



AIRASIA X BERHAD
(Company No. 734161-K)
(Incorporated in Malaysia under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 31 March 2015

ANNOUNCEMENT

The Board of Directors of AirAsia X Berhad (“AirAsia X” or “the Company”) is pleased to announce the following unaudited consolidated results of AirAsia X and its subsidiaries (collectively known as “the Group”) for the first quarter ended 31 March 2015.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Period Ended	Period Ended
		31/03/2015 RM'000	31/03/2014 RM'000	31/03/2015 RM'000	31/03/2014 RM'000
Revenue	10	775,374	749,479	775,374	749,479
Operating Expenses					
- Staff costs	11	(74,188)	(71,837)	(74,188)	(71,837)
- Depreciation of property, plant and equipment		(37,804)	(44,587)	(37,804)	(44,587)
- Aircraft fuel expenses		(274,431)	(400,987)	(274,431)	(400,987)
- Maintenance, overhaul, user charges and other related expenses		(205,592)	(144,919)	(205,592)	(144,919)
- Aircraft operating lease expenses		(129,626)	(59,914)	(129,626)	(59,914)
- Other operating expenses		(54,482)	(63,495)	(54,482)	(63,495)
Other income	12	6,681	3,163	6,681	3,163
Operating profit/ (loss)		5,932	(33,097)	5,932	(33,097)
Finance income	13	246	118	246	118
Finance costs	13	(20,791)	(20,299)	(20,791)	(20,299)
Net operating loss		(14,613)	(53,278)	(14,613)	(53,278)
Foreign exchange (loss)/ gain	13	(87,234)	10,099	(87,234)	10,099
Share of results of an associate	19	-	(4,949)	-	(4,949)
Share of results of a joint venture	20	(15,431)	-	(15,431)	-
Loss before taxation		(117,278)	(48,128)	(117,278)	(48,128)
Taxation					
Current taxation	14	(55)	(2,116)	(55)	(2,116)
Deferred taxation	14	(8,583)	38,963	(8,583)	38,963
		(8,638)	36,847	(8,638)	36,847
Loss for the financial period		(125,916)	(11,281)	(125,916)	(11,281)
Attributable to:					
Equity holders of the Company		(125,916)	(11,281)	(125,916)	(11,281)
Non-controlling Interests		-	-	-	-
		(125,916)	(11,281)	(125,916)	(11,281)
Loss per share (sen)					
Basic	27	(5.3)	(0.5)	(5.3)	(0.5)
Diluted	27	(5.3)	(0.5)	(5.3)	(0.5)

This unaudited condensed consolidated income statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2014 of the Company and the accompanying explanatory notes attached in this interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Period Ended	Period Ended
	31/03/2015 RM'000	31/03/2014 RM'000	31/03/2015 RM'000	31/03/2014 RM'000
Loss for the financial period	(125,916)	(11,281)	(125,916)	(11,281)
Other comprehensive (loss)/ income				
Cash flow hedges	-	(9,663)	-	(9,663)
Foreign currency translation differences	3	66	3	(12)
Total comprehensive loss for the financial period	(125,913)	(20,878)	(125,913)	(20,956)
Total comprehensive losses attributable				
To equity holder of the company	(125,913)	(20,878)	(125,913)	(20,956)
Non-controlling interest	-	-	-	-
Total comprehensive loss for the financial period	(125,913)	(20,878)	(125,913)	(20,956)

This unaudited condensed consolidated income statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2014 of the Company and the accompanying explanatory notes attached in this interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited As At	Audited As At
	Note	31/03/2015 RM'000	31/12/2014 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	1,876,931	1,934,588
Deferred tax assets	14	437,210	445,793
Deposits on aircraft purchases	17	347,190	469,526
Other deposits and prepayments	18	499,285	474,387
Investment in an associate	19	-	-
Investment in a joint venture	20	22,135	37,566
		3,182,751	3,361,860
CURRENT ASSETS			
Inventories		1,931	1,362
Receivables and prepayments	21	252,715	180,927
Amount due from related parties		32,555	38,769
Amount due from an associate		355	5,314
Amount due from a joint venture		36,095	19,499
Deposits, cash and bank balances	22	143,198	127,198
Tax recoverable		187	1,065
		467,036	374,134
CURRENT LIABILITIES			
Derivative financial instruments	25	76,599	102,993
Trade and other payables	23	677,817	605,712
Amounts due to related parties		51,200	23,173
Amounts due to an associate		9,404	196
Sales in advance		492,445	590,978
Borrowings	24	537,995	513,245
		1,845,460	1,836,297
Net Current Liabilities		(1,378,424)	(1,462,163)
NON-CURRENT LIABILITIES			
Borrowings	24	1,088,209	1,066,100
Other payables		138,204	129,967
		1,226,413	1,196,067
		577,914	703,630
CAPITAL AND RESERVES			
Share capital	26	355,556	355,556
Share premium		849,598	849,598
Other reserves		8,190	7,993
Accumulated losses		(635,329)	(509,413)
Currency translation reserve		(101)	(104)
Shareholders' equity		577,914	703,630

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



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Period Ended 31/03/2015 RM'000	Period Ended 31/03/2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(117,278)	(48,128)
Adjustments:		
Property, plant and equipment		
- Depreciation	37,804	44,587
- Gain on disposal	(3,238)	-
Interest expense	20,791	20,299
Interest income	(246)	(118)
Fair value (gain)/ loss on derivative financial instruments	(26,394)	5,010
Share option expense	197	248
Share of results of an associate	-	4,949
Share of results of a joint venture	15,431	-
Net unrealised foreign exchange losses/ (gain)	85,545	(9,929)
	12,612	16,918
Changes in working capital:		
Inventories	(568)	(2,763)
Receivables, prepayments and other deposits	(70,350)	(8,910)
Related parties balances	32,646	6,341
Trade and other payables	(44,587)	168,994
Sales in advance	(5,411)	(28,299)
Cash (used in)/ from operations	(75,658)	152,281
Interest paid	(15,470)	(20,530)
Interest received	166	47
Tax recovered	1,001	-
Tax paid	(178)	(209)
Net cash (used in)/ from operating activities	(90,139)	131,589
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Additions	(4,833)	(361,339)
- Proceeds from disposal	155,821	-
Deposits placed on aircraft purchases	(4,478)	16,030
Investment in a joint venture	-	(53,888)
Net cash generated from/ (used in) investing activities	146,510	(399,197)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	211,500	237,691
Repayments of borrowings	(253,890)	(100,899)
Release/ (Placement) of restricted cash	2,145	(5,989)
Net cash (used in)/ from financing activities	(40,245)	130,803
NET INCREASE/ (DECREASE) FOR THE FINANCIAL PERIOD	16,126	(136,805)
CURRENCY TRANSLATION DIFFERENCES	(83)	(205)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	74,937	212,089
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	90,980	75,079

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This unaudited condensed consolidated statement of cash flow should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2014 of the Company and the accompanying explanatory notes attached in this interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>Issued and fully paid ordinary shares of RM0.15 each</u>									
	Number of shares '000	Nominal Value RM'000	Share Premium RM'000	Cash Flow Hedge Reserve RM'000	Other Reserve RM'000	Currency Translation Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non- controlling interest RM'000	Total Equity RM'000
At 1 January 2015	2,370,370	355,556	849,598	6,478	1,515	(104)	(509,413)	703,630	-	703,630
Net loss for the financial period	-	-	-	-	-	-	(125,916)	(125,916)	-	(125,916)
Other comprehensive income	-	-	-	-	-	3	-	3	-	3
Total comprehensive income/ (loss)	-	-	-	-	-	3	(125,916)	(125,913)	-	(125,913)
Employee Share Option Scheme ('ESOS')	-	-	-	-	197	-	-	197	-	197
At 31 March 2015	2,370,370	355,556	849,598	6,478	1,712	(101)	(635,329)	577,914	-	577,914
At 1 January 2014	2,370,370	355,556	849,598	20,527	522	(78)	10,030	1,236,155	-	1,236,155
Net loss for the financial period	-	-	-	-	-	-	(11,281)	(11,281)	-	(11,281)
Other comprehensive (loss)/ income	-	-	-	(9,663)	-	66	-	(9,597)	-	(9,597)
Total comprehensive (loss)/ income	-	-	-	(9,663)	-	66	(11,281)	(20,878)	-	(20,878)
Employee Share Option Scheme ('ESOS')	-	-	-	-	248	-	-	248	-	248
At 31 March 2014	2,370,370	355,556	849,598	10,864	770	(12)	(1,251)	1,215,525	-	1,215,525

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



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KEY OPERATING STATISTICS - 31 March 2015

Performance indicator for current quarter against the same quarter last year

Quarter Ended : 31 March	Jan - Mar 2015	Jan - Mar 2014	Changes Y-O-Y
Seat capacity	1,234,298	1,257,295	-1.8%
Passengers carried	914,970	1,080,763	-15.3%
Load Factor (%)	73.6%	85.8%	-12.2%
RPK (millions)	4,431	5,339	-17.0%
ASK (millions)	6,020	6,220	-3.2%
Average passenger fare (RM)	503.39	467.11	7.8%
Ancillary revenue per passenger (RM)	139.98	138.89	0.8%
Revenue per ASK (sen)	12.93	12.09	6.9%
Revenue per ASK (US¢)	3.58	3.67	-2.5%
Cost per ASK (sen)	12.91	12.62	2.3%
Cost per ASK (US¢)	3.57	3.83	-6.8%
Cost per ASK (sen) - excluding fuel	8.35	6.17	35.3%
Cost per ASK (US¢) - excluding fuel	2.31	1.87	23.5%
Aircraft (end of period)	27	22	22.7%
Average sector length (km)	4,635	4,947	-6.3%
Sectors flown	3,445	3,335	3.3%
Fuel consumed (Barrels)	904,010	930,616	-2.9%
Average fuel price (USD/ Barrel)	83.94	130.61	-35.7%

Exchange Rate : RM/USD - 3.6198 for 1Q15 and 3.2975 for 1Q14

Definitions and calculation methodology

RPK (Revenue Passenger Kilometres)	Number of passengers carried multiplied by distance flown
ASK (Available Seat Kilometres)	Total available seats multiplied by the distance flown
Revenue per ASK	Total revenue divided by ASK
Cost per ASK	Total expenses before interest and tax divided by ASK
Cost per ASK - excluding fuel	Costs, as defined above, less fuel expenses, divided by ASK



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NOTES TO THE UNAUDITED ACCOUNTS - 31 March 2015

1. Basis of preparation

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

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

2. Summary of significant accounting policies

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited consolidated financial statements of the Company for the financial year ended 31 December 2014, except for the adoption of the following MFRS and amendments to MFRS during the financial period:

Amendment to MFRS 11	Joint arrangements
Amendment to MFRS 116	Property, plant and equipment
Amendment to MFRS 138	Intangible assets
Amendment to MFRS 10	Consolidated financial statements
Amendment to MFRS 128	Investments in associates and joint ventures
Amendment to MFRS 9	Financial instruments
Amendment to MFRS 15	Revenue from contracts with customers

The adoption of the above MFRS and amendments to MFRS did not have any material financial impact to the Group.

3. Auditors' report on preceding annual financial statements

The auditors have expressed an unqualified opinion on the audited consolidated financial statements of the Company for the financial year ended 31 December 2014.

4. Seasonality of operations

AirAsia X is primarily involved in the provision of air transportation services and is therefore subject to seasonal demand for air travel. As a significant portion of its passengers travel for leisure, the Company generally records higher revenue during holiday months, particularly from November to February. Accordingly, the revenues and cash flows are generally higher from November to February, and generally lower from March to June due to decreased travel during these months.

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

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

6. Changes in estimates

There were no changes in estimates that have had material effects on the current quarter and financial period results.



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7. Capital and reserves

The Company was listed on the Main Market of Bursa Malaysia on 10 July 2013 and has successfully issued 593 million new ordinary shares of RM 0.15 each at RM1.25 per share for capital expenditure, repayment of bank borrowings, general working capital and listing expenses purposes. Upon completion, the issued and fully paid ordinary shares of the Company amounted to 2,370 million ordinary shares of RM0.15 each and share premium of RM651.9 million has been included in the share premium account.

8. Dividend paid

No dividends were declared or approved in the quarter ended 31 March 2015.

9. Segment reporting

The reportable operating segments of the Group have been identified as North Asia, Australia and others.

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/03/2015 RM'000	Quarter ended 31/03/2014 RM'000	Period Ended 31/03/2015 RM'000	Period Ended 31/03/2014 RM'000
Revenue				
North Asia	361,818	357,939	361,818	357,939
Australia	246,172	289,446	246,172	289,446
Others	167,384	102,094	167,384	102,094
	<u>775,374</u>	<u>749,479</u>	<u>775,374</u>	<u>749,479</u>

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/03/2015 RM'000	Quarter ended 31/03/2014 RM'000	Period Ended 31/03/2015 RM'000	Period Ended 31/03/2014 RM'000
EBITDAR/ (LBITDAR) ¹				
North Asia	43,451	66,934	43,451	66,934
Australia	40,241	(2,294)	40,241	(2,294)
Others	89,670	6,764	89,670	6,764
	<u>173,362</u>	<u>71,404</u>	<u>173,362</u>	<u>71,404</u>

Note:

¹ EBITDAR/ (LBITDAR) represents earnings/ (loss) before finance cost, taxation, depreciation, amortisation and aircraft rental expenses.

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/03/2015 RM'000	Quarter ended 31/03/2014 RM'000	Period Ended 31/03/2015 RM'000	Period Ended 31/03/2014 RM'000
(Loss Before Tax) ("LBT")/ Profit Before Tax ("PBT")				
North Asia	(108,271)	14,908	(108,271)	14,908
Australia	(59,612)	(52,622)	(59,612)	(52,622)
Others	50,605	(10,414)	50,605	(10,414)
	<u>(117,278)</u>	<u>(48,128)</u>	<u>(117,278)</u>	<u>(48,128)</u>



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10. Revenue

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/03/2015	Quarter ended 31/03/2014	Period Ended 31/03/2015	Period Ended 31/03/2014
	RM'000	RM'000	RM'000	RM'000
Scheduled flights	396,191	422,144	396,191	422,144
Charter flights	113,373	62,875	113,373	62,875
Fuel surcharge	64,389	81,801	64,389	81,801
Freight and cargo	27,400	25,294	27,400	25,294
Ancillary revenue	126,604	148,440	126,604	148,440
Management fee	374	579	374	579
Aircraft operating lease income	47,043	8,346	47,043	8,346
	<u>775,374</u>	<u>749,479</u>	<u>775,374</u>	<u>749,479</u>

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

11. Staff cost

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/03/2015	Quarter ended 31/03/2014	Period Ended 31/03/2015	Period Ended 31/03/2014
	RM'000	RM'000	RM'000	RM'000
Wages, salaries, bonuses and allowances	67,340	66,374	67,340	66,374
Defined contribution retirement plan	6,651	5,215	6,651	5,215
Share option expense	197	248	197	248
	<u>74,188</u>	<u>71,837</u>	<u>74,188</u>	<u>71,837</u>

12. Other income

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/03/2015	Quarter ended 31/03/2014	Period Ended 31/03/2015	Period Ended 31/03/2014
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of property, plant and equipment	3,238	-	3,238	-
Commission income from insurance	1,473	1,664	1,473	1,664
Others	1,970	1,499	1,970	1,499
	<u>6,681</u>	<u>3,163</u>	<u>6,681</u>	<u>3,163</u>

Other income ('others') includes concession received from supplier, commission received from advertising activities and marketing incentives received from certain airport authorities.



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13. Finance income/ (costs)

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/03/2015 RM'000	Quarter ended 31/03/2014 RM'000	Period Ended 31/03/2015 RM'000	Period Ended 31/03/2014 RM'000
Finance income:				
Interest income on deposits with licensed banks	246	118	246	118
Finance costs:				
Interest expense on bank borrowings	(20,147)	(20,277)	(20,147)	(20,277)
Bank facilities and other charges	(644)	(22)	(644)	(22)
	<u>(20,791)</u>	<u>(20,299)</u>	<u>(20,791)</u>	<u>(20,299)</u>
Foreign exchange (loss)/ gain				
Unrealised foreign exchange (loss)/ gain on:				
- Borrowings	(89,249)	(23,884)	(89,249)	(23,884)
- Deposits and bank balances	2,015	(272)	2,015	(272)
	<u>(87,234)</u>	<u>(24,156)</u>	<u>(87,234)</u>	<u>(24,156)</u>
Fair value movement recycled from cash flow hedge reserve and others	-	34,255	-	34,255
Net foreign exchange (loss)/ gain	<u>(87,234)</u>	<u>10,099</u>	<u>(87,234)</u>	<u>10,099</u>



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14. Taxation

Current taxation

The current taxation charge comprises tax payable on interest income.

Deferred taxation

During the financial period ended 31 March 2015, the Company recognised a net tax expense of RM8.6 million, as compared to a net tax allowance of RM36.8 million in the financial period ended 31 March 2014. 1Q15 has lower capital allowances claimed comparing to 1Q14, due mainly to lesser acquisition of property, plant and equipment as well as allowances has been fully claimed in Year Assessment 2014.

The following table sets forth the reconciliation between the Malaysian statutory and actual tax credit earned by the Group for the financial period indicated.

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/03/2015 RM'000	Quarter ended 31/03/2014 RM'000	Period Ended 31/03/2015 RM'000	Period Ended 31/03/2014 RM'000
LBT	(117,278)	(48,128)	(117,278)	(48,128)
Tax calculated at Malaysian statutory tax rate of 25%	(29,320)	(13,320)	(29,320)	(13,320)
Tax effects:				
- Under/ (over) accrual in prior year	8,381	(2,174)	8,381	(2,174)
- tax incentives	-	(18,591)	-	(18,591)
- expenses not deductible for tax purposes	14,020	7,410	14,020	7,410
- income not subject to tax	(809)	-	(809)	-
- Changes in statutory tax rate	16,366	(10,172)	16,366	(10,172)
Taxation	8,638	(36,847)	8,638	(36,847)

15. Disclosure of realised and unrealised accumulated losses

The cumulative losses of the Group and its subsidiaries comprise realised and unrealised losses are as follows:

	As at 31/03/2015 RM'000	As at 31/12/2014 RM'000
Total accumulated losses of AirAsia X Berhad and its subsidiaries		
- Realised	(333,917)	(212,800)
- Unrealised	(249,641)	(260,775)
	<u>(583,558)</u>	<u>(473,575)</u>
Total share of accumulated losses from associated company		
- Realised	(20,018)	(19,516)
Total share of accumulated losses from joint venture		
- Realised	(31,753)	(16,322)
Total accumulated losses	<u>(635,329)</u>	<u>(509,413)</u>



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16. Property, plant and equipment

(a) Acquisition and disposal

During the quarter ended 31 March 2015, the Group acquired property, plant and equipment amounting to RM4.8 million (quarter ended 31 March 2014: RM361.3 million).

During the quarter ended 31 March 2015, proceeds from disposal of plant, plant and equipment totalled RM155.8 million (quarter ended 31 March 2014: RM nil).

(b) Revaluation

There was no revaluation of property, plant and equipment for the quarter ended 31 March 2015 (quarter ended 31 March 2014: RM Nil).

(c) Write-off

There was no revaluation of property, plant and equipment for the quarter ended 31 March 2015 (quarter ended 31 March 2014: RM Nil).

17. Deposits on aircraft purchase

The deposits on aircraft purchase are denominated in US Dollars ("USD") and are in respect of pre-delivery payments on aircraft purchase, which will be delivered between April 2015 to May 2025. Pre-delivery payments constitute instalments made in respect of the price of the aircraft and are deducted from the final price on delivery.

18. Other deposits and prepayments

Other deposits and prepayments include prepayments for maintenance of aircraft and deposits paid to lessors for leased aircraft. These prepayments and deposits are denominated in US Dollar.

19. Investment in an associate

	As at 31/03/2015 RM'000	As at 31/12/2014 RM'000
Unquoted investments, at cost	20,018	20,018
Group's share of post-acquisition losses	(20,018)	(20,018)
	-	-

The details of the associate is as follows:-

Name	Country of Incorporation	Group effective equity interest		Principal activity
		31/03/2015 %	31/12/2014 %	
Thai AAX Co., Ltd ("TAAX")	Thailand	49%	49%	Commercial air transport services

TAAX is a private company for which there are no quoted market price available for its shares.



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20. Investment in a joint venture

	As at 31/03/2015 RM'000	As at 31/12/2014 RM'000
Unquoted investments, at cost	37,566	53,888
Group's share of post-acquisition losses	(15,431)	(16,322)
	22,135	37,566

The details of the joint venture is as follows:-

Name	Country of Incorporation	Group effective equity interest		Principal activity
		31/03/2015 %	31/12/2014 %	
PT. Indonesia AirAsia Extra ("IAAX")	Indonesia	49%	49%	Commercial air transport services

IAAX is a private company for which there are no quoted market price available for its shares.

21. Receivables and prepayments

	As at 31/03/2015 RM'000	As at 31/12/2014 RM'000
Trade receivables	56,351	43,176
Other receivables	68,925	51,102
Prepayments	96,900	78,350
Deposits	33,489	11,249
	255,665	183,877
Less : Allowance for impairment of receivables	(2,950)	(2,950)
	252,715	180,927

22. Deposits, cash and bank balances

For the purpose of the statement of cash flows, cash and cash equivalents include the following:

	As at 31/03/2015 RM'000	As at 31/12/2014 RM'000
Cash and bank balances	65,965	74,937
Deposits with licensed banks	77,233	52,261
	143,198	127,198
Deposit pledged as securities	(52,218)	(52,261)
Cash and cash equivalents	90,980	74,937

23. Trade and other payables

	As at 31/03/2015 RM'000	As at 31/12/2014 RM'000
Trade payables	396,109	379,634
Other payables and accruals	281,708	226,078
	677,817	605,712



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24. Borrowings

	As at 31/03/2015 RM'000	As at 31/12/2014 RM'000
<u>Current</u>		
Secured:		
- Revolving credit	290,865	316,026
- Term loans	172,114	162,202
- Hire purchase	16	17
- Bridging loan	75,000	-
Unsecured:		
- Commodity structured trade finance	-	35,000
	537,995	513,245
<u>Non-current</u>		
Secured:		
- Term loans	1,088,164	1,066,051
- Hire purchase	45	49
	1,088,209	1,066,100
Total borrowings	1,626,204	1,579,345

The currency profile of borrowings is as follows:

	As at 31/03/2015 RM'000	As at 31/12/2014 RM'000
Ringgit Malaysia	136,062	75,066
US Dollar	1,490,142	1,504,279
	1,626,204	1,579,345

The movement of the borrowings during the financial period as follows:-

	As at 31/03/2015 RM'000	As at 31/03/2014 RM'000
At beginning of financial period	1,579,345	1,996,253
Proceeds from borrowings	211,500	237,691
Repayment of borrowings	(253,890)	(100,899)
Unrealised foreign exchange loss on borrowings	89,249	(17,044)
At end of financial period	1,626,204	2,116,001



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25. Derivative Financial Instruments

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.

The level 2 hedging derivatives comprise fuel contracts. The Group entered into Singapore Jet Kerosene fixed swap contracts with a related party during the financial quarter/period 31 March 2015, where the contracts are classified as derivatives held for trading.

26. Share capital

	As at 31/03/2015 RM'000	As at 31/12/2014 RM'000
<u>Authorised:</u>		
Ordinary shares of RM0.15 each:		
At beginning and end of financial period/year	500,000	500,000
<u>Issued and fully paid up:</u>		
Ordinary shares of RM0.15 each:		
At beginning and end of financial period/year	355,556	355,556

27. Loss per share

Basic loss per share

Basic loss per share is calculated by dividing the net profit for the quarter/financial period by the weighted average number of ordinary shares in issue during the quarter/financial period.

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/03/2015	Quarter Ended 31/03/2014	Period Ended 31/03/2015	Period Ended 31/03/2014
Net loss for the individual quarter/ financial period (RM'000)	(125,916)	(11,281)	(125,916)	(11,281)
Weighted average number of ordinary shares in issue ('000)	2,370,370	2,370,370	2,370,370	2,370,370
Loss per share (sen)	(5.3)	(0.5)	(5.3)	(0.5)

Diluted loss per share

The diluted loss per share of the Group is similar to the basic loss per share as the Group does not have any potential dilutive ordinary shares in issue.



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28. Post balance sheet events

As announced on 30 January 2015, the Company has proposed renounceable rights issue of new ordinary shares of RM0.15 each in AAX ("AAX Shares") together with free detachable warrants to raise gross proceeds of up to RM395.00 million ("Proposed Rights Issue with Warrants"); and to increase in the authorised share capital of AAX from RM500.00 million comprising 3,333,333,333 AAX Shares to RM1,000.00 million comprising 6,666,666,667 AAX Shares ("Proposed Increase in the Authorised Share Capital") as well as the corresponding proposed amendment to the Company's memorandum and articles of association as a consequence of the Proposed Increase in the Authorised Share Capital ("Proposed Amendment"). The corporate transaction was approved by the shareholders at the Extraordinary General Meeting held on 27 March 2015.

On 15 May 2015, the Company has announced the submission of the Abridged Prospectus ("AP") which is in relation to the Proposed rights issue with warrants.

29. Contingent assets and contingent liabilities

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

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

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

	As at 31/03/2015 RM'000	As at 31/12/2014 RM'000
Aircraft purchase	78,587,052	74,963,361

(b) Non-cancellable operating leases

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

	As at 31/03/2015 RM'000	As at 31/12/2014 RM'000
Future minimum lease payments	9,336,347	8,957,585
Future minimum sublease receipts	1,497,517	978,782



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31. Significant related parties transactions

Details of the relationships and transactions between AirAsia X and its significant related parties are as described below.

<u>Name of companies</u>	<u>Relationship</u>
Thai AirAsia X Co Ltd ("TAAX")	Associate
PT Indonesia AirAsia Extra ("IAAX")	Joint Venture
AirAsia Berhad ("AAB")	Shareholder of the Company for which there is no control, significant influence or joint control, and common Directors and shareholders
Caterhamjet Global Ltd ("CJG")	Common Directors and shareholders
Thai AirAsia Co. Ltd ("TAA")	Common Directors and shareholders
PT Indonesia AirAsia ("IAA")	Common Directors and shareholders
Zest Airway Inc. ("AAZ")	Common Directors and shareholders
Asian Aviation Centre of Excellence Sdn Bhd ("AACOE")	Common Directors and shareholders
Tune Insurance Malaysia Berhad ("TIMB")	Common Directors and shareholders
Tune Box Sdn Bhd	Common Directors and shareholders
Asian Contact Centres Sdn Bhd ("ACC")	Common Directors and shareholders

These following items have been included in the income statement:

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/03/2015 RM'000	Quarter Ended 31/03/2014 RM'000	Period Ended 31/03/2015 RM'000	Period Ended 31/03/2014 RM'000
TAA				
- Aircraft operating lease income for leased aircraft	24,932	-	24,932	-
IAAX				
- Aircraft operating lease income for leased aircraft	22,111	-	22,111	-
AAB				
- Operational service charges	(1,820)	(2,016)	(1,820)	(2,016)
- Brand license fee	(3,899)	(3,719)	(3,899)	(3,719)
CJG				
- Charter air travel services	-	(2,472)	-	(2,472)
TAA				
- Net Operational services charged to/(from) TAA	115	(150)	115	(150)
IAA				
- Net operational services charged to IAA	373	579	373	579
AAZ				
- Net operational services charged to IAA	121	-	121	-
AACOE				
- Training services	(115)	(3,891)	(115)	(3,891)
TIMB				
- Commission received/ receivable on travel insurance	1,178	558	1,178	558
- Premium collected on behalf of TIMB on travel insurance	(4,712)	(7,333)	(4,712)	(7,333)
Tune Box Sdn Bhd				
- In-flight entertainment system and software expenses	(738)	(710)	(738)	(710)
ACC				
- Telecommunication and operational expenses	(3,846)	(4,311)	(3,846)	(4,311)



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32. Review of performance

3 months Ended 31 March 2015 Compared to 3 months Ended 31 March 2014

The Group achieved higher revenue of RM775.4 million for the first quarter of 2015 ("1Q15"), an increase of 3.5% or RM25.9 million from RM749.5 million in the comparative quarter of 2014 ("1Q14"). As a result, RASK improved 6.9% to 12.9 sen for the quarter as compared to 12.1 sen in 1Q14. The improvement was due mainly to:-

(i) Scheduled flights including fuel surcharges, decreased by 8.6% to RM460.6 million in 1Q15 versus RM503.9 million in 1Q14, due mainly to lower passenger flown. Despite the decreased in load factor of 12.2%, average passenger fare has improved by 7.8% to RM503.39 in 1Q15 from RM467.11 in 1Q14.

(ii) Charters revenue increased to RM113.4 million in 1Q15 from RM62.9 million in 1Q14 as the Group had more charter contracts secured in the 3 months ended 31 March 2015.

(iii) Ancillary revenue including AirAsia Insure, decreased 14.7% to RM128.1 million in 1Q15 against RM150.1 million in 1Q14, due mainly to the lower number of passengers flown from 1.3 million in the 3 months ended 31 March 2014 to 1.2 million in the 3 months ended 31 March 2015.

(iv) Aircraft operating lease income increased from RM8.3 million for the 3 months ended 31 March 2014 to RM47.0 for the 3 months ended 31 March 2015, due mainly to additional aircrafts being sub-lease to TAAX and IAAX.

The Group's operating expenses for the current quarter decreased 1.2% or RM9.6 million to RM776.1 million, due mainly to:-

(i) Aircraft fuel expenses decreased by 31.6% to RM274.4 million in 1Q15 as compared to RM401.0 million in 1Q14, attributed by lower fuel price.

(ii) Maintenance, overhaul, user charges and other related expenses has increased by 41.9% from RM144.9 million in 1Q14 to RM205.6 million in 1Q15 is due mainly to higher maintenance and service costs for the additional aircrafts taken after 1Q14.

(iii) Aircraft operating lease expenses has increased by 116.4% to RM129.6 million in 1Q15 as compared to RM59.9 million in 1Q14. This is due to the increase in number of operating lease aircraft taken in after 1Q14.

As a result of the weakening RM, the Group recognised unrealised foreign exchange loss on borrowings of RM89.2 million in 1Q15 as compared to RM23.9 million in 1Q14.

In the 3 months ended 31 March 2015, the Group recognised a net tax expense of RM8.6 million as compared to a net tax allowance of RM36.8 million in the 3 months ended 31 March 2014. 1Q15 has lower capital allowances claimed comparing to 1Q14, due mainly to lesser acquisition of property, plant and equipment as well as allowances has been fully claimed in Year Assessment 2014.

As a result of the factors set forth above, the Group recognised a loss after tax of RM125.9 million in the 3 months ended 31 March 2015 as compare to RM11.3 million in the 3 months ended 31 March 2014.



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33. Loss Before Tax ("LBT") performance (quarter ended 31 March 2015 compared to quarter ended 31 December 2014)

The Group's LBT has decreased by RM83.0 million from RM200.2 million in the quarter ended 31 December 2014 to RM117.3 million in the quarter ended 31 March 2015. The lower LBT in quarter ended 31 March 2015 is mainly due to an one-off transaction from the written off of property, plant and equipment as well as expenses incurred from the sales and leaseback of aircrafts in the quarter ended 31 December 2014.

34. Other profit and loss items

In the current quarter and financial period, there has been no interest income, other income including investment income, interest expense, depreciation and amortisation, provision for and write off of receivables and inventories, gain or loss on disposal of quoted and unquoted investments or properties, impairment of assets, foreign exchange gain or loss, gain or loss on derivatives and/or exceptional items except as disclosed either in the consolidated income statements and/or notes to the unaudited financial statements.

35. Commentary on prospects

As part of our strategy in the coming year, we are managing capacity and rationalizing our route strategy. We are also assessing our options with regards to future aircraft deliveries and will continue to pursue further cost reductions.

We are taking the opportunity to significantly streamline our processes and strengthen our internal control systems.

We are also intensifying our marketing activities and the results of some of these activities are bearing fruit as evidenced by better booking trends in several key markets in the second half of the year.

Our associate Thai AAX has performed well and has turned in a profit of THB 90 million in the quarter. Being profitable at such an early stage of operations is laudable. In the short period since it was setup, it has continued to gain market shares in an otherwise challenging market and we expect that it will continue to do so. Indonesia AAX started its first flight in January 2015 and we will continue to closely monitor its growth in this formative period.

The proposed rights issue will be completed in this coming quarter raising approximately RM 391 million and this re-capitalization will put the company in a better footing for its growth plans in the year ahead.

Taking into account the Proposed Rights Issue with Warrants and the initiatives intended as mentioned above, we believe that we have taken the necessary steps to rationalise our operations and better financial performance.

36. Profit forecast

The disclosure requirements for explanatory notes for the variance of actual profit attributable to equity holders of the Company as compared to profit forecasts are not applicable.



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37. Corporate proposal

As announced on 30 January 2015, the Company has proposed renounceable rights issue of new ordinary shares of RM0.15 each in AAX ("AAX Shares") together with free detachable warrants to raise gross proceeds of up to RM395.00 million ("Proposed Rights Issue with Warrants"); and to increase in the authorised share capital of AAX from RM500,000,000.00 comprising 3,333,333,333 AAX Shares to RM1,000,000,000.05 comprising 6,666,666,667 AAX Shares ("Proposed Increase in the Authorised Share Capital") as well as the corresponding proposed amendment to the Company's Memorandum and Articles of Association as a consequence of the Proposed Increase in the Authorised Share Capital ("Proposed Amendment"). The corporate transaction was approved by the shareholders at the Extraordinary General Meeting held on 27 March 2015.

On 15 May 2015, the Company has announced the Abridged Prospectus ("AP") which is in relation to the Proposed Rights Issue with Warrants.

Except for those disclosed on the above, there is no corporate proposal which is announced but not completed as at 20 May 2015, being the latest practicable date of this report.

38. Material litigation

As at 20 May 2015, there was no material litigation taken or threatened against the Company and its subsidiaries.

39. Proposed dividend

The Directors did not recommend any dividend for the quarter ended 31 March 2015.

40. Utilisation of proceeds

The status of the utilisation of listing proceeds of RM740.7 million raised from the Public Issue as at 20 May 2015 is as follows:-

	Proposed utilisation RM'mil	Actual utilisation as at 20 May 2015 RM'mil	Balance at 20 May 2015 RM'mil	Intended timeframe for utilisation from date of listing
Capital expenditure	280.0	(196.7)	83.3	Within 24 months
Repayment of bank borrowings	285.8	(285.8)	-	Within 3 months
General working capital	136.9	(136.9)	-	Within 12 months
Estimated listing expenses	38.0	(38.0)	-	Within 6 months
Total	740.7	(657.4)	83.3	