>327</td>
</tr>
<tr>
<td>Net foreign exchange (gain)/loss on operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Realised</td>
<td>(27,675)</td>
<td>31,565</td>
<td>(27,675)</td>
<td>31,565</td>
</tr>
<tr>
<td>- Unrealised</td>
<td>(50,235)</td>
<td>12,168</td>
<td>(50,922)</td>
<td>12,204</td>
</tr>
<tr>
<td>Advertising expenses</td>
<td>42,056</td>
<td>69,514</td>
<td>42,056</td>
<td>70,015</td>
</tr>
<tr>
<td>Credit card charges</td>
<td>32,478</td>
<td>36,068</td>
<td>32,478</td>
<td>36,068</td>
</tr>
<tr>
<td>In-flight meal expenses</td>
<td>21,630</td>
<td>29,813</td>
<td>21,630</td>
<td>29,813</td>
</tr>
<tr>
<td>Insurance expenses</td>
<td>26,508</td>
<td>16,620</td>
<td>26,508</td>
<td>16,260</td>
</tr>
<tr>
<td>Penalty on early termination of term loan</td>
<td>-</td>
<td>13,362</td>
<td>-</td>
<td>13,362</td>
</tr>
<tr>
<td>Impairment of receivables</td>
<td>-</td>
<td>1,509</td>
<td>-</td>
<td>1,509</td>
</tr>
<tr>
<td>Property, plant and equipment written off</td>
<td>7,752</td>
<td>4,890</td>
<td>7,752</td>
<td>4,890</td>
</tr>
</tbody>
</table>

### 7 OTHER INCOME

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gain on disposal of aircraft and engine pursuant to sales and leaseback arrangements</td>
<td>32,541</td>
<td>121,257</td>
<td>32,541</td>
<td>121,257</td>
</tr>
<tr>
<td>Others</td>
<td>84,340</td>
<td>69,487</td>
<td>84,340</td>
<td>69,487</td>
</tr>
<tr>
<td></td>
<td>116,881</td>
<td>190,744</td>
<td>116,881</td>
<td>190,744</td>
</tr>
</tbody>
</table>

Other income (‘others’) includes concessions received from a supplier and commissions received from advertising activities.
### OTHER LOSSES

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
</tr>
<tr>
<td>Other loss from fuel contracts held for trading</td>
<td>7,585</td>
<td>102,993</td>
<td>7,585</td>
<td>102,993</td>
</tr>
<tr>
<td>Impairment of investment in a joint venture</td>
<td>-</td>
<td>-</td>
<td>53,888</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>7,585</td>
<td>102,993</td>
<td>61,473</td>
<td>102,993</td>
</tr>
</tbody>
</table>

### FINANCE INCOME/(COSTS)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
</tr>
<tr>
<td>Finance income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income from deposits with licensed bank</td>
<td>3,849</td>
<td>1,051</td>
<td>3,849</td>
<td>1,051</td>
</tr>
<tr>
<td>Discounting and accretion of interest on deposits</td>
<td>15,963</td>
<td>5,298</td>
<td>15,963</td>
<td>5,298</td>
</tr>
<tr>
<td></td>
<td>19,812</td>
<td>6,349</td>
<td>19,812</td>
<td>6,349</td>
</tr>
<tr>
<td>Finance costs:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense on bank borrowings</td>
<td>(74,807)</td>
<td>(98,561)</td>
<td>(74,807)</td>
<td>(98,561)</td>
</tr>
<tr>
<td>Discounting effect of deposits</td>
<td>(9,055)</td>
<td>(59,723)</td>
<td>(9,055)</td>
<td>(59,723)</td>
</tr>
<tr>
<td>Bank facilities and other charges</td>
<td>(269)</td>
<td>(1,374)</td>
<td>(269)</td>
<td>(1,374)</td>
</tr>
<tr>
<td></td>
<td>(84,131)</td>
<td>(159,658)</td>
<td>(84,131)</td>
<td>(159,658)</td>
</tr>
</tbody>
</table>

### FOREIGN EXCHANGE LOSSES

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealised foreign exchange (losses)/gains on:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Borrowings</td>
<td>(312,890)</td>
<td>(64,551)</td>
<td>(312,890)</td>
<td>(64,551)</td>
</tr>
<tr>
<td>- Deposits and bank balances</td>
<td>6,850</td>
<td>5,998</td>
<td>6,850</td>
<td>5,998</td>
</tr>
<tr>
<td></td>
<td>(306,040)</td>
<td>(58,553)</td>
<td>(306,040)</td>
<td>(58,553)</td>
</tr>
<tr>
<td>Fair value movement recycled from cash flow hedge reserve and others</td>
<td>6,478</td>
<td>(78,368)</td>
<td>6,478</td>
<td>(78,368)</td>
</tr>
<tr>
<td>Net foreign exchange losses</td>
<td>(299,562)</td>
<td>(136,921)</td>
<td>(299,562)</td>
<td>(136,921)</td>
</tr>
</tbody>
</table>
10 TAXATION

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current taxation:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Malaysian taxation</td>
<td>169 RM'000</td>
<td>169 RM'000</td>
<td>71 RM'000</td>
<td>71 RM'000</td>
</tr>
<tr>
<td>- Foreign taxation</td>
<td>- RM'000</td>
<td>174 RM'000</td>
<td>- RM'000</td>
<td>- RM'000</td>
</tr>
<tr>
<td></td>
<td>169 RM'000</td>
<td>245 RM'000</td>
<td>169 RM'000</td>
<td>71 RM'000</td>
</tr>
<tr>
<td><strong>Deferred taxation</strong></td>
<td>(97,028)</td>
<td>(97,028)</td>
<td>(86,163)</td>
<td>(86,163)</td>
</tr>
<tr>
<td><strong>Total tax credit</strong></td>
<td>(96,859)</td>
<td>(96,859)</td>
<td>(85,918)</td>
<td>(86,092)</td>
</tr>
</tbody>
</table>

**Deferred taxation: (Note 13)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>- Origination and reversal of temporary differences</td>
<td>(97,028)</td>
<td>(97,028)</td>
<td>(86,163)</td>
<td>(86,163)</td>
</tr>
<tr>
<td></td>
<td>(96,859)</td>
<td>(96,859)</td>
<td>(85,918)</td>
<td>(86,092)</td>
</tr>
</tbody>
</table>

The explanation of the relationship between taxation and loss before taxation is as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Loss before taxation</strong></td>
<td>(446,475)</td>
<td>(463,406)</td>
<td>(605,361)</td>
<td>(570,095)</td>
</tr>
<tr>
<td><strong>Tax calculated at Malaysian tax rate of 25%</strong></td>
<td>(111,619)</td>
<td>(115,852)</td>
<td>(151,340)</td>
<td>(142,524)</td>
</tr>
<tr>
<td>(2014: 25%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Tax effects of:

- clawback of tax incentives - 32,834 - 32,834
- expenses not deductible for tax purposes 32,470 53,049 46,095 53,019
- income not subject to tax (31,145) (34,217) (31,145) (34,217)
- changes in statutory tax rate 4,043 4,796 4,043 4,796
- share of results of an associate and a joint venture 9,392 8,960 - -

**Taxation** (96,859) (85,918) (96,859) (86,092)
11 LOSSE PER SHARE

Basic loss per share

Basic loss per share is calculated by dividing the net loss for the financial year by the weighted average number of ordinary/preference shares in issue during the financial year.

<table>
<thead>
<tr>
<th></th>
<th>Group 2015</th>
<th>Group 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loss for the financial year (RM'000)</td>
<td>(349,616)</td>
<td>(519,443)</td>
</tr>
<tr>
<td>Weighted average number of ordinary/preference shares in issue ('000)</td>
<td>3,359,107</td>
<td>2,370,370</td>
</tr>
<tr>
<td>Loss per share (sen)</td>
<td>(10.4)</td>
<td>(21.9)</td>
</tr>
</tbody>
</table>

Diluted loss per share

The diluted loss per share of the Group is similar to the basic loss per share as the options over unissued ordinary shares granted pursuant to the ESOS at the end of the financial year have an anti-dilutive effect. The exercise price of the ESOS of RM1.25 per option is above the average market value of the Company’s shares during the financial year.

12 PROPERTY, PLANT AND EQUIPMENT

<table>
<thead>
<tr>
<th></th>
<th>At 1 January 2015 RM'000</th>
<th>Additions RM'000</th>
<th>Reclassification RM'000</th>
<th>At 31 December 2015 RM'000</th>
<th>Transfer to non-current asset held for sale RM'000</th>
<th>Depreciation charge RM'000</th>
<th>Write off RM'000</th>
<th>Group and Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Group and Company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Net book value</td>
</tr>
<tr>
<td>Aircraft engines, airframe and service potential</td>
<td>1,824,214</td>
<td>-</td>
<td>36,140</td>
<td>(36,140)</td>
<td>(105,116)</td>
<td>(129,493)</td>
<td>(7,296)</td>
<td>1,582,309</td>
</tr>
<tr>
<td>Aircraft spares</td>
<td>77,670</td>
<td>1,930</td>
<td>964</td>
<td>(497)</td>
<td>-</td>
<td>(13,404)</td>
<td>(456)</td>
<td>66,207</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>1,348</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(362)</td>
<td>-</td>
<td>986</td>
</tr>
<tr>
<td>Office equipment, furniture and fittings</td>
<td>4,370</td>
<td>2,414</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,548)</td>
<td>-</td>
<td>5,236</td>
</tr>
<tr>
<td>Assets not yet in operation</td>
<td>26,986</td>
<td>32,993</td>
<td>(37,104)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>22,875</td>
</tr>
<tr>
<td></td>
<td>1,934,588</td>
<td>37,337</td>
<td>(36,637)</td>
<td>(105,116)</td>
<td>(144,807)</td>
<td>(7,752)</td>
<td>1,677,613</td>
<td></td>
</tr>
</tbody>
</table>
### 12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<table>
<thead>
<tr>
<th></th>
<th>Cost RM'000</th>
<th>Accumulated depreciation RM'000</th>
<th>Accumulated impairment losses RM'000</th>
<th>Net book value RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At 31 December 2015</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aircraft engines, airframe and service potential</td>
<td>2,185,260</td>
<td>(573,904)</td>
<td>(29,047)</td>
<td>1,582,309</td>
</tr>
<tr>
<td>Aircraft spares</td>
<td>139,834</td>
<td>(62,999)</td>
<td>(10,628)</td>
<td>66,207</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>4,408</td>
<td>(3,422)</td>
<td>-</td>
<td>986</td>
</tr>
<tr>
<td>Office equipment, furniture and fittings</td>
<td>11,592</td>
<td>(5,946)</td>
<td>(410)</td>
<td>5,236</td>
</tr>
<tr>
<td>Assets not yet in operation</td>
<td>22,875</td>
<td>-</td>
<td>-</td>
<td>22,875</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,363,969</td>
<td>(646,271)</td>
<td>(40,085)</td>
<td>1,677,613</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>At 1 January 2014</th>
<th>Additions RM'000</th>
<th>Reclassification RM'000</th>
<th>Disposals RM'000</th>
<th>Depreciation charge RM'000</th>
<th>Write off</th>
<th>At 31 December 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group and Company</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
</tr>
<tr>
<td><strong>Net book value</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aircraft engines, airframe and service potential</td>
<td>2,161,676</td>
<td>307,346</td>
<td>94,438</td>
<td>(573,658)</td>
<td>(165,588)</td>
<td>-</td>
<td>1,824,214</td>
</tr>
<tr>
<td>Aircraft spares</td>
<td>79,572</td>
<td>16,798</td>
<td>-</td>
<td>-</td>
<td>(13,810)</td>
<td>(4,890)</td>
<td>77,670</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>1,944</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(596)</td>
<td>-</td>
<td>1,348</td>
</tr>
<tr>
<td>Office equipment, furniture and fittings</td>
<td>1,219</td>
<td>3,887</td>
<td>-</td>
<td>-</td>
<td>(736)</td>
<td>-</td>
<td>4,370</td>
</tr>
<tr>
<td>Assets not yet in operation</td>
<td>30,802</td>
<td>90,622</td>
<td>(94,438)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>26,986</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,275,213</td>
<td>418,653</td>
<td>-</td>
<td>(573,658)</td>
<td>(180,730)</td>
<td>(4,890)</td>
<td>1,934,588</td>
</tr>
</tbody>
</table>
12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<table>
<thead>
<tr>
<th>Cost</th>
<th>Accumulated depreciation</th>
<th>Accumulated impairment losses</th>
<th>Net book value</th>
</tr>
</thead>
<tbody>
<tr>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
</tr>
</tbody>
</table>

**At 31 December 2014**

| Aircraft engines, airframe and service potential | 2,351,224 | (497,963) | (29,047) | 1,824,214 |
| Aircraft spares | 138,112 | (49,814) | (10,628) | 77,670 |
| Motor vehicles | 4,408 | (3,060) | - | 1,348 |
| Office equipment, furniture and fittings | 9,317 | (4,537) | (410) | 4,370 |
| Assets not yet in operation | 26,986 | - | - | 26,986 |

2,530,047 (555,374) (40,085) 1,934,588

Included in property, plant and equipment of the Group and Company are aircraft pledged as security for borrowings (Note 26) with a net book value of RM1,579 million (2014: RM1,682 million).

The beneficial ownership and operational control of certain 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 the financiers during delivery, the legal title will be transferred to the Company only upon settlement of the respective facilities.

The net cash outflow for the acquisition of property, plant and equipment during the financial year is as follows:

<table>
<thead>
<tr>
<th>Group and Company</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>RM'000</td>
<td>RM'000</td>
<td></td>
</tr>
</tbody>
</table>

| Acquisition of property, plant and equipment during the financial year | 37,337 | 418,653 |
| Less: Deposits on aircraft purchases paid in the previous financial year | - | (66,192) |

37,337 | 352,461 |
13 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:

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
<td>2014</td>
</tr>
<tr>
<td></td>
<td>RM’000</td>
<td>RM’000</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>542,821</td>
<td>445,793</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
<td>2014</td>
</tr>
<tr>
<td></td>
<td>RM’000</td>
<td>RM’000</td>
</tr>
<tr>
<td>At beginning of financial year</td>
<td>445,793</td>
<td>359,630</td>
</tr>
<tr>
<td>Credited/(charged) to income statement (Note 10):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Property, plant and equipment</td>
<td>42,373</td>
<td>43,395</td>
</tr>
<tr>
<td>- Tax losses</td>
<td>81,998</td>
<td>42,665</td>
</tr>
<tr>
<td>- Tax incentives</td>
<td>-</td>
<td>(32,834)</td>
</tr>
<tr>
<td>- Derivatives</td>
<td>(29,594)</td>
<td>31,414</td>
</tr>
<tr>
<td>- Others</td>
<td>2,251</td>
<td>1,523</td>
</tr>
<tr>
<td></td>
<td>97,028</td>
<td>86,163</td>
</tr>
<tr>
<td>At end of financial year</td>
<td>542,821</td>
<td>445,793</td>
</tr>
</tbody>
</table>
### 13 DEFERRED TAXATION (CONTINUED)

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015 RM’000</td>
<td>2014 RM’000</td>
</tr>
<tr>
<td>Deferred tax assets (before and after offsetting)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Tax incentives</td>
<td>251,456</td>
<td>251,456</td>
</tr>
<tr>
<td>- Tax losses</td>
<td>141,261</td>
<td>59,263</td>
</tr>
<tr>
<td>- Property, plant and equipment</td>
<td>145,139</td>
<td>102,766</td>
</tr>
<tr>
<td>- Derivatives</td>
<td>1,820</td>
<td>31,414</td>
</tr>
<tr>
<td>- Others</td>
<td>3,145</td>
<td>894</td>
</tr>
<tr>
<td>Deferred tax assets (before and after offsetting)</td>
<td>542,821</td>
<td>445,793</td>
</tr>
</tbody>
</table>

Deferred tax assets are mainly originating from unutilised tax incentives, unabsorbed capital allowances and tax losses carry forward which have no expiry dates. As disclosed in Note 3 to the financial statements, the 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 factors, fuel price, maintenance cost and currency movements. These assumptions have been built based on past performance and adjusted for non-recurring circumstances and a reasonable growth rate. Based on these projections, management believes that the current non-time restricted temporary differences will be utilised and has recognised the deferred tax assets as at balance sheet date.
14 DEPOSITS ON AIRCRAFT PURCHASES

The deposits on aircraft purchases are denominated in US Dollar and are in respect of pre-delivery payments on aircraft purchases. Pre-delivery payments constitute instalments made in respect of the price of the aircraft and are deducted from the final price on delivery.

The deposits as at 31 December 2015 are in respect of aircraft purchases which will be delivered from December 2018 to December 2027.

During the financial year ended 31 December 2015, the Group and Company capitalised borrowing costs amounting to RM10,776,540 (2014: RM10,054,000) on qualifying assets. Borrowing costs were capitalised at the rate of 4.25% (2014: 4.90%) per annum.

15 OTHER DEPOSITS AND PREPAYMENTS

Other deposits and prepayments include prepayments for maintenance of aircraft and deposits paid to lessors for leased aircraft. The deposits are denominated in US Dollar.

16 INVESTMENTS IN SUBSIDIARIES

<table>
<thead>
<tr>
<th></th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
</tr>
<tr>
<td></td>
<td>RM'000</td>
</tr>
<tr>
<td>Unquoted investments, at cost</td>
<td>*</td>
</tr>
</tbody>
</table>

* Denotes RM21 (2014: RM21).
### INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Country of incorporation</th>
<th>Group’s effective equity interest</th>
<th>Principal activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>AirAsia X Services Pty Ltd*</td>
<td>Australia</td>
<td>100</td>
<td>Provision of management logistical and marketing services</td>
</tr>
<tr>
<td>AAX Capital Limited</td>
<td>Malaysia</td>
<td>100</td>
<td>Dormant</td>
</tr>
<tr>
<td>AAX Leasing I Limited</td>
<td>Malaysia</td>
<td>100</td>
<td>Provision of engine leasing facilities</td>
</tr>
<tr>
<td>AAX Mauritius One Limited*</td>
<td>Mauritius</td>
<td>100</td>
<td>Provision of aircraft leasing facilities</td>
</tr>
<tr>
<td>AirAsia Capital II Limited*</td>
<td>Malaysia</td>
<td>100</td>
<td>Dormant</td>
</tr>
<tr>
<td>Fly X Limited*</td>
<td>Malaysia</td>
<td>100</td>
<td>Dormant</td>
</tr>
</tbody>
</table>

* Not audited by PricewaterhouseCoopers, Malaysia
17 INVESTMENT IN AN ASSOCIATE

<table>
<thead>
<tr>
<th>Name</th>
<th>Principal place of business/country of incorporation</th>
<th>Group's effective equity interest</th>
<th>Principal activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thai AirAsia X Co., Ltd (“TAAX”)</td>
<td>Thailand</td>
<td>49</td>
<td>Commercial air transport services</td>
</tr>
</tbody>
</table>

TAAX is a private company for which there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Group’s investment in TAAX.

TAAX is operator of commercial air transport services which are based in Thailand. This associate company is a strategic investment 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 associate

Set out below is the summarised financial information for the associate which is accounted for using the equity method:

Summarised balance sheet

<table>
<thead>
<tr>
<th>Current</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>58,673</td>
<td>26,438</td>
</tr>
<tr>
<td>Other current assets</td>
<td>182,861</td>
<td>52,603</td>
</tr>
<tr>
<td>Total current assets</td>
<td>241,534</td>
<td>79,041</td>
</tr>
</tbody>
</table>
17 INVESTMENT IN AN ASSOCIATE (CONTINUED)

Summarised financial information for associate (continued)

Summarised balance sheet (continued)

### TAAX

<table>
<thead>
<tr>
<th></th>
<th>2015 RM'000</th>
<th>2014 RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td>25,867</td>
<td>19,495</td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial liabilities</td>
<td>(120,880)</td>
<td>(24,731)</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>(241,373)</td>
<td>(110,142)</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>(362,253)</td>
<td>(134,873)</td>
</tr>
<tr>
<td>Net liabilities</td>
<td>(94,852)</td>
<td>(36,337)</td>
</tr>
</tbody>
</table>

Summarised statement of comprehensive income

<table>
<thead>
<tr>
<th></th>
<th>2015 RM'000</th>
<th>2014 RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>610,651</td>
<td>160,964</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(602,851)</td>
<td>(209,473)</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(60,932)</td>
<td>(28,503)</td>
</tr>
<tr>
<td>Interest income</td>
<td>194</td>
<td>272</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(6,348)</td>
<td>(251)</td>
</tr>
<tr>
<td>Other income</td>
<td>4,091</td>
<td>825</td>
</tr>
<tr>
<td>Loss before taxation</td>
<td>(55,195)</td>
<td>(76,166)</td>
</tr>
<tr>
<td>Income tax expenses</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loss after tax</td>
<td>(55,195)</td>
<td>(76,166)</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive loss</td>
<td>(55,195)</td>
<td>(76,166)</td>
</tr>
<tr>
<td>Dividend received from associate</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
17 INVESTMENT IN AN ASSOCIATE (CONTINUED)

Reconciliation of summarised financial information

<table>
<thead>
<tr>
<th>TAAAX</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM'000</td>
<td>RM'000</td>
</tr>
<tr>
<td>Opening net (liabilities)/assets at 1 January</td>
<td>(36,337)</td>
<td>39,829</td>
</tr>
<tr>
<td>Loss for the financial year</td>
<td>(55,195)</td>
<td>(76,166)</td>
</tr>
<tr>
<td>Effect of foreign exchange translation</td>
<td>(3,320)</td>
<td>-</td>
</tr>
<tr>
<td>Closing net liabilities at 31 December</td>
<td>(94,852)</td>
<td>(36,337)</td>
</tr>
<tr>
<td>Interest in associate (49%)</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Unrecognised share of loss (49%)
- for the financial year 27,045 17,805
- cumulative as at 31 December 44,850 17,805

Carrying value at 31 December - -

18 INVESTMENT IN A JOINT VENTURE

The details of the joint venture are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Principal place of business/country of incorporation</th>
<th>Group’s effective equity interest 2015</th>
<th>Group’s effective equity interest 2014</th>
<th>Principal activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>PT Indonesia AirAsia Extra (“IAAX”)</td>
<td>Indonesia</td>
<td>49</td>
<td>49</td>
<td>Commercial air transport services</td>
</tr>
</tbody>
</table>
18  INVESTMENT IN A JOINT VENTURE (CONTINUED)

IAAX is a private company for which there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Group’s investment in IAAX.

IAAX is operator of commercial air transport services which are based in Indonesia. This joint venture company is a strategic investment 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.

During the year, impairment losses were recognised due to the losses incurred by the joint venture.

Summarised financial information for joint venture

Set out below is the summarised financial information for the joint venture which is accounted for using the equity method:

Summarised balance sheet

<table>
<thead>
<tr>
<th>IAAX</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM'000</td>
<td>RM'000</td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>19,338</td>
<td>54,211</td>
</tr>
<tr>
<td>Other current assets</td>
<td>85,620</td>
<td>54,766</td>
</tr>
<tr>
<td>Total current assets</td>
<td>104,958</td>
<td>108,977</td>
</tr>
<tr>
<td><strong>Non-current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td>17,107</td>
<td>26,634</td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial liabilities</td>
<td>(67,927)</td>
<td>(26,222)</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>(77,685)</td>
<td>(32,723)</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>(145,612)</td>
<td>(58,945)</td>
</tr>
<tr>
<td><strong>Non-current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td>(5,727)</td>
<td>-</td>
</tr>
<tr>
<td>Net (liabilities)/assets</td>
<td>(29,274)</td>
<td>76,666</td>
</tr>
</tbody>
</table>
INVESTMENT IN A JOINT VENTURE (CONTINUED)

Summarised financial information for joint venture (continued)

Summarised statement of comprehensive income

<table>
<thead>
<tr>
<th>IAAX</th>
<th>2015 RM'000</th>
<th>2014 RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>191,326</td>
<td>7</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(283,089)</td>
<td>(28,181)</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(19,584)</td>
<td>(5,562)</td>
</tr>
<tr>
<td>Interest income</td>
<td>216</td>
<td>641</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(310)</td>
<td>(215)</td>
</tr>
<tr>
<td>Loss before and after tax</td>
<td>(111,441)</td>
<td>(33,310)</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>2,722</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive loss</td>
<td>(108,719)</td>
<td>(33,310)</td>
</tr>
<tr>
<td>Dividend received from joint venture</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Reconciliation of summarised financial information

<table>
<thead>
<tr>
<th>IAAX</th>
<th>2015 RM'000</th>
<th>2014 RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening net assets at 1 January/acquisition date</td>
<td>76,666</td>
<td>109,976</td>
</tr>
<tr>
<td>Loss for the financial year</td>
<td>(108,719)</td>
<td>(33,310)</td>
</tr>
<tr>
<td>Effect of foreign exchange translation</td>
<td>2,779</td>
<td>-</td>
</tr>
<tr>
<td>Closing net (liabilities)/assets at 31 December</td>
<td>(29,274)</td>
<td>76,666</td>
</tr>
<tr>
<td>Interest in joint venture (49%)</td>
<td>-</td>
<td>37,566</td>
</tr>
<tr>
<td>Unrecognised share of loss (49%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- for the financial year</td>
<td>15,706</td>
<td>-</td>
</tr>
<tr>
<td>- cumulative as at 31 December</td>
<td>15,706</td>
<td>-</td>
</tr>
<tr>
<td>Carrying value at 31 December</td>
<td>-</td>
<td>37,566</td>
</tr>
</tbody>
</table>
19 DERIVATIVE FINANCIAL INSTRUMENTS

<table>
<thead>
<tr>
<th></th>
<th>Group and Company</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
<td>2014</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Assets</td>
<td>Liabilities</td>
<td>Assets</td>
</tr>
<tr>
<td></td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodity derivatives</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– held for trading</td>
<td>-</td>
<td>(7,585)</td>
<td>-</td>
</tr>
<tr>
<td>– cash flow hedges</td>
<td>-</td>
<td>(107,630)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>(115,215)</td>
<td>-</td>
</tr>
</tbody>
</table>

The full fair value of a hedging derivative is classified as a non-current asset if the remaining maturity of the hedge item is more than 12 months and, as a current asset, 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.

(i) Fuel contracts

The outstanding number of barrels of Brent and fuel derivative contracts as at 31 December 2015 was 2,377,903 barrels (2014: 1,957,597 barrels).

As at 31 December 2015, the Group has entered into Singapore Jet Kerosene fixed swap which represents up to 38% (2014: nil) 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.

20 INVENTORIES

<table>
<thead>
<tr>
<th></th>
<th>Group and Company</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
<td>2014</td>
<td></td>
</tr>
<tr>
<td></td>
<td>RM'000</td>
<td>RM'000</td>
<td></td>
</tr>
<tr>
<td>Beverages, consumables and in-flight merchandise</td>
<td>3,985</td>
<td>1,362</td>
<td></td>
</tr>
</tbody>
</table>
## RECEIVABLES AND PREPAYMENTS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>115,454</td>
<td>43,176</td>
<td>115,454</td>
<td>43,146</td>
</tr>
<tr>
<td>Less: Allowance for impairment of receivables</td>
<td>(196)</td>
<td>(196)</td>
<td>(196)</td>
<td>(196)</td>
</tr>
<tr>
<td></td>
<td>115,258</td>
<td>42,980</td>
<td>115,258</td>
<td>42,950</td>
</tr>
<tr>
<td>Other receivables</td>
<td>79,093</td>
<td>51,102</td>
<td>79,086</td>
<td>51,095</td>
</tr>
<tr>
<td>Less: Allowance for impairment of receivables</td>
<td>(2,754)</td>
<td>(2,754)</td>
<td>(2,754)</td>
<td>(2,754)</td>
</tr>
<tr>
<td></td>
<td>76,339</td>
<td>48,348</td>
<td>76,332</td>
<td>48,341</td>
</tr>
<tr>
<td>Deposits</td>
<td>29,325</td>
<td>141,216</td>
<td>29,285</td>
<td>141,180</td>
</tr>
<tr>
<td>Prepayments</td>
<td>61,541</td>
<td>78,350</td>
<td>61,528</td>
<td>78,350</td>
</tr>
<tr>
<td></td>
<td>282,463</td>
<td>310,894</td>
<td>282,403</td>
<td>310,821</td>
</tr>
</tbody>
</table>

The normal credit terms of the Group and Company range from 15 to 30 days (2014: 15 to 30 days).

(a) Trade receivables

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

Trade receivables that are neither past due nor impaired for the Group and Company of RM82,966,000 (2014: RM31,053,000) respectively, are substantially from companies with good collection track records.

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

As of 31 December 2015, trade receivables for the Group and Company of RM32,292,000 (2014: Group: RM11,927,000; Company: RM11,897,000) were past due but not impaired. These debts relate to a number of independent customers for whom there is no recent history of default.
21 RECEIVABLES AND PREPAYMENTS (CONTINUED)

(a) Trade receivables (continued)

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

The ageing analysis of these trade receivables that are past due but not impaired is as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 30 days</td>
<td>10,605</td>
<td>8,335</td>
<td>10,605</td>
<td>8,335</td>
</tr>
<tr>
<td>Between 31 and 60 days</td>
<td>1,873</td>
<td>211</td>
<td>1,873</td>
<td>211</td>
</tr>
<tr>
<td>Between 61 and 90 days</td>
<td>814</td>
<td>1,895</td>
<td>814</td>
<td>1,865</td>
</tr>
<tr>
<td>Between 91 and 120 days</td>
<td>3,782</td>
<td>673</td>
<td>3,782</td>
<td>673</td>
</tr>
<tr>
<td>Between 121 and 180 days</td>
<td>6,617</td>
<td>213</td>
<td>6,617</td>
<td>213</td>
</tr>
<tr>
<td>More than 180 days</td>
<td>8,601</td>
<td>600</td>
<td>8,601</td>
<td>600</td>
</tr>
<tr>
<td></td>
<td>32,292</td>
<td>11,927</td>
<td>32,292</td>
<td>11,897</td>
</tr>
</tbody>
</table>

(iii) Financial assets that are past due and impaired

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

<table>
<thead>
<tr>
<th></th>
<th>Group 2015</th>
<th>Company 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 180 days</td>
<td>196</td>
<td>196</td>
</tr>
</tbody>
</table>

Less: Allowance for impairment of receivables

<table>
<thead>
<tr>
<th></th>
<th>Group 2015</th>
<th>Company 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(196)</td>
<td>(196)</td>
</tr>
</tbody>
</table>

The individually impaired trade receivables relate mainly 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 trade receivables are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Group 2015</th>
<th>Company 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 January and 31 December</td>
<td>196</td>
<td>196</td>
</tr>
</tbody>
</table>
21 RECEIVABLES AND PREPAYMENTS (CONTINUED)

(b) Other receivables

Other receivables include refunds of value-added tax receivable from the authorities in various countries in which the Group operates.

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

Other receivables that are neither past due nor impaired for the Group and Company of RM52,538,000 (2014: RM19,379,000 and RM19,372,000) are substantially with companies with good collection track records.

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

As at 31 December 2015, other receivables for the Group and Company of RM23,794,000 (2014: RM28,969,000) were past due. These debts relate to a number of external parties where there is no expectation of default. The ageing analysis of these other receivables that are past due but not impaired is as follows:

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Group and Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
</tr>
<tr>
<td>Less than 30 days</td>
<td>5,647</td>
</tr>
<tr>
<td>Between 31 and 60 days</td>
<td>134</td>
</tr>
<tr>
<td>Between 61 and 90 days</td>
<td>502</td>
</tr>
<tr>
<td>Between 91 and 120 days</td>
<td>6,698</td>
</tr>
<tr>
<td>Between 121 and 180 days</td>
<td>5,231</td>
</tr>
<tr>
<td>More than 180 days</td>
<td>5,582</td>
</tr>
<tr>
<td></td>
<td>23,794</td>
</tr>
</tbody>
</table>

(iii) Financial assets that are past due and impaired

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

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Group and Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
</tr>
<tr>
<td>More than 180 days</td>
<td>2,754</td>
</tr>
<tr>
<td>Less: Allowance for impairment of receivables</td>
<td>(2,754)</td>
</tr>
<tr>
<td></td>
<td>-</td>
</tr>
</tbody>
</table>

The individually impaired other receivables relate mainly to disputed balances with customers or balances for which management is of the view that the amounts may not be recoverable.
21 RECEIVABLES AND PREPAYMENTS (CONTINUED)

(b) Other receivables (continued)

(iii) Financial assets that are past due and impaired (continued)

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

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015 RM’000</td>
<td>2014 RM’000</td>
</tr>
<tr>
<td>At 1 January</td>
<td>2,754</td>
<td>1,245</td>
</tr>
<tr>
<td>Allowance for impairment (Note 6)</td>
<td>-</td>
<td>1,509</td>
</tr>
<tr>
<td>At 31 December</td>
<td>2,754</td>
<td>2,754</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015 RM’000</td>
<td>2014 RM’000</td>
</tr>
<tr>
<td>Ringgit Malaysia</td>
<td>59,901</td>
<td>17,585</td>
</tr>
<tr>
<td>US Dollar</td>
<td>91,049</td>
<td>186,711</td>
</tr>
<tr>
<td>Australian Dollar</td>
<td>59,736</td>
<td>17,006</td>
</tr>
<tr>
<td>Euro</td>
<td>588</td>
<td>241</td>
</tr>
<tr>
<td>Indian Rupee</td>
<td>1,529</td>
<td>1,502</td>
</tr>
<tr>
<td>New Zealand Dollar</td>
<td>-</td>
<td>112</td>
</tr>
<tr>
<td>Others</td>
<td>8,119</td>
<td>9,387</td>
</tr>
<tr>
<td></td>
<td>220,922</td>
<td>232,544</td>
</tr>
</tbody>
</table>

The other classes within receivables do not contain impaired assets.

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.

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.

Included in prepayments are advances made for purchases of fuel, lease of aircraft and maintenance of engines.

Deposits include funds placed with lessor in respect of maintenance of the leased aircraft.

The carrying amounts of the Group’s and Company’s trade and other receivables approximate their fair values.
22  AMOUNTS DUE FROM/(TO) RELATED PARTIES, AN ASSOCIATE, A JOINT VENTURE AND SUBSIDIARIES

The amounts due from/(to) related parties are in respect of trading transactions. The normal credit terms of the Group and Company range from 30 to 60 days (2014: 30 to 60 days).

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts due from related parties</td>
<td>30,103 38,769</td>
<td>29,330 38,304</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount due from a joint venture</td>
<td>55,570 19,499</td>
<td>55,570 19,499</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount due from an associate</td>
<td>26,150 5,314</td>
<td>- -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount due from a subsidiary</td>
<td>- -</td>
<td>26,150 5,314</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>111,823</strong></td>
<td><strong>63,582</strong></td>
<td><strong>111,050</strong></td>
<td><strong>63,117</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts due to related parties</td>
<td>(45,668) (23,173)</td>
<td>(45,668) (23,173)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount due to an associate</td>
<td>- -</td>
<td>(196)</td>
<td>- -</td>
<td>(196)</td>
</tr>
<tr>
<td>Amounts due to subsidiaries</td>
<td>- -</td>
<td>(2,263)</td>
<td>(1,896)</td>
<td>(1,896)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>(45,668)</strong></td>
<td><strong>(23,369)</strong></td>
<td><strong>(47,931)</strong></td>
<td><strong>(25,265)</strong></td>
</tr>
</tbody>
</table>

The currency profile of amounts due from related parties, a joint venture, an associate and a subsidiary are as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ringgit Malaysia</td>
<td>15,797 36,394</td>
<td>15,797 36,394</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australian Dollar</td>
<td>773 581</td>
<td>- -</td>
<td>156</td>
<td>116</td>
</tr>
<tr>
<td>US Dollar</td>
<td>94,108 26,085</td>
<td>94,108 26,085</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>1,145 522</td>
<td>1,145 522</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>111,823</strong></td>
<td><strong>63,582</strong></td>
<td><strong>111,050</strong></td>
<td><strong>63,117</strong></td>
</tr>
</tbody>
</table>
22 AMOUNTS DUE FROM/(TO) RELATED PARTIES, AN ASSOCIATE, A JOINT VENTURE AND SUBSIDIARIES (CONTINUED)

Amounts due from related parties, an associate, a joint venture, and a subsidiary that are neither past due nor impaired for the Group and Company amounted to RM44,552,000 and RM43,779,000 (2014: RM53,639,000 and RM53,558,000) respectively.

The ageing analysis of amounts due from related parties, an associate, a joint venture and a subsidiary that are past due but not impaired is as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 6 months</td>
<td>62,105</td>
<td>9,737</td>
<td>62,105</td>
<td>9,353</td>
</tr>
<tr>
<td>More than 6 months</td>
<td>5,166</td>
<td>206</td>
<td>5,166</td>
<td>206</td>
</tr>
<tr>
<td></td>
<td>67,271</td>
<td>9,943</td>
<td>67,271</td>
<td>9,559</td>
</tr>
</tbody>
</table>

The maximum exposure to credit risk as at the balance sheet date is the carrying value of the amounts due from related parties, an associate, a joint venture, and a subsidiary mentioned above.

The Group and Company have not made any impairment on these balances as management is of the view that these amounts are recoverable as there is no history of default.

The currency profile of amounts due to related parties, an associate and subsidiaries are as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ringgit Malaysia</td>
<td>16,184</td>
<td>21,894</td>
<td>16,184</td>
<td>21,894</td>
</tr>
<tr>
<td>Australian Dollar</td>
<td>-</td>
<td>-</td>
<td>1,450</td>
<td>1,132</td>
</tr>
<tr>
<td>US Dollar</td>
<td>29,484</td>
<td>1,475</td>
<td>29,484</td>
<td>1,475</td>
</tr>
<tr>
<td>New Zealand Dollar</td>
<td>-</td>
<td>-</td>
<td>813</td>
<td>764</td>
</tr>
<tr>
<td></td>
<td>45,668</td>
<td>23,369</td>
<td>47,931</td>
<td>25,265</td>
</tr>
</tbody>
</table>
23 DEPOSITS, CASH AND BANK BALANCES

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and bank balances</td>
<td>252,347</td>
<td>74,937</td>
<td>251,832</td>
<td>74,506</td>
</tr>
<tr>
<td>Deposits with licensed banks</td>
<td>58,442</td>
<td>52,261</td>
<td>58,442</td>
<td>52,261</td>
</tr>
<tr>
<td>Deposits pledged as securities</td>
<td>(58,442)</td>
<td>(52,261)</td>
<td>(58,442)</td>
<td>(52,261)</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>252,347</td>
<td>74,937</td>
<td>251,832</td>
<td>74,506</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ringgit Malaysia</td>
<td>154,841</td>
<td>39,327</td>
<td>154,841</td>
<td>39,327</td>
</tr>
<tr>
<td>US Dollar</td>
<td>92,039</td>
<td>56,568</td>
<td>92,039</td>
<td>56,568</td>
</tr>
<tr>
<td>Australian Dollar</td>
<td>22,846</td>
<td>16,884</td>
<td>22,338</td>
<td>16,459</td>
</tr>
<tr>
<td>Chinese Renminbi</td>
<td>19,949</td>
<td>1,344</td>
<td>19,949</td>
<td>1,344</td>
</tr>
<tr>
<td>Japanese Yen</td>
<td>3,511</td>
<td>3,880</td>
<td>3,511</td>
<td>3,880</td>
</tr>
<tr>
<td>Korean Won</td>
<td>4,918</td>
<td>1,497</td>
<td>4,918</td>
<td>1,497</td>
</tr>
<tr>
<td>Euro</td>
<td>1,349</td>
<td>445</td>
<td>1,349</td>
<td>445</td>
</tr>
<tr>
<td>Others</td>
<td>11,336</td>
<td>7,253</td>
<td>11,329</td>
<td>7,247</td>
</tr>
<tr>
<td></td>
<td>310,789</td>
<td>127,198</td>
<td>310,274</td>
<td>126,767</td>
</tr>
</tbody>
</table>

The Group and Company's weighted average effective interest rate of deposits at the balance sheet date is 2.77% (2014: 1.44%) per annum.

The deposits with licensed banks of the Group and Company amounting to RM58,442,000 (2014: RM52,261,000) are pledged as securities for banking facilities granted to the Group and Company (Note 26).

24 NON-CURRENT ASSETS HELD FOR SALE

<table>
<thead>
<tr>
<th></th>
<th>Group and Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015 2014</td>
</tr>
<tr>
<td></td>
<td>RM'000 RM'000</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>105,116 -</td>
</tr>
</tbody>
</table>

During the financial year, the Directors decided to sell certain aircraft equipment. Potential buyers have been identified. The sale is expected to be completed before the end of 2016.
### notes to the financial statements
#### 31 December 2015

**25 Trade and other payables**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aircraft maintenance accruals</td>
<td>409,098</td>
<td>-</td>
<td>409,098</td>
<td>-</td>
</tr>
<tr>
<td>Other deposits</td>
<td>30,837</td>
<td>-</td>
<td>30,837</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>439,935</td>
<td>-</td>
<td>439,935</td>
<td>-</td>
</tr>
<tr>
<td><strong>Current:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade payables</td>
<td>401,618</td>
<td>379,634</td>
<td>401,308</td>
<td>379,634</td>
</tr>
<tr>
<td>Other payables and accruals</td>
<td>447,457</td>
<td>449,168</td>
<td>446,971</td>
<td>448,385</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>849,075</td>
<td>828,802</td>
<td>848,279</td>
<td>828,019</td>
</tr>
</tbody>
</table>

Included in other payables and accruals are operational expenses and passenger service charges payable to airport authorities.

The credit term of trade payables granted to the Group and Company is 0 to 90 days (2014: 0 to 90 days).

The currency profile of trade and other payables (excluding aircraft maintenance accruals) is as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ringgit Malaysia</td>
<td>318,815</td>
<td>282,721</td>
<td>318,815</td>
<td>282,721</td>
</tr>
<tr>
<td>US Dollar</td>
<td>415,258</td>
<td>431,953</td>
<td>415,258</td>
<td>431,953</td>
</tr>
<tr>
<td>Australian Dollar</td>
<td>64,209</td>
<td>55,344</td>
<td>63,413</td>
<td>54,561</td>
</tr>
<tr>
<td>Euro</td>
<td>9,013</td>
<td>9,029</td>
<td>9,013</td>
<td>9,029</td>
</tr>
<tr>
<td>Taiwan Dollar</td>
<td>4,197</td>
<td>3,306</td>
<td>4,197</td>
<td>3,306</td>
</tr>
<tr>
<td>Japanese Yen</td>
<td>28,536</td>
<td>18,355</td>
<td>28,536</td>
<td>18,355</td>
</tr>
<tr>
<td>Korean Won</td>
<td>8,545</td>
<td>4,643</td>
<td>8,545</td>
<td>4,643</td>
</tr>
<tr>
<td>Chinese Renminbi</td>
<td>27,723</td>
<td>10,114</td>
<td>27,723</td>
<td>10,114</td>
</tr>
<tr>
<td>Others</td>
<td>3,616</td>
<td>13,337</td>
<td>3,616</td>
<td>13,337</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>879,912</td>
<td>828,802</td>
<td>879,116</td>
<td>828,019</td>
</tr>
</tbody>
</table>
### BORROWINGS

<table>
<thead>
<tr>
<th>Weighted average rate of finance</th>
<th>Group and Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015 %</td>
<td>2014 %</td>
</tr>
</tbody>
</table>

#### Current

**Secured:**

**Unsecured:**
- Commodity structured trade finance: 5.88% (2015), RM 35,000 (2014)

#### Non-current

**Secured:**
- Term loans: 3.02% (2015), 4.24% (2014), RM 1,109,577 (2015), RM 1,066,051 (2014)

**Total borrowings:**
- RM 1,429,087 (2015), RM 1,579,345 (2014)

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

<table>
<thead>
<tr>
<th>Group and Company</th>
<th>2015 RM’000</th>
<th>2014 RM’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed rate borrowings</td>
<td>755,485</td>
<td>1,228,319</td>
</tr>
<tr>
<td>Floating rate borrowings</td>
<td>673,602</td>
<td>351,026</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,429,087</strong></td>
<td><strong>1,579,345</strong></td>
</tr>
</tbody>
</table>

The Group’s and Company’s borrowings are repayable as follows:

<table>
<thead>
<tr>
<th>Repayable</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not later than 1 year</td>
<td>RM 319,477</td>
<td>RM 513,245</td>
</tr>
<tr>
<td>Later than 1 year and not later than 5 years</td>
<td>RM 781,653</td>
<td>RM 648,858</td>
</tr>
<tr>
<td>Later than 5 years</td>
<td>RM 327,957</td>
<td>RM 417,242</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,429,087</strong></td>
<td><strong>1,579,345</strong></td>
</tr>
</tbody>
</table>

The currency profile of borrowings is as follows:

<table>
<thead>
<tr>
<th>Currency</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ringgit Malaysia</td>
<td>49</td>
<td>75,066</td>
</tr>
<tr>
<td>US Dollar</td>
<td>1,429,038</td>
<td>1,504,279</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,429,087</strong></td>
<td><strong>1,579,345</strong></td>
</tr>
</tbody>
</table>
26 BORROWINGS (CONTINUED)

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

<table>
<thead>
<tr>
<th></th>
<th>Group and Company</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
<td>2014</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Carrying amount</td>
<td>Fair</td>
<td>Carrying amount</td>
</tr>
<tr>
<td></td>
<td>RM’000</td>
<td>value</td>
<td>RM’000</td>
</tr>
<tr>
<td>Term loans</td>
<td>615,317</td>
<td>580,321</td>
<td>1,066,051</td>
</tr>
<tr>
<td>Hire purchase</td>
<td>33</td>
<td>35</td>
<td>49</td>
</tr>
<tr>
<td></td>
<td>615,350</td>
<td>580,356</td>
<td>1,066,100</td>
</tr>
</tbody>
</table>

The fair values of borrowings classified as current liabilities, equal their carrying amounts, as the impact of discounting is not significant.

The fair values of the non-current fixed rate borrowings are based on cash flows discounted using borrowing rates that are reflective of the Group and Company’s credit risk at the balance sheet date, at 3.83% (2014: 2.80% to 4.89%) per annum. The fair values of non-current borrowings are within level 2 of the fair value hierarchy.

Revolving credit facilities

The revolving credit facility of RM120,120,000 as at 31 December 2015 (2014: RM276,026,000) is to finance pre-delivery payments ("PDPs") in respect of the Group’s and Company’s firm order of Airbus A330-300 aircraft, with an option to acquire additional Airbus A330-300 aircraft. The facility becomes repayable upon delivery of the relevant aircraft and carries interest ranging from 3.2% to 3.25% (2013: 3.2% to 3.25%) per annum above the bank’s USD cost of funds.

The revolving credit facility of RM Nil as at 31 December 2015 (2014: RM40,000,000) is to finance the Group’s and Company’s corporate working capital requirements. The tenure of revolving credit facility is up to 5 years. This facility carries an interest at cost of funds plus 3% (2014: cost of funds plus 3%) per annum.

Term loans

The term loans are for the purchase of new Airbus A330-300 aircraft. The repayment of the term loans is on a quarterly basis over 10 to 12 years, with equal principal instalments, at a combination of floating rate of LIBOR + 0.8% and fixed interest rates of between 2.82% to 5.45% (2014: 2.82% to 5.45%) per annum. The term loans 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.
27 SHARE CAPITAL

<table>
<thead>
<tr>
<th>Authorised:</th>
<th>Group and Company</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
<td>2014</td>
<td></td>
</tr>
<tr>
<td></td>
<td>RM’000</td>
<td>RM’000</td>
<td></td>
</tr>
<tr>
<td>Ordinary shares of RM0.15 each:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At beginning of financial year</td>
<td>500,000</td>
<td>500,000</td>
<td></td>
</tr>
<tr>
<td>Created during the financial year</td>
<td>500,000</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>At end of financial year</td>
<td>1,000,000</td>
<td>500,000</td>
<td></td>
</tr>
<tr>
<td>Total authorised</td>
<td>1,000,000</td>
<td>500,000</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Issued and fully paid up:</th>
<th>Group and Company</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
<td>2014</td>
<td></td>
</tr>
<tr>
<td></td>
<td>RM’000</td>
<td>RM’000</td>
<td></td>
</tr>
<tr>
<td>Ordinary shares of RM0.15 each:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At beginning of financial year</td>
<td>355,556</td>
<td>355,556</td>
<td></td>
</tr>
<tr>
<td>Issuance of shares during the financial year</td>
<td>266,666</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>At end of financial year</td>
<td>622,222</td>
<td>355,556</td>
<td></td>
</tr>
<tr>
<td>Total issued and fully paid up</td>
<td>622,222</td>
<td>355,556</td>
<td></td>
</tr>
</tbody>
</table>

On 27 March 2015, the authorised share capital of the company was increased from RM500,000,000 comprising 3,333,333,333 ordinary shares to RM1,000,000,000 comprising 6,666,666,667 ordinary shares.

On 11 June 2015, the Company completed a renounceable rights issue of new ordinary shares of RM0.15 each in the Company together with free detachable warrants for working capital purpose. As a result, 1,777,777,790 ordinary shares of RM0.15 each were issued during the year. These new ordinary shares rank pari passu with the existing ordinary shares. Following the completion of the exercise, the issued and fully paid ordinary shares of the Company consists of 4,148,148,177 ordinary shares of RM0.15 each with a share premium of RM911,820,644 and warrant reserve of RM62,222,223.
27 SHARE CAPITAL (CONTINUED)

EMPLOYEE SHARE OPTION SCHEME (“ESOS”)

The Company had implemented an ESOS which entails the issuance of up to ten percent (10%) of the issued and paid-up share capital of the Company at any one time pursuant to the exercise of options to be granted under the ESOS, to full-time eligible employees of the Group (“ESOS Options”). The tenure of the ESOS shall be five (5) years with an option to extend for a further five (5) years, subject to a maximum duration of ten (10) years. The ESOS is governed by the By-Laws which were approved by the shareholders on 12 October 2012.

The main features of the ESOS are as follows:

(a) The maximum number of ordinary shares, which may be allotted pursuant to the exercise of options under the scheme, shall not exceed ten per cent (10%) of the issued and paid-up share capital of the Company at any point in time during the duration of the scheme.

(b) The ESOS Committee duly authorised by the Board (and governed by the By-Laws) may, at its absolute discretion, offer such number of ESOS Options to the eligible employees during the subsistence of the ESOS, provided that such number of new Shares issued under the ESOS Options granted shall not exceed the maximum number permitted under the listing requirements of Bursa Malaysia, the By-Laws and any laws, regulations and guidelines issued by other relevant authorities.

(c) An eligible employee who accepts an offer of ESOS Option must return, on or before the expiry date, the duly completed prescribed acceptance form accompanied by the payment of the sum of RM1.00 as a consideration for acceptance of that offer. If that offer is not accepted in such manner, the offer shall, upon the expiry date, automatically lapse and be null and void.

(d) The options granted are exercisable one year beginning from the date of grant.
27 SHARE CAPITAL (CONTINUED)

EMPLOYEE SHARE OPTION SCHEME ("ESOS") (CONTINUED)

The shares to be allotted and issued upon any valid exercise of options will, upon such allotment and issuance, rank pari passu in all respects with the existing and issued shares except that such shares so issued will not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to shareholders prior to the date of allotment of such shares. The options shall not carry any right to vote at a general meeting of the Company.

Set out below are details of options over the ordinary shares of the Company granted under the ESOS:

<table>
<thead>
<tr>
<th>Grant date</th>
<th>Expiry date</th>
<th>Exercise price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 July 2013</td>
<td>11 October 2017</td>
<td>0.99*</td>
</tr>
<tr>
<td>1 July 2013</td>
<td>11 October 2017</td>
<td>1.25</td>
</tr>
</tbody>
</table>

* The exercise price of the options and number of options granted were adjusted as a result of the rights issue exercise on 11 June 2015.

The vested options are not exercised as at the balance sheet date.

The amount recognised in the financial statements (Note 5) for all employees arising from the ESOS to the Group and Company are RM559,000 (2014: RM993,000).

28 OTHER RESERVES

<table>
<thead>
<tr>
<th></th>
<th>Cash flow hedge reserve</th>
<th>Share option reserve</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
</tr>
<tr>
<td>Group and Company</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January 2014</td>
<td>6,478</td>
<td>1,515</td>
<td>7,993</td>
</tr>
<tr>
<td>Net change in fair value</td>
<td>(107,630)</td>
<td>559</td>
<td>(107,071)</td>
</tr>
<tr>
<td>Amounts transferred to income statement</td>
<td>(6,478)</td>
<td>-</td>
<td>(6,478)</td>
</tr>
<tr>
<td>At 31 December 2015</td>
<td>(107,630)</td>
<td>2,074</td>
<td>(105,556)</td>
</tr>
<tr>
<td>At 1 January 2014</td>
<td>20,527</td>
<td>522</td>
<td>21,049</td>
</tr>
<tr>
<td>Net change in fair value</td>
<td>-</td>
<td>993</td>
<td>993</td>
</tr>
<tr>
<td>Amounts transferred to income statement</td>
<td>(14,049)</td>
<td>-</td>
<td>(14,049)</td>
</tr>
<tr>
<td>At 31 December 2014</td>
<td>6,478</td>
<td>1,515</td>
<td>7,993</td>
</tr>
</tbody>
</table>
COMMITMENTS

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

<table>
<thead>
<tr>
<th></th>
<th>Group and Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
</tr>
<tr>
<td></td>
<td>RM'000</td>
</tr>
<tr>
<td>Property, plant and equipment – approved and contracted for:</td>
<td></td>
</tr>
<tr>
<td>- Not later than 1 year</td>
<td></td>
</tr>
<tr>
<td>- Later than 1 year and not later than 5 years</td>
<td>19,064,614</td>
</tr>
<tr>
<td>- Later than 5 years</td>
<td>94,842,046</td>
</tr>
<tr>
<td></td>
<td>113,906,660</td>
</tr>
</tbody>
</table>

Included in capital commitments as at 31 December 2015 is the purchase of Airbus A330 and A350 aircraft over the next 12 years.

(b) Non-cancellable operating leases

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

<table>
<thead>
<tr>
<th></th>
<th>Group and Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
</tr>
<tr>
<td></td>
<td>Future minimum lease payments RM'000</td>
</tr>
<tr>
<td>Not later than 1 year</td>
<td>987,113</td>
</tr>
<tr>
<td>Later than 1 year and not later than 5 years</td>
<td>3,920,000</td>
</tr>
<tr>
<td>Later than 5 years</td>
<td>4,700,684</td>
</tr>
<tr>
<td></td>
<td>9,607,797</td>
</tr>
</tbody>
</table>

The group leases various aircraft and engines under non-cancellable operating lease agreements. The lease terms are between 10 to 12 years.
## 30 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to 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:

<table>
<thead>
<tr>
<th>Name of Companies</th>
<th>Relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>AirAsia X Services Pty Ltd</td>
<td>Subsidiary</td>
</tr>
<tr>
<td>AirAsia X Mauritius One Ltd</td>
<td>Subsidiary</td>
</tr>
<tr>
<td>Thai AirAsia X Co., Ltd</td>
<td>Associate</td>
</tr>
<tr>
<td>PT Indonesia AirAsia Extra</td>
<td>Joint Venture</td>
</tr>
<tr>
<td>AirAsia Berhad</td>
<td>Shareholder of the Company for which there is no control, significant influence or joint control; common Directors and shareholders</td>
</tr>
<tr>
<td>CaterhamJet Global Ltd</td>
<td>Common Directors and shareholders</td>
</tr>
</tbody>
</table>

### Associates of AirAsia Berhad

- Thai AirAsia Co., Ltd
- PT Indonesia AirAsia
- AirAsia Japan Co., Ltd
- AirAsia Inc
- Zest Airway Inc
- AirAsia (India) Pvt Ltd

### Joint ventures of AirAsia Berhad

- Asian Aviation Centre of Excellence Sdn Bhd
- AAE Travel Pte Ltd
- Tune Insurance Malaysia Berhad

### Subsidiary of AirAsia Berhad

- AirAsia Global Shared Services Sdn Bhd
- Rokki Sdn Bhd (formerly known as Tune Box Sdn Bhd)

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 30(g) below.
### 30 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015 RM’000</td>
<td>2014 RM’000</td>
</tr>
<tr>
<td><strong>(a) Income:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aircraft operating lease income for leased aircraft</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- AAX Mauritius One Limited</td>
<td>- 179,025</td>
<td>- 69,880</td>
</tr>
<tr>
<td>- PT Indonesia AirAsia Extra</td>
<td>94,989 19,457</td>
<td>94,989 19,457</td>
</tr>
<tr>
<td>- Thai AirAsia X Co., Ltd</td>
<td>179,025 69,880</td>
<td>- -</td>
</tr>
<tr>
<td>Provision of carried passenger services to</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- AirAsia Berhad</td>
<td>10,940 8,827</td>
<td>10,940 8,827</td>
</tr>
<tr>
<td>- Thai AirAsia X Co., Ltd</td>
<td>16,542 -</td>
<td>16,542 -</td>
</tr>
<tr>
<td>Commission on travel insurance for passengers charged to</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Tune Insurance Malaysia Berhad</td>
<td>5,211 2,710</td>
<td>5,211 2,710</td>
</tr>
<tr>
<td>Management fees charged to</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- PT Indonesia AirAsia</td>
<td>1,361 1,143</td>
<td>- -</td>
</tr>
<tr>
<td><strong>(b) Recharges:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recharges of expenses to</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- PT Indonesia AirAsia</td>
<td>5,835 54</td>
<td>5,835 54</td>
</tr>
<tr>
<td>- PT Indonesia AirAsia Extra</td>
<td>2,082 22,359</td>
<td>2,082 22,359</td>
</tr>
<tr>
<td>- Thai AirAsia X Co., Ltd</td>
<td>1,819 25,889</td>
<td>1,819 25,889</td>
</tr>
<tr>
<td>- Thai AirAsia Co., Ltd</td>
<td>2,598 -</td>
<td>2,598 -</td>
</tr>
<tr>
<td>- Zest Airway Inc</td>
<td>3,663 1,118</td>
<td>3,663 1,118</td>
</tr>
<tr>
<td>- AirAsia Inc</td>
<td>1,884 -</td>
<td>1,884 -</td>
</tr>
<tr>
<td>Recharges of expenses by</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- AirAsia Berhad</td>
<td>(7,833) (7,388)</td>
<td>(7,833) (7,388)</td>
</tr>
<tr>
<td>- Thai AirAsia Co., Ltd</td>
<td>- (3,136)</td>
<td>- (3,136)</td>
</tr>
<tr>
<td><strong>(c) Other charges:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management fees charged by</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- AirAsia X Services Pty Ltd</td>
<td>- (3,983)</td>
<td>- (3,508)</td>
</tr>
<tr>
<td>Brand license fee charged by</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- AirAsia Berhad</td>
<td>(8,530) (8,530)</td>
<td>(8,530) (8,530)</td>
</tr>
<tr>
<td>Training services charged by</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Asian Aviation Centre of Excellence Sdn Bhd</td>
<td>(13,214) (5,459)</td>
<td>(13,214) (5,459)</td>
</tr>
<tr>
<td>Marketing services charged by</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- AAE Travel Pte Ltd</td>
<td>- (53)</td>
<td>- (53)</td>
</tr>
</tbody>
</table>
### 30 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
</tr>
<tr>
<td>(c) <strong>Other charges:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In-flight entertainment system and software expense charged by</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Rokki Sdn Bhd (formerly known as Tune Box Sdn Bhd)</td>
<td>(2,536)</td>
<td>(1,994)</td>
<td>(2,536)</td>
<td>(1,994)</td>
</tr>
<tr>
<td>Charter air travel services charged by</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- CaterhamJet Global Ltd</td>
<td>(6,386)</td>
<td>(4,856)</td>
<td>(6,386)</td>
<td>(4,856)</td>
</tr>
<tr>
<td>Shared service management fee charged by</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- AirAsia Global Shared Services Sdn Bhd</td>
<td>(2,481)</td>
<td>-</td>
<td>(2,481)</td>
<td>-</td>
</tr>
<tr>
<td>(d) <strong>Premium collected on travel insurance for passengers paid to:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Tune Insurance Malaysia Berhad</td>
<td>(20,843)</td>
<td>(10,839)</td>
<td>(20,843)</td>
<td>(10,839)</td>
</tr>
<tr>
<td>(e) <strong>Receivables:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- AAX Mauritius One Limited</td>
<td>-</td>
<td>-</td>
<td>26,150</td>
<td>5,314</td>
</tr>
<tr>
<td>- PT Indonesia AirAsia</td>
<td>9,548</td>
<td>20,492</td>
<td>9,548</td>
<td>20,027</td>
</tr>
<tr>
<td>- AirAsia Inc</td>
<td>7,273</td>
<td>2,248</td>
<td>7,273</td>
<td>2,248</td>
</tr>
<tr>
<td>- Thai AirAsia X Co., Ltd</td>
<td>26,150</td>
<td>5,314</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- PT Indonesia AirAsia Extra</td>
<td>55,570</td>
<td>19,499</td>
<td>55,570</td>
<td>19,499</td>
</tr>
<tr>
<td>- AirAsia Berhad</td>
<td>1,513</td>
<td>13,861</td>
<td>1,513</td>
<td>13,861</td>
</tr>
<tr>
<td>- Zest Airway Inc</td>
<td>-</td>
<td>1,754</td>
<td>-</td>
<td>1,754</td>
</tr>
<tr>
<td>- AirAsia (India) Pvt Ltd</td>
<td>4,431</td>
<td>-</td>
<td>4,431</td>
<td>-</td>
</tr>
<tr>
<td>- Others</td>
<td>7,338</td>
<td>414</td>
<td>6,565</td>
<td>414</td>
</tr>
<tr>
<td></td>
<td>111,823</td>
<td>63,582</td>
<td>111,050</td>
<td>63,117</td>
</tr>
</tbody>
</table>
30 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
</tr>
<tr>
<td>(f) Payables:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Asian Aviation Centre of Excellence Sdn Bhd</td>
<td>4,224</td>
<td>5,421</td>
<td>4,224</td>
<td>5,421</td>
</tr>
<tr>
<td>- Rokki Sdn Bhd (formerly known as Tune Box Sdn Bhd)</td>
<td>1,058</td>
<td>1,088</td>
<td>1,058</td>
<td>1,088</td>
</tr>
<tr>
<td>- Tune Insurance Malaysia Berhad</td>
<td>2,676</td>
<td>781</td>
<td>2,676</td>
<td>781</td>
</tr>
<tr>
<td>- Thai AirAsia Co., Ltd</td>
<td>30,030</td>
<td>2,939</td>
<td>30,030</td>
<td>2,939</td>
</tr>
<tr>
<td>- AirAsia X Services Pty Ltd</td>
<td>-</td>
<td>2,939</td>
<td>-</td>
<td>1,450</td>
</tr>
<tr>
<td>- CaterhamJet Global Ltd</td>
<td>2,415</td>
<td>2,621</td>
<td>2,415</td>
<td>2,621</td>
</tr>
<tr>
<td>- Zest Airway Inc</td>
<td>4,538</td>
<td>-</td>
<td>4,538</td>
<td>-</td>
</tr>
<tr>
<td>- Others</td>
<td>727</td>
<td>10,519</td>
<td>1,540</td>
<td>11,283</td>
</tr>
<tr>
<td></td>
<td>45,668</td>
<td>23,369</td>
<td>47,931</td>
<td>25,265</td>
</tr>
<tr>
<td>(g) Key management compensation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- basic salaries, bonus and allowances</td>
<td>7,863</td>
<td>7,076</td>
<td>7,863</td>
<td>7,076</td>
</tr>
<tr>
<td>- defined contribution plan</td>
<td>891</td>
<td>976</td>
<td>891</td>
<td>976</td>
</tr>
<tr>
<td></td>
<td>8,754</td>
<td>8,052</td>
<td>8,754</td>
<td>8,052</td>
</tr>
</tbody>
</table>

31 FINANCIAL RISK MANAGEMENT POLICIES

The Group’s and Company’s financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group’s and Company’s businesses whilst managing their market risk (including fuel price risk, interest rate risk and foreign currency exchange risk), credit risk and liquidity and cash flow risk. The Group and Company operate within defined guidelines that are approved and reviewed periodically by the Board of Directors to minimise the effects of such volatility on their financial performance.

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

The Group and Company also seek 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 exchange, credit, liquidity and cash flow risks.
31 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

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

(a) Market risk

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

(i) Fuel price risk

The Group and Company are exposed to jet fuel price risk arising from the fluctuations in the prices of jet fuel. The Group and Company rely on a related party for certain treasury activities, including hedging of fuel price, which is contracted and managed by the related party. Any gain or loss arising from fuel hedging is recognised when the risk transfers to the Group and Company upon consumption of the fuel, within “Aircraft fuel expenses” in Operating Expenses.

During the financial year ended 31 December 2015, the Group and Company entered into Singapore Jet Kerosene fixed swap, Brent option and Crack swap contracts. There were 2,377,903 barrels (2014: 1,957,597 barrels) of Brent and fuel contracts outstanding as at 31 December 2015.

As at 31 December 2015, if USD denominated barrel had been USD5 higher/lower with all other variables held constant, the impact on the post-tax profit and equity for the year end equity are tabulated below:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>+USD5</td>
<td>-USD5</td>
</tr>
<tr>
<td>Impact on post tax profits</td>
<td>2,515</td>
<td>(3,081)</td>
</tr>
<tr>
<td>Impact on other comprehensive income</td>
<td>38,811</td>
<td>(38,811)</td>
</tr>
</tbody>
</table>
(a) Market risk (continued)

(ii) Interest rate risk

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

In view of the substantial borrowings taken to finance the acquisition of aircraft, the Group’s and Company’s income and operating cash flows are also influenced by changes in market interest rates. Interest rate exposure arises from the Group’s and Company’s floating rate borrowings and deposits. Surplus funds are placed with reputable financial institutions at the most favourable interest rate.

In 2014, the Group managed its cash flow interest rate risk by entering into a cross currency interest rate swap contracts that effectively converted its existing long-term floating rate debt facilities into fixed rate debts. This hedging strategy ensures that the Group is paying a fixed interest expense on its borrowings and that the performance of the Group is not significantly impacted by the fluctuation in interest rates. Effective 2015, the Company no longer hedges its interest expense in this manner.

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

At 31 December 2015, if interest rate on USD denominated borrowings had been 60 basis points higher/lower with all other variables held constant, the impact on the post-tax profit for the financial year are tabulated below:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>+60bps</td>
<td>-60bps</td>
</tr>
<tr>
<td>Impact on post tax profits</td>
<td>(3,497)</td>
<td>3,497</td>
</tr>
</tbody>
</table>

(iii) Foreign currency risk

Apart from Ringgit Malaysia (“RM”), the Group and Company transact business in various foreign currencies including United States Dollar (“USD”), Australian Dollar (“AUD”), EURO, Indian Rupee (“INR”), Chinese Renminbi (“RMB”) and Japanese Yen (“JPY”). In addition, the Group and Company have significant borrowings in USD (Note 26), mainly to finance the purchase of aircraft and pre-delivery payments in respect of the Group’s and Company’s firm order of Airbus A330-300 aircraft. Therefore, the Group and Company are 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.

As at 31 December 2015, if RM had weakened/strengthened by 5% against the USD with all other variables held constant, post-tax profit for the financial year for the Group and Company would have been RM42.6 million (2014: RM83 million) lower/higher, mainly as a result of foreign exchange losses/gains on translation of USD denominated receivables and borrowings (term loan and finance lease). Similarly, the impact on other comprehensive income would have been RM5.4 million (2014: Nil) higher/lower due to the cash flow hedging in USD. The exposure to other foreign currency risk of the Group and the Company is not material and hence, sensitivity analysis is not presented.
31  FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(a)  Market risk (continued)

(iii)  Foreign currency risk (continued)

The Group’s currency exposure is as follows:

<table>
<thead>
<tr>
<th></th>
<th>USD</th>
<th>AUD</th>
<th>EURO</th>
<th>INR</th>
<th>RMB</th>
<th>JPY</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>91,049</td>
<td>59,736</td>
<td>588</td>
<td>1,529</td>
<td>1,531</td>
<td>3,584</td>
<td>3,004</td>
</tr>
<tr>
<td>Amounts due from</td>
<td>94,108</td>
<td>773</td>
<td>-</td>
<td>-</td>
<td>1,145</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>related parties, an</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>associate, and a</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>joint venture</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits, cash and</td>
<td>92,039</td>
<td>22,846</td>
<td>1,349</td>
<td>1,589</td>
<td>19,949</td>
<td>3,511</td>
<td>14,665</td>
</tr>
<tr>
<td>bank balances</td>
<td>443,175</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other deposits *</td>
<td>720,371</td>
<td>83,355</td>
<td>1,937</td>
<td>3,118</td>
<td>22,625</td>
<td>7,095</td>
<td>17,669</td>
</tr>
</tbody>
</table>

| **Financial liabilities** |       |       |       |       |       |       |        |
| Trade and other      | 415,258| 64,209| 9,013 | -     | 27,723| 28,536| 16,358 |
| payables             | 29,484 | -     | -     | -     | -     | -     | -      |
| Amounts due to related | 1,429,038| -     | -     | -     | -     | -     | -      |
| parties              | 115,215| -     | -     | -     | -     | -     | -      |
| Derivative financial instruments | 1,988,995| 64,209| 9,013 | -     | 27,723| 28,536| 16,358 |
| Net exposure         | (1,268,624)| 19,146| (7,076)| 3,118 | (5,098)| (21,441)| 1,311  |

| **At 31 December 2014** |       |       |       |       |       |       |        |
| Financial assets      |       |       |       |       |       |       |        |
| Receivables           | 186,711| 17,006| 241   | 1,502 | -     | -     | 9,499  |
| Amounts due from      | 26,085 | 581   | -     | -     | 522   | -     | -      |
| related parties, an   |       |       |       |       |       |       |        |
| associate, and a joint |       |       |       |       |       |       |        |
| venture              |       |       |       |       |       |       |        |
| Deposits, cash and    | 56,568 | 16,884| 445   | -     | 1,344 | 3,880 | 8,750  |
| bank balances         | 109,163| -     | -     | -     | -     | -     | -      |
| Other deposits *      | 378,527| 34,471| 686   | 1,502 | 1,866 | 3,880 | 18,249 |
| Financial liabilities |       |       |       |       |       |       |        |
| Trade and other      | 431,953| 55,344| 9,029 | -     | 10,114| 18,355| 21,286 |
| payables             | 1,475   | -     | -     | -     | -     | -     | -      |
| Amounts due to related | 1,504,279| -     | -     | -     | -     | -     | -      |
| parties and an        | 102,993| -     | -     | -     | -     | -     | -      |
| associate             |       |       |       |       |       |       |        |
| Borrowings            |       |       |       |       |       |       |        |
| Derivative financial instruments | 2,040,700| 55,344| 9,029 | -     | 10,114| 18,355| 21,286 |
| Net exposure          | (1,662,173)| (20,873)| (8,343)| 5,098| (21,441)| 1,311| (1,037) |

* Includes currency exposure for other deposits that are financial assets only.
(a) Market risk (continued)

(iii) Foreign currency risk (continued)

The Company's currency exposure is as follows:

<table>
<thead>
<tr>
<th>At 31 December 2015</th>
<th>USD</th>
<th>AUD</th>
<th>EURO</th>
<th>INR</th>
<th>RMB</th>
<th>JPY</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>91,049</td>
<td>59,689</td>
<td>588</td>
<td>1,529</td>
<td>1,531</td>
<td>3,584</td>
<td>3,004</td>
</tr>
<tr>
<td>Amounts due from related parties, a joint venture and a subsidiary</td>
<td>94,108</td>
<td>-</td>
<td>-</td>
<td>1,145</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Deposits, cash and bank balances</td>
<td>92,039</td>
<td>22,338</td>
<td>1,349</td>
<td>1,589</td>
<td>19,949</td>
<td>3,511</td>
<td>14,658</td>
</tr>
<tr>
<td>Other deposits *</td>
<td>443,175</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>720,371</td>
<td>82,027</td>
<td>1,937</td>
<td>3,118</td>
<td>22,625</td>
<td>7,095</td>
<td>17,662</td>
</tr>
</tbody>
</table>

| Financial liabilities |      |      |      |      |      |      |        |
| Trade and other payables | 415,258 | 63,413 | 9,013 | - | 27,723 | 28,536 | 16,358 |
| Amounts due to related parties and subsidiaries | 29,484 | 1,450 | - | - | - | - | 813 |
| Borrowings            | 1,429,038 | - | - | - | - | - | - |
| Derivative financial instruments | 115,215 | - | - | - | - | - | - |
| Total                 | 1,988,995 | 64,863 | 9,013 | - | 27,723 | 28,536 | 17,171 |

| Net exposure          | (1,268,624) | 17,164 | (7,076) | 3,118 | (5,098) | (21,441) | 491 |

| At 31 December 2014   |      |      |      |      |      |      |        |
| Financial assets      |      |      |      |      |      |      |        |
| Receivables           | 186,711 | 16,933 | 241 | 1,502 | - | - | 9,499 |
| Amounts due from related parties, a joint venture and a subsidiary | 26,085 | 116 | - | - | 522 | - | - |
| Deposits, cash and bank balances | 56,568 | 16,459 | 445 | - | 1,344 | 3,880 | 8,744 |
| Other deposits *      | 109,163 | - | - | - | - | - | - |
| Total                 | 378,527 | 33,508 | 686 | 1,502 | 1,866 | 3,880 | 18,243 |

| Financial liabilities |      |      |      |      |      |      |        |
| Trade and other payables | 431,953 | 54,561 | 9,029 | - | 10,114 | 18,355 | 21,286 |
| Amounts due to related parties, an associate and subsidiaries | 1,475 | 1,132 | - | - | - | - | 764 |
| Borrowings            | 1,504,279 | - | - | - | - | - | - |
| Derivative financial instruments | 102,993 | - | - | - | - | - | - |
| Total                 | 2,040,700 | 55,693 | 9,029 | - | 10,114 | 18,355 | 22,050 |

| Net exposure          | (1,662,173) | (22,185) | (8,343) | 1,502 | (8,248) | (14,475) | (3,807) |

* Includes currency exposure for other deposits that are financial assets only.
31 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 risk or the risk of counterparties defaulting arises mainly from various deposits and bank balances, and receivables. As the Group and Company do not hold collateral, the maximum exposure to credit risk is represented by the total carrying amounts of these financial assets in the balance sheet. Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures.

Credit risk relating to receivables is minimised by regular monitoring and, in addition, credit risk is controlled as the majority of the Group’s and Company’s deposits and bank balances are placed with major financial institutions and reputable parties. The Directors are of the view that the possibility of non-performance by the majority of these financial institutions is remote on the basis of their financial strength and support of their respective governments.

The Group and Company generally have 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 of the view that the Group and the Company will have sufficient cash flows for the next twelve months from the reporting date to meet their cash flow requirements. The Directors believe that the Group and the Company are able to realise their assets and discharge their liabilities in the normal course of business and that the financial position will be improved through future operating profits and cash flows. Thus, the Directors believe no material uncertainty exist that may cast significant doubt on the Group’s and Company’s ability to continue as a going concern.

In preparing the cash flow forecast for the next twelve months, the Directors have made certain significant assumptions involving regulatory approvals for prospective routes, timing or aircraft deliveries, fares, load factors, fuel price, maintenance costs and currency movements. These assumptions have been built into the forecast based on past performance, adjusted for non-recurring circumstances and a reasonable growth rate. In addition, the Directors have reflected the cash flows arising from the implementation of the following strategies:

(i) Rationalising route frequency to allow capacity introduced in the past two (2) years to mature. In this regard, any excess capacity will be reassessed and redeployed as necessary to new routes.

(ii) As part of this route strategy, the Group is exploring and analysing new routes in order to optimise yields and network.
31  FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(c)  Liquidity and cash flow risk (continued)

In addition, the Directors have reflected the cash flows arising from the implementation of the following strategies: (continued)

(iii)  Streamlining the Group’s operating expenses, pursuing further unit cost reduction initiatives. The recent fuel price reduction will assist in this initiative.

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. This includes raising funds from the market, as evidenced from the successful completion of the renounceable rights issue exercise on 11 June 2015, as disclosed in Note 27 to the financial statements. In addition, the Group and Company have access to undrawn credit facilities amounting to RM100,000,000 as at 31 December 2015.

The table below analyses the Group’s and Company’s 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.

Group

<table>
<thead>
<tr>
<th></th>
<th>Under 1 year</th>
<th>1-2 years</th>
<th>2-5 years</th>
<th>Over 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term loans</td>
<td>236,446</td>
<td>229,627</td>
<td>632,726</td>
<td>337,398</td>
</tr>
<tr>
<td>Revolving credit</td>
<td>120,860</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Hire purchase</td>
<td>19</td>
<td>19</td>
<td>19</td>
<td>-</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>849,075</td>
<td>-</td>
<td>-</td>
<td>451,547</td>
</tr>
<tr>
<td>Amounts due to related parties</td>
<td>45,668</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>1,252,068</strong></td>
<td><strong>229,646</strong></td>
<td><strong>632,745</strong></td>
<td><strong>788,945</strong></td>
</tr>
</tbody>
</table>

At 31 December 2014

<table>
<thead>
<tr>
<th></th>
<th>Under 1 year</th>
<th>1-2 years</th>
<th>2-5 years</th>
<th>Over 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term loans</td>
<td>197,977</td>
<td>192,574</td>
<td>544,588</td>
<td>432,552</td>
</tr>
<tr>
<td>Revolving credit</td>
<td>319,627</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Commodity structured trade finance</td>
<td>35,079</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Hire purchase</td>
<td>19</td>
<td>19</td>
<td>37</td>
<td>-</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>828,802</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amounts due to related parties</td>
<td>23,173</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amount due to an associate</td>
<td>196</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>1,404,873</strong></td>
<td><strong>192,593</strong></td>
<td><strong>544,625</strong></td>
<td><strong>432,552</strong></td>
</tr>
</tbody>
</table>
### 31 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

#### (c) Liquidity and cash flow risk (continued)

**Company**

**At 31 December 2015**

<table>
<thead>
<tr>
<th></th>
<th>Under 1 year</th>
<th>1-2 years</th>
<th>2-5 years</th>
<th>Over 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term loans</td>
<td>236,446</td>
<td>229,627</td>
<td>632,726</td>
<td>337,398</td>
</tr>
<tr>
<td>Revolving credit</td>
<td>120,860</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Hire purchase</td>
<td>19</td>
<td>19</td>
<td>19</td>
<td>-</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>848,279</td>
<td>-</td>
<td>-</td>
<td>451,547</td>
</tr>
<tr>
<td>Amounts due to related parties</td>
<td>45,668</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amounts due to subsidiaries</td>
<td>2,263</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,253,535</strong></td>
<td><strong>229,646</strong></td>
<td><strong>632,745</strong></td>
<td><strong>788,945</strong></td>
</tr>
</tbody>
</table>

**At 31 December 2014**

<table>
<thead>
<tr>
<th></th>
<th>Under 1 year</th>
<th>1-2 years</th>
<th>2-5 years</th>
<th>Over 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term loans</td>
<td>197,977</td>
<td>192,574</td>
<td>544,588</td>
<td>432,552</td>
</tr>
<tr>
<td>Revolving credit</td>
<td>319,627</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Commodity structured trade finance</td>
<td>35,079</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Hire purchase</td>
<td>19</td>
<td>19</td>
<td>37</td>
<td>-</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>828,019</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amounts due to related parties</td>
<td>23,173</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amounts due to subsidiaries</td>
<td>1,896</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amount due to an associate</td>
<td>196</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,405,986</strong></td>
<td><strong>192,593</strong></td>
<td><strong>544,625</strong></td>
<td><strong>432,552</strong></td>
</tr>
</tbody>
</table>
31 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(c) Liquidity and cash flow risk (continued)

The table below analyses the Group’s and Company’s derivative financial instruments for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<table>
<thead>
<tr>
<th></th>
<th>Less than 1 year RM’000</th>
<th>1–2 years RM’000</th>
<th>2–5 years RM’000</th>
<th>Over 5 years RM’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group and Company</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>At 31 December 2015</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net-settled derivatives</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trading</td>
<td>5,718</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Hedging</td>
<td>108,083</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>At 31 December 2014</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net-settled derivatives</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trading</td>
<td>103,145</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Hedging</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
31 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(d) Capital risk management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including “current and non-current borrowings” as shown in the Group and Company’s balance sheets) less cash and cash equivalents. Total capital is calculated as ‘equity’ as shown in the Group and Company’s balance sheets plus net debt.

The Group’s and Company’s overall strategy remained unchanged from 2014. The gearing ratio as at 31 December 2015 and 2014 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
<td>2014</td>
</tr>
<tr>
<td>Total borrowings (Note 26)</td>
<td>1,429,087</td>
<td>1,579,345</td>
</tr>
<tr>
<td>Less: Cash and cash equivalents (Note 23)</td>
<td>(252,347)</td>
<td>(74,937)</td>
</tr>
<tr>
<td>Net debt</td>
<td>1,176,740</td>
<td>1,504,408</td>
</tr>
<tr>
<td>Total equity attributable to equity holders of the Group and Company</td>
<td>631,807</td>
<td>703,630</td>
</tr>
<tr>
<td>Total capital</td>
<td>1,808,547</td>
<td>2,208,038</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gearing ratio</td>
<td>65.1%</td>
<td>68.1%</td>
</tr>
<tr>
<td></td>
<td>64.5%</td>
<td>67.1%</td>
</tr>
</tbody>
</table>

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, except that the Group and the Company did not meet certain financial ratio covenants for one borrowing facility totalling RM120 million as at 31 December 2015. The lender has granted indulgences to the Group and the Company from having to comply with the financial covenant ratios for the financial year ended 31 December 2015. As the covenants are enforced annually, the Group monitors compliance with the financial covenant ratios at the end of each financial year. In the event of a breach, the Group will seek indulgences from the respective banks to ensure that the Group and the Company are not in default of any borrowings. The Group’s and the Company’s overall strategy for capital risk management remains unchanged.
31 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

(e) Fair value measurement

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

Determination of fair value and fair value hierarchy

The Group’s financial instruments are measured in the balance sheet at fair value. Disclosure of fair value measurements are by level of the following fair value measurement hierarchy:

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

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

<table>
<thead>
<tr>
<th></th>
<th>Level 1 RM’000</th>
<th>Level 2 RM’000</th>
<th>Level 3 RM’000</th>
<th>Total RM’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group and Company</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>31 December 2015</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial liabilities at fair value through profit or loss</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Trading derivatives</td>
<td>-</td>
<td>7,585</td>
<td>-</td>
<td>7,585</td>
</tr>
<tr>
<td>Derivatives used for hedging</td>
<td>-</td>
<td>107,630</td>
<td>-</td>
<td>107,630</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>115,215</td>
<td>-</td>
<td>115,215</td>
</tr>
<tr>
<td><strong>31 December 2014</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial liabilities at fair value through profit or loss</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Trading derivatives</td>
<td>-</td>
<td>102,993</td>
<td>-</td>
<td>102,993</td>
</tr>
<tr>
<td>Derivatives used for hedging</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>102,993</td>
<td>-</td>
<td>102,993</td>
</tr>
</tbody>
</table>
31 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 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. The Group’s level 2 hedging derivatives comprise fuel swap contracts. Specific valuation technique used to value financial instruments includes:

- 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.
### 32 FINANCIAL INSTRUMENTS

**(a) Financial instruments by category**

<table>
<thead>
<tr>
<th>Group</th>
<th>Loan and receivables RM’000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31 December 2015</td>
</tr>
<tr>
<td>Assets as per balance sheet</td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables excluding prepayments</td>
<td>191,597</td>
</tr>
<tr>
<td>Other deposits excluding prepayments</td>
<td>472,500</td>
</tr>
<tr>
<td>Amounts due from related parties</td>
<td>30,103</td>
</tr>
<tr>
<td>Amount due from a joint venture</td>
<td>55,570</td>
</tr>
<tr>
<td>Amount due from an associate</td>
<td>26,150</td>
</tr>
<tr>
<td>Deposits, cash and bank balances</td>
<td>310,789</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,086,709</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities as per balance sheet</th>
<th>Liabilities at fair value through the profit and loss RM’000</th>
<th>Derivatives used for hedging RM’000</th>
<th>Other financial liabilities at amortised cost RM’000</th>
<th>Total RM’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowings</td>
<td>-</td>
<td>-</td>
<td>1,429,087</td>
<td>1,429,087</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>-</td>
<td>-</td>
<td>879,912</td>
<td>879,912</td>
</tr>
<tr>
<td>Amount due to related parties</td>
<td>-</td>
<td>-</td>
<td>45,668</td>
<td>45,668</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>7,585</td>
<td>107,630</td>
<td>-</td>
<td>115,215</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,585</td>
<td>107,630</td>
<td>2,354,667</td>
<td>2,469,882</td>
</tr>
</tbody>
</table>
### 32 FINANCIAL INSTRUMENTS (CONTINUED)

#### (a) Financial instruments by category (continued)

<table>
<thead>
<tr>
<th>Group</th>
<th>Loan and receivables</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM’000</td>
</tr>
<tr>
<td><strong>31 December 2014</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Assets as per balance sheet</strong></td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables excluding prepayments</td>
<td>232,544</td>
</tr>
<tr>
<td>Other deposits excluding prepayments</td>
<td>109,163</td>
</tr>
<tr>
<td>Amounts due from related parties</td>
<td>38,769</td>
</tr>
<tr>
<td>Amount due from a joint venture</td>
<td>19,499</td>
</tr>
<tr>
<td>Amount due from an associate</td>
<td>5,314</td>
</tr>
<tr>
<td>Deposits, cash and bank balances</td>
<td>127,198</td>
</tr>
<tr>
<td>Total</td>
<td>532,487</td>
</tr>
<tr>
<td><strong>Liabilities at fair value through the profit and loss</strong></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>-</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>-</td>
</tr>
<tr>
<td>Amount due to related parties</td>
<td>-</td>
</tr>
<tr>
<td>Amount due to an associate</td>
<td>-</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>102,993</td>
</tr>
<tr>
<td>Total</td>
<td>102,993</td>
</tr>
<tr>
<td><strong>Other financial liabilities at amortised cost</strong></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2,534,509</td>
</tr>
</tbody>
</table>
32 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments by category (continued)

<table>
<thead>
<tr>
<th>Company</th>
<th>Loan and receivables</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM'000</td>
</tr>
<tr>
<td><strong>31 December 2015</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Assets as per balance sheet</strong></td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables excluding prepayments</td>
<td>191,590</td>
</tr>
<tr>
<td>Other deposits excluding prepayments</td>
<td>472,459</td>
</tr>
<tr>
<td>Amount due from related parties</td>
<td>29,330</td>
</tr>
<tr>
<td>Amount due from a joint venture</td>
<td>55,570</td>
</tr>
<tr>
<td>Amount due from a subsidiary</td>
<td>26,150</td>
</tr>
<tr>
<td>Deposits, cash and bank balances</td>
<td>310,274</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,085,373</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities at fair value through the profit and loss</th>
<th>Derivatives used for hedging</th>
<th>Other financial liabilities at amortised cost</th>
<th><strong>Total</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
<td>RM'000</td>
</tr>
<tr>
<td><strong>Liabilities as per balance sheet</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>-</td>
<td>-</td>
<td>1,429,087</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>-</td>
<td>-</td>
<td>879,116</td>
</tr>
<tr>
<td>Amount due to related parties</td>
<td>-</td>
<td>-</td>
<td>45,668</td>
</tr>
<tr>
<td>Amount due to subsidiaries</td>
<td>-</td>
<td>-</td>
<td>2,263</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>7,585</td>
<td>107,630</td>
<td>115,215</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,585</td>
<td>107,630</td>
<td>2,356,134</td>
</tr>
</tbody>
</table>
## FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments by category (continued)

<table>
<thead>
<tr>
<th>Company</th>
<th>Loan and receivables RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>31 December 2014</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Assets as per balance sheet</strong></td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables excluding prepayments</td>
<td>232,471</td>
</tr>
<tr>
<td>Other deposits excluding prepayments</td>
<td>109,163</td>
</tr>
<tr>
<td>Amount due from related parties</td>
<td>38,304</td>
</tr>
<tr>
<td>Amount due from a joint venture</td>
<td>19,499</td>
</tr>
<tr>
<td>Amount due from a subsidiary</td>
<td>5,314</td>
</tr>
<tr>
<td>Deposits, cash and bank balances</td>
<td>126,767</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>531,518</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities at fair value through the profit and loss RM'000</th>
<th>Other financial liabilities at amortised cost RM'000</th>
<th>Total RM'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities as per balance sheet</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>-</td>
<td>1,579,345</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>-</td>
<td>828,019</td>
</tr>
<tr>
<td>Amount due to a related parties</td>
<td>-</td>
<td>23,173</td>
</tr>
<tr>
<td>Amount due to subsidiaries</td>
<td>-</td>
<td>1,896</td>
</tr>
<tr>
<td>Amount due to an associate</td>
<td>-</td>
<td>196</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>102,993</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>102,993</td>
<td>2,432,629</td>
</tr>
</tbody>
</table>
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:

<table>
<thead>
<tr>
<th>Counterparties Without External Credit Rating</th>
<th>2015 RM’000</th>
<th>2014 RM’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 1</td>
<td>9,090</td>
<td>12,746</td>
</tr>
<tr>
<td>Group 2</td>
<td>73,876</td>
<td>18,307</td>
</tr>
<tr>
<td>Total trade receivables that are neither past due nor impaired</td>
<td>82,996</td>
<td>31,053</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note</th>
<th>Group 2015 RM’000</th>
<th>2014 RM’000</th>
<th>Company 2015 RM’000</th>
<th>2014 RM’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEPOSITS, CASH AND BANK BALANCES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AAA to A-</td>
<td>286,561</td>
<td>127,040</td>
<td>286,046</td>
<td>126,609</td>
</tr>
<tr>
<td>BBB to BBB-</td>
<td>23,861</td>
<td>-</td>
<td>23,861</td>
<td>-</td>
</tr>
<tr>
<td>Cash in hand</td>
<td>310,422</td>
<td>127,040</td>
<td>309,907</td>
<td>126,609</td>
</tr>
<tr>
<td>Total</td>
<td>367</td>
<td>158</td>
<td>367</td>
<td>158</td>
</tr>
<tr>
<td>Total</td>
<td>23</td>
<td>310,789</td>
<td>127,198</td>
<td>310,274</td>
</tr>
<tr>
<td>AMOUNTS DUE FROM RELATED PARTIES, A JOINT VENTURE, A SUBSIDIARY AND AN ASSOCIATE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group 1</td>
<td>4,965</td>
<td>759</td>
<td>4,965</td>
<td>759</td>
</tr>
<tr>
<td>Group 2</td>
<td>39,587</td>
<td>52,880</td>
<td>38,814</td>
<td>52,799</td>
</tr>
<tr>
<td>Total</td>
<td>22</td>
<td>44,552</td>
<td>53,639</td>
<td>43,779</td>
</tr>
</tbody>
</table>
32 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Credit quality of financial assets (continued)

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.

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

33 SEGMENTAL INFORMATION

Management has determined the operating segments based on reports that are reviewed and used to make strategic decisions by the Group’s Chief Executive Officer (“CEO”) who is identified as the chief operating decision maker.

The Group’s CEO considers the business from a geographic perspective. With the termination of certain routes in the previous financial year, the operating segments have been reassessed and identified as North Asia, Australia and Middle East and West Asia.

The operating segments derive their revenues primarily from the Group’s activities of provision of long haul air transportation services to these locations.

Consistent with information provided to the chief operating decision maker, revenue and certain direct costs (fuel, oil and maintenance, overhaul and user charges) were extracted on actual earned/incurred basis and disclosed accordingly in the operating segment results for the financial years ended 31 December 2015 and 31 December 2014 respectively. All other costs are allocated to the various segments based on “block hours”. Block hours are defined as the time between the departure of an aircraft and its arrival at its destination, as recorded in the aircraft flight log.
### 33 SEGMENTAL INFORMATION (CONTINUED)

The Group’s operations by geographical segments are as follows:

<table>
<thead>
<tr>
<th>2015</th>
<th>North Asia RM’000</th>
<th>Australia RM’000</th>
<th>West Asia and Middle East RM’000</th>
<th>Total RM’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>External revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scheduled flights</td>
<td>982,539</td>
<td>571,227</td>
<td>128,974</td>
<td>1,682,740</td>
</tr>
<tr>
<td>Charter flights</td>
<td>-</td>
<td>-</td>
<td>421,662</td>
<td>421,662</td>
</tr>
<tr>
<td>Fuel surcharge</td>
<td>42,955</td>
<td>55,144</td>
<td>762</td>
<td>98,861</td>
</tr>
<tr>
<td>Freight and cargo</td>
<td>49,747</td>
<td>29,914</td>
<td>27,847</td>
<td>107,508</td>
</tr>
<tr>
<td>Ancillary revenue</td>
<td>244,771</td>
<td>177,413</td>
<td>54,223</td>
<td>476,407</td>
</tr>
<tr>
<td>Management fees</td>
<td>690</td>
<td>410</td>
<td>261</td>
<td>1,361</td>
</tr>
<tr>
<td>Aircraft operating lease income</td>
<td>162,759</td>
<td>95,526</td>
<td>15,729</td>
<td>274,014</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,483,461</td>
<td>929,634</td>
<td>649,458</td>
<td>3,062,553</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff costs</td>
<td>(160,254)</td>
<td>(95,062)</td>
<td>(60,505)</td>
<td>(315,821)</td>
</tr>
<tr>
<td>Aircraft fuel expenses</td>
<td>(518,014)</td>
<td>(307,285)</td>
<td>(195,582)</td>
<td>(1,020,881)</td>
</tr>
<tr>
<td>Maintenance, overhaul and user charges and other related expenses</td>
<td>(452,549)</td>
<td>(268,451)</td>
<td>(170,865)</td>
<td>(891,865)</td>
</tr>
<tr>
<td>Aircraft operating lease expenses</td>
<td>(358,267)</td>
<td>(212,523)</td>
<td>(135,268)</td>
<td>(706,058)</td>
</tr>
<tr>
<td>Other operating costs</td>
<td>(69,742)</td>
<td>(41,371)</td>
<td>(26,332)</td>
<td>(137,445)</td>
</tr>
<tr>
<td>Other income</td>
<td>59,308</td>
<td>35,181</td>
<td>22,392</td>
<td>116,881</td>
</tr>
<tr>
<td>Gross (loss)/profit</td>
<td>(16,057)</td>
<td>40,123</td>
<td>83,298</td>
<td>107,364</td>
</tr>
<tr>
<td><strong>EBITDAR</strong></td>
<td>342,210</td>
<td>252,646</td>
<td>218,566</td>
<td>813,422</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>(16,057)</td>
<td>40,123</td>
<td>83,298</td>
<td>107,364</td>
</tr>
<tr>
<td>Depreciation of property, plant and equipment</td>
<td>(73,478)</td>
<td>(43,587)</td>
<td>(27,742)</td>
<td>(144,807)</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>(89,535)</td>
<td>(3,464)</td>
<td>55,556</td>
<td>(37,443)</td>
</tr>
<tr>
<td>Interest income</td>
<td>10,053</td>
<td>5,963</td>
<td>3,796</td>
<td>19,812</td>
</tr>
<tr>
<td>Interest expense and finance charges</td>
<td>(42,690)</td>
<td>(25,323)</td>
<td>(16,118)</td>
<td>(84,131)</td>
</tr>
<tr>
<td>Foreign exchange loss</td>
<td>(152,003)</td>
<td>(90,168)</td>
<td>(57,391)</td>
<td>(299,562)</td>
</tr>
<tr>
<td>Share of results of a joint venture</td>
<td>(19,062)</td>
<td>(11,307)</td>
<td>(7,197)</td>
<td>(37,566)</td>
</tr>
<tr>
<td>Other losses</td>
<td>(3,849)</td>
<td>(2,283)</td>
<td>(1,453)</td>
<td>(7,585)</td>
</tr>
<tr>
<td>Loss before tax</td>
<td>(297,086)</td>
<td>(126,582)</td>
<td>(22,807)</td>
<td>(446,475)</td>
</tr>
<tr>
<td>Taxation</td>
<td>49,148</td>
<td>29,154</td>
<td>18,556</td>
<td>96,859</td>
</tr>
<tr>
<td><strong>Net loss for the financial year</strong></td>
<td>(247,938)</td>
<td>(97,428)</td>
<td>(4,251)</td>
<td>(349,616)</td>
</tr>
</tbody>
</table>
## 33 SEGMENTAL INFORMATION (CONTINUED)

The Group’s operations by geographical segments are as follows: (continued)

<table>
<thead>
<tr>
<th>2014</th>
<th>North Asia</th>
<th>Malaysia</th>
<th>West Asia</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
</tr>
<tr>
<td><strong>External revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Scheduled flights</td>
<td>841,295</td>
<td>520,412</td>
<td>146,758</td>
<td>1,508,465</td>
</tr>
<tr>
<td>- Charter flights</td>
<td>9,065</td>
<td>-</td>
<td>284,222</td>
<td>293,287</td>
</tr>
<tr>
<td>- Fuel surcharge</td>
<td>145,838</td>
<td>198,075</td>
<td>220</td>
<td>344,133</td>
</tr>
<tr>
<td>- Freight and cargo</td>
<td>82,485</td>
<td>27,812</td>
<td>3,581</td>
<td>113,878</td>
</tr>
<tr>
<td>- Ancillary revenue</td>
<td>284,994</td>
<td>262,893</td>
<td>38,598</td>
<td>586,485</td>
</tr>
<tr>
<td>- Management fees</td>
<td>583</td>
<td>499</td>
<td>61</td>
<td>1,143</td>
</tr>
<tr>
<td>- Aircraft operating lease income</td>
<td>4,363</td>
<td>38,965</td>
<td>4,739</td>
<td>89,336</td>
</tr>
<tr>
<td></td>
<td>1,409,892</td>
<td>1,048,656</td>
<td>478,179</td>
<td>2,936,727</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Staff costs</td>
<td>(142,217)</td>
<td>(119,190)</td>
<td>(51,611)</td>
<td>(313,018)</td>
</tr>
<tr>
<td>- Fuel and oil</td>
<td>(732,340)</td>
<td>(629,728)</td>
<td>(157,856)</td>
<td>(1,519,924)</td>
</tr>
<tr>
<td>- Maintenance, overhaul and user charges and other related expenses</td>
<td>(299,329)</td>
<td>(245,183)</td>
<td>(93,655)</td>
<td>(638,167)</td>
</tr>
<tr>
<td>- Aircraft operating lease expenses</td>
<td>(140,375)</td>
<td>(115,210)</td>
<td>(82,393)</td>
<td>(337,978)</td>
</tr>
<tr>
<td>- Other operating costs</td>
<td>(150,775)</td>
<td>(131,607)</td>
<td>(31,572)</td>
<td>(313,954)</td>
</tr>
<tr>
<td>- Other income</td>
<td>105,551</td>
<td>75,806</td>
<td>9,387</td>
<td>190,744</td>
</tr>
<tr>
<td><strong>Gross profit/(loss)</strong></td>
<td>50,407</td>
<td>(116,456)</td>
<td>70,479</td>
<td>4,430</td>
</tr>
</tbody>
</table>

### EBITDAR

<table>
<thead>
<tr>
<th></th>
<th>RM’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>50,407</td>
</tr>
<tr>
<td>Depreciation of property, plant and equipment</td>
<td>(86,253)</td>
</tr>
<tr>
<td>EBIT</td>
<td>(35,846)</td>
</tr>
<tr>
<td>Interest income</td>
<td>3,560</td>
</tr>
<tr>
<td>Interest expense and finance charges</td>
<td>(85,101)</td>
</tr>
<tr>
<td>Foreign exchange loss</td>
<td>(70,374)</td>
</tr>
<tr>
<td>Share of results of an associate</td>
<td>(10,937)</td>
</tr>
<tr>
<td>Share of results of a joint venture</td>
<td>(9,147)</td>
</tr>
<tr>
<td>Other losses</td>
<td>(54,897)</td>
</tr>
<tr>
<td><strong>(Loss)/profit before tax</strong></td>
<td>(262,742)</td>
</tr>
<tr>
<td>Taxation</td>
<td>44,160</td>
</tr>
<tr>
<td><strong>Net (loss)/profit for the financial year</strong></td>
<td>(218,582)</td>
</tr>
</tbody>
</table>
33 SEGMENTAL INFORMATION (CONTINUED)

Note:

EBITDAR - Earnings before interest, taxes, depreciation, amortisation and restructuring or rent costs
EBITDA - Earnings before interest, taxes, depreciation and amortisation
EBIT - Earnings before interest and taxes

All material non-current assets are based in Malaysia at the end of the current and previous financial year end.

The Group has not disclosed information relating to revenue from external customers which are attributed to the country of domicile and which are attributable to all foreign countries in total from which the Group derives revenue. Due to the nature of activities in the Group, the necessary information is not available and the cost to develop it would be excessive.

34 UNCONSOLIDATED STRUCTURED ENTITIES

The Company has set up Merah X 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 A330-300 aircraft financed under the facility.

The SPC are orphan trust companies in which the Company has no equity interest.

The details of the Merah X entities are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Country of incorporation</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merah X Satu Limited</td>
<td>Malaysia</td>
<td>Purchase of 2 Airbus A330-300 aircraft</td>
</tr>
<tr>
<td>Merah X Dua Limited</td>
<td>Malaysia</td>
<td>Purchase of 3 Airbus A330-300 aircraft</td>
</tr>
<tr>
<td>Merah X Tiga Limited</td>
<td>Malaysia</td>
<td>Purchase of 2 Airbus A330-343 aircraft</td>
</tr>
<tr>
<td>Merah X Empat Limited</td>
<td>Malaysia</td>
<td>Purchase of 1 Airbus A330-300 aircraft</td>
</tr>
<tr>
<td>Merah X Lima Limited</td>
<td>Malaysia</td>
<td>Purchase of 1 Airbus A330-300 aircraft</td>
</tr>
<tr>
<td>Merah X Enam Limited</td>
<td>Malaysia</td>
<td>Purchase of 2 Airbus A330-300 aircraft</td>
</tr>
</tbody>
</table>

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 the Company does not provide any financial support to the SPC or have any contractual obligation to make good the losses, if any.
35  RECLASSIFICATION OF COMPARATIVES

For the financial year ended 31 December 2015, the presentation of the ‘share of results of an associate’ and ‘share of results of a joint venture’ was changed to better reflect the operating performance of the Group and the Company.

Previously, ‘share of results of an associate’ and ‘share of results of a joint venture’ was charged/credited in arriving at operating loss of the Group and Company.

Comparatives have been re-presented to align with the current year’s presentation.
SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES LISTING REQUIREMENT

The following analysis of realised and unrealised retained profits 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.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
<td>RM’000</td>
</tr>
<tr>
<td>Total accumulated losses of AirAsia X Berhad and its subsidiaries:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Realised</td>
<td>(975,661)</td>
<td>(695,318)</td>
<td>(1,016,048)</td>
<td>(697,530)</td>
</tr>
<tr>
<td>- Unrealised</td>
<td>174,216</td>
<td>222,245</td>
<td>174,216</td>
<td>222,245</td>
</tr>
<tr>
<td></td>
<td>(801,445)</td>
<td>(473,073)</td>
<td>(841,832)</td>
<td>(475,285)</td>
</tr>
<tr>
<td>Total share of accumulated losses from associated company:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Realised</td>
<td>(20,018)</td>
<td>(20,018)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total share of accumulated losses from joint venture:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Realised</td>
<td>(37,566)</td>
<td>(16,322)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total accumulated losses as per consolidated financial statements</td>
<td>(859,029)</td>
<td>(509,413)</td>
<td>(841,832)</td>
<td>(475,285)</td>
</tr>
</tbody>
</table>

The disclosure of realised and unrealised losses above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be applied for any other purposes.
We, Tan Sri Rafidah Aziz and Datuk Kamarudin Bin Meranun, being two of the Directors of AirAsia X Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 113 to 194 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965, in Malaysia 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.

The supplementary information set out on page 195 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 29 March 2016.
I, Cheok Huei Shian, the officer primarily responsible for the financial management of AirAsia X Berhad, do solemnly and sincerely declare that the financial statements set out on pages 113 to 194 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.

CHEOK HUEI SHIAN

Subscribed and solemnly declared by the above named Cheok Huei Shian at Kuala Lumpur in Malaysia on 29 March 2016, before me.

COMMISSIONER FOR OATHS
REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of AirAsia X Berhad on pages 113 to 194 which comprise the balance sheets as at 31 December 2015 of the Group and of the Company, and the income statements, 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 35.

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 about 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 judgement, 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 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.
REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

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 16 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 on page 195 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 Malaysian 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
29 March 2016
DISTRIBUTION OF SHAREHOLDINGS

Class of shares: Ordinary shares of RM0.15 each ("Shares")
Voting rights: One vote per ordinary share

<table>
<thead>
<tr>
<th>Shareholdings</th>
<th>No. of Shareholders</th>
<th>% of Shareholders</th>
<th>No. of Shares</th>
<th>% of Issued Share Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 100</td>
<td>107</td>
<td>0.29</td>
<td>4,586</td>
<td>0.00</td>
</tr>
<tr>
<td>100 – 1,000</td>
<td>5,004</td>
<td>13.78</td>
<td>4,555,148</td>
<td>0.11</td>
</tr>
<tr>
<td>1,001 – 10,000</td>
<td>13,199</td>
<td>36.35</td>
<td>76,153,416</td>
<td>1.83</td>
</tr>
<tr>
<td>10,001 – 100,000</td>
<td>15,130</td>
<td>41.66</td>
<td>527,905,733</td>
<td>12.73</td>
</tr>
<tr>
<td>100,001 to less than 5% of issued shares</td>
<td>2,872</td>
<td>7.91</td>
<td>2,118,348,053</td>
<td>51.07</td>
</tr>
<tr>
<td>5% and above of issued shares</td>
<td>3</td>
<td>0.01</td>
<td>1,421,181,241</td>
<td>34.26</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>36,315</strong></td>
<td><strong>100.00</strong></td>
<td><strong>4,148,148,177</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

SUBSTANTIAL SHAREHOLDERS

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

<table>
<thead>
<tr>
<th>Name</th>
<th>DIRECT</th>
<th>INDIRECT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of Shares Held</td>
<td>% of Issued Shares</td>
</tr>
<tr>
<td>Tune Group Sdn. Bhd. (&quot;TGSB&quot;)</td>
<td>739,602,874⁽¹⁾</td>
<td>17.83</td>
</tr>
<tr>
<td>AirAsia Berhad (&quot;AAB&quot;)</td>
<td>570,728,502</td>
<td>13.76</td>
</tr>
<tr>
<td>Tan Sri Dr. Anthony Francis Fernandes</td>
<td>87,303,728⁽²⁾</td>
<td>2.11</td>
</tr>
<tr>
<td>Datuk Kamarudin Bin Meranun</td>
<td>337,702,739⁽²⁾</td>
<td>8.14</td>
</tr>
</tbody>
</table>

NOTES:

⁽²⁾ Shares held through 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 TGSB and AAB.
### DIRECTORS’ SHAREHOLDINGS

The interests of the Directors of AirAsia X 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:

<table>
<thead>
<tr>
<th>Name</th>
<th>DIRECT No. of Shares Held</th>
<th>% of Issued Shares</th>
<th>INDIRECT No. of Shares Held</th>
<th>% of Issued Shares Held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tan Sri Rafidah Aziz</td>
<td>175,000(1)</td>
<td>0.00*</td>
<td>100,000(2)</td>
<td>0.00*</td>
</tr>
<tr>
<td>Datuk Kamarudin Bin Meranun</td>
<td>337,702,739(3)</td>
<td>8.14</td>
<td>1,310,331,376(4)</td>
<td>31.59</td>
</tr>
<tr>
<td>Tan Sri Dr. Anthony Francis Fernandes</td>
<td>87,303,728(3)</td>
<td>2.11</td>
<td>1,310,331,376(4)</td>
<td>31.59</td>
</tr>
<tr>
<td>Lim Kian Onn</td>
<td>196,783,356(6)</td>
<td>4.74</td>
<td>1,050,000(6)</td>
<td>0.03</td>
</tr>
<tr>
<td>Dato’ Fam Lee Ee</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tan Sri Asmat Bin Kamaludin</td>
<td>297,400(1)</td>
<td>0.07</td>
<td>15,000(7)</td>
<td>0.00*</td>
</tr>
<tr>
<td>Dato’ Yusli Bin Mohamed Yusoff</td>
<td>200,000(1)</td>
<td>0.01</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**NOTES:**

1. Negligible.
2. Shares held through Cimsec Nominees (Tempatan) Sdn. Bhd.
3. Deemed interest held under the name of her spouse (deceased).
4. Shares held through CIMB Group Nominees (Tempatan) Sdn Bhd.
5. Deemed interested by virtue of Section 6A of the Act through a shareholding of more than 15% in TG5B and AAB.
6. Shares held through own name.
7. Deemed interest held through his spouse and children.
8. Deemed interest held through his children.
9. There were no options offered to and exercised by, or shares granted to and vested in Directors during the financial year.
LIST OF TOP 30 LARGEST SHAREHOLDERS

<table>
<thead>
<tr>
<th>Name of Shareholders</th>
<th>No. of Shares Held</th>
<th>% of Issued Share Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. AirAsia Berhad</td>
<td>570,728,502</td>
<td>13.76</td>
</tr>
<tr>
<td>4. Lim Kian Onn</td>
<td>196,783,356</td>
<td>4.74</td>
</tr>
<tr>
<td>5. Citigroup Nominees (Tempatan) Sdn. Bhd. Exempt An for AIA Bhd.</td>
<td>163,971,175</td>
<td>3.95</td>
</tr>
<tr>
<td>7. Orix Airline Holdings Limited</td>
<td>124,077,896</td>
<td>2.99</td>
</tr>
<tr>
<td>8. CIMB Group Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Anthony Francis Fernandes (GCM CBM-SKY X)</td>
<td>87,303,728</td>
<td>2.11</td>
</tr>
<tr>
<td>10. Amsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account - Ambank (M) Berhad for Kalimullah Bin Masheerul Hassan (Smart)</td>
<td>82,072,950</td>
<td>1.98</td>
</tr>
<tr>
<td>11. HSBC Nominees (Asing) Sdn. Bhd. Exempt An for Bank Julius Baer &amp; Co. Ltd. (Singapore Bch)</td>
<td>24,220,000</td>
<td>0.58</td>
</tr>
</tbody>
</table>
### Name of Shareholders

<table>
<thead>
<tr>
<th>Name of Shareholders</th>
<th>No. of Shares Held</th>
<th>% of Issued Share Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>12. HSBC Nominees (Asing) Sdn. Bhd. Exempt An for Credit Suisse (SG BR-TST-Asing)</td>
<td>22,091,675</td>
<td>0.53</td>
</tr>
<tr>
<td>13. HSBC Nominees (Asing) Sdn. Bhd. Exempt An for JPMorgan Chase Bank, National Association (U.S.A.)</td>
<td>19,867,250</td>
<td>0.48</td>
</tr>
<tr>
<td>14. Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Liew Jun Kuan (MY0750)</td>
<td>18,300,000</td>
<td>0.44</td>
</tr>
<tr>
<td>16. Citigroup Nominees (Asing) Sdn. Bhd. CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc</td>
<td>12,515,300</td>
<td>0.30</td>
</tr>
<tr>
<td>18. Lau Ngee Tack</td>
<td>11,111,000</td>
<td>0.27</td>
</tr>
<tr>
<td>19. DB (Malaysia) Nominee (Asing) Sdn. Bhd. SSBT Fund 59HL for Oregon Public Employees Retirement System</td>
<td>10,905,160</td>
<td>0.26</td>
</tr>
<tr>
<td>21. RHB Capital Nominees (Tempatan) Sdn. Bhd. Yong Loy Huat</td>
<td>10,000,000</td>
<td>0.24</td>
</tr>
<tr>
<td>22. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Bank AG Singapore for Ho Wei Choon (Maybank SG)</td>
<td>7,881,475</td>
<td>0.19</td>
</tr>
<tr>
<td>23. Citigroup Nominees (Asing) Sdn. Bhd. CBNY for DFA Emerging Markets Small Cap Series</td>
<td>7,543,100</td>
<td>0.18</td>
</tr>
<tr>
<td>24. Gan Hai Toh</td>
<td>7,459,000</td>
<td>0.18</td>
</tr>
<tr>
<td>25. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Kean Seng (015)</td>
<td>7,000,000</td>
<td>0.17</td>
</tr>
<tr>
<td>26. Cartaban Nominees (Asing) Sdn. Bhd. Exempt An for State Street Bank &amp; Trust Company (West CLT OD67)</td>
<td>6,383,850</td>
<td>0.15</td>
</tr>
<tr>
<td>27. Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Shelina Binti Razaly Wahi (MH6755)</td>
<td>6,358,300</td>
<td>0.15</td>
</tr>
<tr>
<td>28. RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Su Ming Keat</td>
<td>6,272,400</td>
<td>0.15</td>
</tr>
<tr>
<td>29. Seng Siaw Wei</td>
<td>6,125,000</td>
<td>0.15</td>
</tr>
<tr>
<td>30. Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ling Heng Seek (8120306)</td>
<td>6,090,000</td>
<td>0.15</td>
</tr>
</tbody>
</table>
ANNUAL REPORT 2015
THE THIRD ISSUE
AIRASIA X BERHAD
205

ANALYSIS OF WARRANT HOLDINGS
as at 18 March 2016

DISTRIBUTION OF WARRANT HOLDINGS

No. of Warrant Issued : 888,888,895
No. of Warrant Exercised : -
No. of Warrant Unexercised : 888,888,895
Maturity date : 8th June 2020
Voting rights : The warrant holders are not entitled to attend meetings of the members of the Company and vote at such meetings or participate in any distribution and/or offer of further securities in the Company until and unless such warrant holders exercise their warrants into ordinary shares of the Company.

<table>
<thead>
<tr>
<th>Size of Warrant holdings</th>
<th>No. of Warrant holders</th>
<th>% of Warrant holders</th>
<th>No. of Warrants</th>
<th>% of Issued Warrant Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 100</td>
<td>648</td>
<td>4.13</td>
<td>32,312</td>
<td>0.00</td>
</tr>
<tr>
<td>100 – 1,000</td>
<td>2,387</td>
<td>15.22</td>
<td>1,337,928</td>
<td>0.15</td>
</tr>
<tr>
<td>1,001 – 10,000</td>
<td>8,367</td>
<td>53.34</td>
<td>35,790,789</td>
<td>4.03</td>
</tr>
<tr>
<td>10,001 – 100,000</td>
<td>3,690</td>
<td>23.53</td>
<td>118,594,502</td>
<td>13.34</td>
</tr>
<tr>
<td>100,001 to less than 5% of issued warrants</td>
<td>589</td>
<td>3.76</td>
<td>428,594,528</td>
<td>48.22</td>
</tr>
<tr>
<td>5% and above of issued warrants</td>
<td>3</td>
<td>0.02</td>
<td>304,538,836</td>
<td>34.26</td>
</tr>
</tbody>
</table>

15,684 100.00 888,888,895 100.00

DIRECTORS’ WARRANT HOLDINGS

The interests of the Directors of AirAsia X in the warrant in the Company and its related corporations based on the Company’s Register of Directors’ warrant holdings are as follows:-

<table>
<thead>
<tr>
<th>Name</th>
<th>DIRECT</th>
<th>INDIRECT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of Warrants Held</td>
<td>% of Issued Warrants</td>
</tr>
<tr>
<td>Tan Sri Rafidah Aziz</td>
<td>37,500(1)</td>
<td>0.00*</td>
</tr>
<tr>
<td>Datuk Kamarudin Bin Meranun</td>
<td>72,364,872(2)</td>
<td>8.14</td>
</tr>
<tr>
<td>Tan Sri Dr. Anthony Francis Fernandes</td>
<td>18,707,941(2)</td>
<td>2.11</td>
</tr>
<tr>
<td>Lim Kian Onn</td>
<td>42,167,862(4)</td>
<td>4.74</td>
</tr>
<tr>
<td>Dato’ Fam Lee Ee</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tan Sri Asmat Bin Kamaludin</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dato’ Yusli Bin Mohamed Yusoff</td>
<td>50,000(1)</td>
<td>0.01</td>
</tr>
</tbody>
</table>

NOTE:
* Negligible.
(1) Warrants held through Cimsec Nominees (Tempatan) Sdn. Bhd.
(2) Warrants held through CIMB Group Nominees (Tempatan) Sdn Bhd.
(3) Deemed interested by virtue of Section 6A of the Act through a shareholding of more than 15% in TGSB and AAB.
(4) Warrants held through own name.
(5) Deemed interest held through his spouse and children.

There were no options offered to and exercised by, or shares granted to and vested in Directors during the financial year.
## Analysis of Warrant Holdings as at 18 March 2016

### List of Top 30 Largest Warrant Holders

<table>
<thead>
<tr>
<th>Name of Warrant Holders</th>
<th>No. of Warrants Held</th>
<th>% of Issued Warrant Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. AirAsia Berhad</td>
<td>122,298,964</td>
<td>13.76</td>
</tr>
<tr>
<td>4. Lim Kian Onn</td>
<td>42,167,862</td>
<td>4.74</td>
</tr>
<tr>
<td>7. CIMB Group Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Anthony Francis Fernandes (GCM CBM-SKY X)</td>
<td>18,707,941</td>
<td>2.11</td>
</tr>
<tr>
<td>9. HSBC Nominees (Asing) Sdn. Bhd. Exempt An for Credit Suisse (SG BR-TST-Asing)</td>
<td>8,003,287</td>
<td>0.90</td>
</tr>
<tr>
<td>10. Wu Lung Yen</td>
<td>6,600,000</td>
<td>0.74</td>
</tr>
<tr>
<td>11. Maybank Nominees (Tempatan) Sdn. Bhd. Chua Chin Chyang</td>
<td>6,500,000</td>
<td>0.73</td>
</tr>
<tr>
<td>12. Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ronie Tan Choo Seng (8058147)</td>
<td>6,000,000</td>
<td>0.67</td>
</tr>
<tr>
<td>13. Saw Bee Ann</td>
<td>5,250,000</td>
<td>0.59</td>
</tr>
<tr>
<td>14. Yap Teck Long</td>
<td>4,300,000</td>
<td>0.48</td>
</tr>
<tr>
<td>15. Phang Kin Cheong @ Phang Ngok Kee</td>
<td>4,000,000</td>
<td>0.45</td>
</tr>
<tr>
<td>16. Tan Geok Hong</td>
<td>4,000,000</td>
<td>0.45</td>
</tr>
<tr>
<td>17. Kenanga Nominees (Tempatan) Sdn. Bhd. For Chew Ah Beng (EM1-CF)</td>
<td>3,970,000</td>
<td>0.45</td>
</tr>
<tr>
<td>18. Chua Chin Chyang</td>
<td>3,960,000</td>
<td>0.45</td>
</tr>
<tr>
<td>19. Dan Yoke Pyng</td>
<td>3,805,500</td>
<td>0.43</td>
</tr>
<tr>
<td>20. Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ronie Tan Choo Seng (Margin)</td>
<td>3,200,000</td>
<td>0.36</td>
</tr>
<tr>
<td>21. Rozaimee Bin Abdul Rahman</td>
<td>3,100,000</td>
<td>0.35</td>
</tr>
<tr>
<td>22. Su Song Ung</td>
<td>3,050,400</td>
<td>0.34</td>
</tr>
<tr>
<td>23. Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Zainul Azman Bin Zainul Aziz (MY2275)</td>
<td>3,000,000</td>
<td>0.34</td>
</tr>
<tr>
<td>24. Ong Lam Huat</td>
<td>3,000,000</td>
<td>0.34</td>
</tr>
<tr>
<td>25. Tan Ah Hock @ Tee Ah Hock</td>
<td>2,987,500</td>
<td>0.34</td>
</tr>
<tr>
<td>26. Gan Hai Toh</td>
<td>2,953,500</td>
<td>0.33</td>
</tr>
<tr>
<td>27. TA Securities Holdings Berhad PDT (058-TAE) Lai Teen Poh</td>
<td>2,950,400</td>
<td>0.33</td>
</tr>
<tr>
<td>28. Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Hud Bin Abu Bakar</td>
<td>2,875,000</td>
<td>0.32</td>
</tr>
<tr>
<td>29. Chah Ching Boo</td>
<td>2,560,000</td>
<td>0.29</td>
</tr>
<tr>
<td>30. Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB for Mohamad Zekri Bin Haji Ibrahim (PB)</td>
<td>2,500,000</td>
<td>0.28</td>
</tr>
</tbody>
</table>
NOTICE IS HEREBY GIVEN THAT the Tenth Annual General Meeting of AirAsia X Berhad (734161-K) (“AAX” or “the Company”) will be held at Asian Aviation Centre of Excellence, Lot PT25B, Jalan KLIA S5, Southern Support Zone, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan, Malaysia on Tuesday, 31 May 2016 at 10.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements together with the Reports of the Directors and Auditors thereon for the financial year ended 31 December 2015.
   
   Please refer to Note A.

2. To approve Directors’ Fees of up to RM300,000 for the financial year ended 31 December 2015.  
   (Resolution 1)

3. To re-elect Datuk Kamarudin Bin Meranun as a Director of the Company, who retires pursuant to Article 126 of the Company’s Articles of Association.
   (Resolution 2)

4. To re-elect Mr. Lim Kian Onn as a Director of the Company, who retires pursuant to Article 126 of the Company’s Articles of Association.
   (Resolution 3)

5. To consider and if thought fit, pass the following resolution pursuant to Section 129 of the Companies Act, 1965:-

   “THAT Tan Sri Rafidah Aziz, retiring in accordance with Section 129 of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting”.
   (Resolution 4)

6. To consider and if thought fit, pass the following resolution pursuant to Section 129 of the Companies Act, 1965:-

   “THAT Tan Sri Asmat Bin Kamaludin, retiring in accordance with Section 129 of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting”.
   (Resolution 5)

7. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration.
   (Resolution 6)

AS SPECIAL BUSINESS

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

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

   “THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Main Market of Bursa Malaysia Securities Berhad AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”
   (Resolution 7)

Please refer to Note B.
9. **ORDINARY RESOLUTION**

**PROPOSED RENEWAL OF EXISTING SHAREHOLDERS’ MANDATE AND NEW SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED MANDATE”)**

 THAT approval be and is hereby given for the renewal of the existing shareholders’ mandate and new shareholders’ mandate for the Company to enter into recurrent related party transactions of a revenue or trading nature with the related parties (“Recurrent Related Party Transactions”) as set out in Section 2.3 of the Circular to Shareholders dated 29 April 2016 (“Circular”), subject further to the following:

a) the Recurrent Related Party Transactions are entered into in the ordinary course of business which are necessary for the day-to-day operations and are on terms which are not more favourable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on arm’s length basis and on normal commercial terms which are not to the detriment of the minority shareholders of the Company;

b) the disclosure is made in the annual report of the breakdown of the aggregated value of the Recurrent Related Party Transactions conducted pursuant to the shareholders’ mandate during the financial year, among others, based on the following information:

   (a) the type of Recurrent Related Party Transactions made; and

   (b) the names of the related parties involved in each type of the Recurrent Related Party Transaction made and their relationship with the Company;

c) the shareholders’ mandate is subject to annual renewal and this shareholders’ mandate shall only continue to be in full force until:

   (a) the conclusion of the next AGM of the Company following the AGM at which this shareholders’ mandate is approved, at which time it will lapse, unless by a resolution passed at the next AGM, such authority is renewed;

   (b) the expiration of the period within which the next AGM after the date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (“Act”) (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

   (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earliest.

 THAT the Directors of the Company and/or any one of them be and are hereby authorised to complete and do all such acts and things as they consider necessary or expedient in the best interest of the Company, including executing all such documents as may be required or necessary and with full powers to assent to any modifications, variations and/or amendments as the Directors of the Company in their discretion deem fit and expedient to give effect to the Recurrent Related Party Transactions contemplated and/or authorised by this Ordinary Resolution.

 AND THAT as the estimates given for the Recurrent Related Party Transactions specified in Section 2.3 of the Circular being provisional in nature, the Directors of the Company and/or any one of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the procedures set out in Section 2.6 of the Circular.

(Resolution 8)

Please refer to Note C.
OTHER ORDINARY BUSINESS

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

By Order of the Board

JASMINDAR KAUR A/P SARBAN SINGH
(MAIACS 7002687)
Company Secretary
Selangor Darul Ehsan
29 April 2016

Notes on Appointment of Proxy

a) Pursuant to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and Article 44(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 24 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 therein unless his name appears in the General Meeting Record of Depositors. Any changes in the entries on the Record of Depositors after the aforesaid date and time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

c) A member entitled to attend and vote is entitled to appoint a proxy (or in the case of a corporation, to appoint a representative), to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy(ies).

d) The Proxy Form in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.

e) Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

f) Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

g) The Proxy Form or other instruments of appointment shall not be treated as valid unless deposited at the Registered Office of the Company at B-13-15, Level 13, Menara Prima Tower B, Jalan PJU 1/39, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for holding the meeting. Faxed copies of the duly executed form of proxy are not acceptable.

Explanatory Notes:

A. Audited Financial Statements together with the Reports of the Directors and Auditors thereon for the financial year ended 31 December 2015

This Agenda item is meant for discussion only as under the provisions of Section 169(1) of the Companies Act, 1965 (Act) and the Company’s Articles of Association, the audited accounts do not require the formal approval of shareholders and hence, the matter will not be put forward for voting.

B. Authority to allot shares pursuant to Section 132D of the Companies Act, 1965 (Resolution 7)

Ordinary Resolution 7 has been proposed for the purpose of obtaining the general mandate for issuance of shares by the Company under Section 132D of the Companies Act, 1965 (hereinafter referred to as the “General Mandate”). Ordinary Resolution 7, if passed, will give the Directors of the Company authority to issue ordinary shares in the Company at their discretion without having to first convene another General Meeting. The General Mandate will, unless revoked or varied by the Company in a General Meeting, expire at the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

The General Mandate, if granted, will enable the Company to fulfill its obligations under the Company’s Employees’ Share Option Scheme in an expeditious manner as well as provide flexibility to the Company for any future fund raising activities, including but not limited to further placing of shares for the purposes of funding future investment project(s), repayment of bank borrowing, working capital and/or acquisition(s) and thereby reducing administrative time and costs associated with the convening of additional shareholders meeting(s).

C. Proposed renewal of existing shareholders’ mandate and new shareholders’ mandate for Recurrent Related Party Transactions of a revenue or trading nature (“Proposed Mandate”) (Resolution 8)

Ordinary Resolution 8, if passed, will allow the Group to enter into Recurrent Related Party Transactions of a revenue or trading nature pursuant to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Please refer to the Circular to Shareholders dated 29 April 2016 for further information.
Directors standing for re-appointment at the Tenth Annual General Meeting of the Company

The Independent Non-Executive Directors who are standing for re-appointment at the Tenth Annual General Meeting are as follows:

a) Pursuant to Section 129 of the Companies Act, 1965:
   i) Tan Sri Rafidah Aziz; and
   ii) Tan Sri Asmat Bin Kamaludin.

The details of the above Directors standing for re-appointment are set out in the Profile of Directors in pages 31 to 33 of this Annual Report.
OFFICES & STATIONS

MALAYSIA
KUALA LUMPUR
Mezzanine Floor
LCC Terminal
Jalan KLIA S3, Southern Support Zone
KUA, Sepang 64000,
Selangor Darul Ehsan, Malaysia

AUSTRALIA
GOLD COAST
Level 1,
Airport Central 1 Eastern Avenue
QLD 4225, Australia

MELBOURNE
Level 2
T2 Melbourne International Airport
Tullamarine
VIC 3045, Australia

SYDNEY
Level 3-1062
Sydney International Airport
NSW 2020, Australia

PERTH
31/383 Horne Miller Drive
Perth Airport
WA 6105, Australia

NEW ZEALAND
AUCKLAND
Menzies Aviation
Auckland International Airport
PO Box 73115, Auckland 2150, New Zealand

CHINA
HANGZHOU
Room 2025A
International Terminal, Hangzhou Xiaoshan
International Airport
Xiaoshan District, Hangzhou
Zhejiang Province, China

BEIJING
Room 32092
Terminal 2 Beijing Capital International
Airport
Beijing, China

CHENGDU
Chengdu Representative Office
L318
International Departure, Chengdu Shuangliu
International Airport
610202 Chengdu,
Sichuan province, China

SHANGHAI
Room 2-B3-M11
Shanghai Pudong International Airport
Terminal 2

TAIWAN
TAIPEI
C-O-260-2
Terminal 1 Taoyuan International Airport
15 Hang Zhan S Rd, Dayuan District
Taoyuan City, Taiwan

KOREA
SEOUL
Room 2042
Incheon International Airport Passenger
Terminal
272 Gonghang ro, Jung gu, Incheon City,
21382, Seoul, South Korea

BUSAN
Level 3
International Terminal of Gimhae
International Airport
108 Gonghangjimyipno, Gangseo-Gu,
Busan, South Korea

JAPAN
SAPPORO
Level 2
International Terminal New Chitose Airport
Bibi, Chitose, Hokkaido
066-0012, Japan

OSAKA
Room 2906
Star Gate hotel, Kansai Airport
1 Rinku Oraikita
Itamisano-shi, Osaka
598-8511, Japan

NEPAL
KATHMANDU
Room No. 111
Operations Building, Tribhuvan International
Airport
Kathmandu, Nepal

SAUDI ARABIA
JEDDAH
L02-B10-003
Al-Nakhil Trading Center, King Abdulaziz
International Airport
No. 12, Madinah Road, Jeddah
Kingdom of Saudi Arabia

INDIA
NEW DELHI
OL-17, Level 4
Terminal 3, Indira Gandhi International
Airport
New Delhi
110037, India

CALL CENTER NUMBERS

AUSTRALIA
+61 2 8188 2133
Operating Hours: 9am – 6pm (GMT +10)
Monday to Friday

CHINA
+86 512 8555 7711
Operating Hours: 8am – 9pm (GMT +8)
Monday to Sunday

INDIA
1860 500 8000
Operates 24 hours
Monday to Sunday

JAPAN
+81 50 6864 8181
Operating Hours: 8am – 5pm (GMT +9)
Monday to Friday

MALAYSIA
1600 85 8888 (AirAsia X Premium Line)
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FORM OF PROXY

I/We __________________________________________________________

(NRIC No./or Co. No.: ___________________________________________ of

(FULL NAME IN BLOCK LETTERS) (COMPULSORY)

________________________________________________________________________________________________________________________________

(ADDRESS)

telephone no. ________________________________________________________________

(COMPULSORY)

being a member of the Company hereby appoints

____________________________________________________________

(NRIC No.: __________________________________________________________ of

(FULL NAME IN BLOCK LETTERS) (COMPULSORY)

____________________________________________________________________________________________________________________________

(ADDRESS)

and/or ____________________________________________________

(NRIC No.:  __________________________________________________________ of

(FULL NAME IN BLOCK LETTERS) (COMPULSORY)

____________________________________________________________________________________________________________________________

(ADDRESS)

as my/our proxy(ies) to vote in my/our name and on my/our behalf at the Tenth Annual General Meeting of the Company to be held on Tuesday, 31 May 2016 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 Approval of Directors’ Fees

No. 2 Re-election of Datuk Kamarudin Bin Meranun

No. 3 Re-election of Mr. Lim Kian Onn

No. 4 Re-appointment of Tan Sri Rafidah Aziz

No. 5 Re-appointment of Tan Sri Asmat Bin Kamaludin

No. 6 Re-appointment of Auditors

No. 7 Special Business Authority to allot shares pursuant to Section 132D of the Companies Act, 1965

No. 8 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 44(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 24 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 and vote at the Meeting 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 on his behalf. 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, Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for holding the meeting. Fax copies of the duly executed form of proxy are not acceptable.
COMPANY SECRETARY
AirAsia X Berhad (Company No. 734161-K)
B-13-15, Level 13
Menara Prima Tower B
Jalan PJU 1/39, Dataran Prima
47301 Petaling Jaya
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