



**AIRASIA X BERHAD**  
**(Company No. 734161-K)**  
**(Incorporated in Malaysia under the Companies Act, 1965)**  
**FIRST QUARTER REPORT ENDED 31 March 2018**

**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 2018.

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS**

		INDIVIDUAL QUARTER		CUMULATIVE		
		Quarter ended	Quarter ended	Period Ended	Period Ended	
		31/03/2018	31/03/2017	31/03/2018	31/03/2017	
Note		RM'000	RM'000	RM'000	RM'000	
	Revenue	10	1,265,333	1,180,727	1,265,333	1,180,727
	Operating Expenses					
	- Staff costs	11	(109,576)	(104,976)	(109,576)	(104,976)
	- Depreciation of property, plant and equipment		(27,327)	(27,013)	(27,327)	(27,013)
	- Aircraft fuel expenses		(470,476)	(377,691)	(470,476)	(377,691)
	- Maintenance and overhaul		(145,930)	(174,580)	(145,930)	(174,580)
	- User charges		(152,349)	(123,919)	(152,349)	(123,919)
	- Aircraft operating lease expenses		(217,217)	(242,931)	(217,217)	(242,931)
	- Other operating expenses		(87,173)	(80,604)	(87,173)	(80,604)
	Other income	12	5,260	1,538	5,260	1,538
	<b>Operating profit</b>		<b>60,545</b>	<b>50,551</b>	<b>60,545</b>	<b>50,551</b>
	Finance income	13	5,026	1,099	5,026	1,099
	Finance costs	13	(7,257)	(10,691)	(7,257)	(10,691)
	<b>Net operating profit</b>		<b>58,314</b>	<b>40,959</b>	<b>58,314</b>	<b>40,959</b>
	Foreign exchange gains/(losses)	13	(11,297)	13,200	(11,297)	13,200
	Share of results of an associate	17	15,968	-	15,968	-
	Share of results of a joint venture	18	-	-	-	-
	Other losses		(7,645)	(22,251)	(7,645)	(22,251)
	<b>Profit before taxation</b>		<b>55,340</b>	<b>31,908</b>	<b>55,340</b>	<b>31,908</b>
	Taxation					
	Current taxation	14	(1,206)	(1,446)	(1,206)	(1,446)
	Deferred taxation	14	(12,636)	(20,126)	(12,636)	(20,126)
			(13,842)	(21,572)	(13,842)	(21,572)
	<b>Profit for the financial period</b>		<b>41,498</b>	<b>10,336</b>	<b>41,498</b>	<b>10,336</b>
	Attributable to:					
	Equity holders of the Company		41,498	10,336	41,498	10,336
	Non-controlling Interests		-	-	-	-
			<b>41,498</b>	<b>10,336</b>	<b>41,498</b>	<b>10,336</b>
	Profit per share (sen)					
	Basic	24	1.0	0.2	1.0	0.2
	Diluted	24	1.0	0.2	1.0	0.2

This unaudited condensed consolidated income statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2017 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
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
Note	RM'000	RM'000	RM'000	Restated RM'000
<b>Profit for the financial period</b>	41,498	10,336	41,498	10,336
Other comprehensive income/(loss)				
Cash flow hedges	-	(80,032)	-	(80,032)
Foreign currency translation differences	(167)	128	(167)	128
<b>Total comprehensive income/(loss) for the financial period</b>	41,331	(69,568)	41,331	(69,568)
Total comprehensive income/(loss) attributable				
To equity holder of the company	41,331	(69,568)	41,331	(69,568)
Non-controlling interest	-	-	-	-
<b>Total comprehensive income/(loss) for the financial period</b>	41,331	(69,568)	41,331	(69,568)

This unaudited condensed consolidated income statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2017 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	Restated As At
		31/03/2018	31/12/2017
	Note	RM'000	RM'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	15	1,569,452	1,595,903
Deferred tax assets		411,327	423,664
Other deposits and prepayments	16	1,528,567	1,513,349
Amount due from an associate		73,736	81,305
Amount due from a joint venture		40,127	44,010
Investment in an associate	17	15,968	-
Investment in a joint venture	18	-	-
		3,639,177	3,658,231
<b>CURRENT ASSETS</b>			
Inventories		7,246	8,518
Receivables and prepayments	19	490,721	535,978
Amount due from an associate		6,447	28,969
Amount due from related parties		59,643	75,305
Derivative financial instruments	21	15,450	23,094
Deposits, cash and bank balances	20	468,203	432,675
		1,047,710	1,104,539
<b>CURRENT LIABILITIES</b>			
Sales in advance		659,027	714,586
Trade and other payables	22	1,189,580	1,164,130
Provision for taxation		1,215	782
Amount due to a joint venture		139,249	122,827
Amounts due to related parties		27,369	28,963
Borrowings	23	179,235	188,528
		2,195,675	2,219,816
<b>Net Current Liabilities</b>		(1,147,965)	(1,115,277)
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	23	595,446	673,442
Other payables and accruals	22	867,239	882,316
		1,462,685	1,555,758
		1,028,527	987,196
<b>CAPITAL AND RESERVES</b>			
Share capital		1,534,043	1,534,043
Warrant reserve		62,222	62,222
Currency translation reserve		11	178
Accumulated losses		(566,954)	(608,452)
Other reserves		(795)	(795)
<b>Shareholders' equity</b>		1,028,527	987,196

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 2017 and the accompanying explanatory notes attached in this interim financial statements.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Period Ended 31/03/2018 RM'000	Period Ended 31/03/2017 RM'000
Note		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	55,340	31,908
Adjustments:		
Property, plant and equipment		
- Depreciation	27,327	27,013
- Loss on disposal	428	-
Reversal of provision for doubtful debts no longer required	(479)	-
Finance cost	7,257	10,691
Interest income	(5,026)	(1,099)
Fair value loss on derivative financial instruments	7,645	22,251
Share option expense	-	60
Share of results of an associate	(15,968)	-
Net unrealised foreign exchange losses/(gains)	7,625	(6,152)
	84,149	84,672
Changes in working capital:		
Inventories	1,272	4,599
Receivables, prepayments and other deposits	(6,403)	(7,706)
Related parties balances	59,429	(39,151)
Trade and other payables	7,614	27,746
Sales in advance	(55,559)	(34,476)
<b>Cash from operations</b>	90,502	35,684
Interest paid	(7,830)	(10,989)
Interest received	5,086	1,099
Tax paid	(760)	(559)
<b>Net cash generated from operating activities</b>	86,998	25,235
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment		
- Additions	(974)	(13,200)
- Proceeds from disposal of property, plant and equipment	100	-
<b>Net cash used in investing activities</b>	(874)	(13,200)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of borrowings	(45,602)	(51,768)
Deposits pledged as securities	(833)	5,343
<b>Net cash used in financing activities</b>	(46,435)	(46,425)



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

		<b>Period Ended</b>	<b>Period Ended</b>
		<b>31/03/2018</b>	<b>31/03/2017</b>
		<b>RM'000</b>	<b>RM'000</b>
	<b>Note</b>		
<b>NET INCREASE/(DECREASE) FOR THE FINANCIAL PERIOD</b>		39,689	(34,390)
<b>CURRENCY TRANSLATION DIFFERENCES</b>		(4,994)	(11,595)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>		391,447	382,406
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>20</b>	426,142	336,421

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 2017 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	Warrant Reserve RM'000	Cash Flow Hedge Reserve RM'000	Other Reserve	Currency Translation Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non- controlling interest RM'000	Total Equity RM'000
At 1 January 2018 (as previously stated)	4,148,148	1,534,043	-	62,222	(795)	-	178	(607,042)	988,606	-	988,606
Opening balance adjustment from adoption of MFRS 9	-	-	-	-	-	-	-	(1,410)	(1,410)	-	(1,410)
At 1 January 2018 (restated)	4,148,148	1,534,043	-	62,222	(795)	-	178	(608,452)	987,196	-	987,196
Net profit for the financial period	-	-	-	-	-	-	-	41,498	41,498	-	41,498
Other comprehensive loss	-	-	-	-	-	-	(167)	-	(167)	-	(167)
Total comprehensive (loss)/income	-	-	-	-	-	-	(167)	41,498	41,331	-	41,331
At 31 March 2018	4,148,148	1,534,043	-	62,222	(795)	-	11	(566,954)	1,028,527	-	1,028,527
At 1 January 2017	4,148,148	622,222	911,821	62,222	106,582	2,558	195	(648,715)	1,056,885	-	1,056,885
Transfer to no-par value regime	-	911,821	(911,821)	-	-	-	-	-	-	-	-
Net profit for the financial period	-	-	-	-	-	-	-	10,336	10,336	-	10,336
Other comprehensive income	-	-	-	-	(80,032)	-	128	-	(79,904)	-	(79,904)
Total comprehensive income	-	-	-	-	(80,032)	-	128	10,336	(69,568)	-	(69,568)
Employee Share Option Scheme ('ESOS')	-	-	-	-	-	60	-	-	60	-	60
At 31 March 2017	4,148,148	1,534,043	-	62,222	26,550	2,618	323	(638,379)	987,377	-	987,377

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 2017 and the accompanying explanatory notes attached in this interim financial statements.



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**KEY OPERATING STATISTICS - 31 March 2018**

Performance indicator for current quarter against the same quarter last year

Quarter Ended : 31 March	Jan - Mar 2018	Jan - Mar 2017	Changes Y-O-Y
Seat capacity	1,896,687	1,664,832	14%
Passengers carried	1,588,644	1,402,212	13%
Load factor	84%	84%	0%
RPK (millions)	7,657	6,994	9%
ASK (millions)	9,122	8,324	10%
Average passenger fare (RM)	527	544	-3%
Ancillary revenue per passenger (RM)	169	173	-2%
Revenue per ASK (sen)	13.88	14.20	-2%
Revenue per ASK (USc)	3.54	3.19	11%
Cost per ASK (sen)	13.27	13.60	-2%
Cost per ASK (USc)	3.38	3.06	11%
Cost per ASK (sen) - excluding fuel	8.11	9.06	-10%
Cost per ASK (USc) - excluding fuel	2.07	2.04	1%
Aircraft (end of period)	30	30	0%
Average sector length (km)	4,809	5,000	-4%
Sectors flown	5,031	4,416	14%
Fuel consumed (Barrels)	1,370,544	1,292,231	6%
Average fuel price (USD/ Barrel)	88	66	33%

**Exchange Rate : RM/USD - 3.9223 for 1Q18 and 4.4472 for 1Q17**

**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
Average passenger fare	Total schedule flight revenue, divided by number of passengers carried



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## NOTES TO THE UNAUDITED ACCOUNTS - 31 March 2018

### 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 for the financial year ended 31 December 2017.

### 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 Group for the financial year ended 31 December 2017, except as described below.

Details of standards, amendments to published standards and interpretations to existing standards that are applicable to the Group with effect from 1 January 2018 or later are provided in the summary of significant accounting policies in the audited financial statements of the Group for the financial year ended 31 December 2017. The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2018. The Group has adopted MFRS 15 "Revenue from Contracts with Customers" and MFRS 9 "Financial Instruments" from 1 January 2018. Other new standards with effective date from 1 January 2018 do not have material effect on the Group's financial statements. The Group did not early adopt any new standards, amendments to published standards and interpretation to existing standards. The changes arising from the adoption of new standards are as described below:

#### (a) Adoption of MFRS 15 "Revenue"

MFRS 15 replaces the guidance in MFRS 111 "Construction Contracts", MFRS 118 "Revenue", IC Interpretation 13 "Customer Loyalty Programmes", IC Interpretation 15 "Agreements for Construction of Real Estate", IC Interpretation 18 "Transfers of Assets from Customers" and IC Interpretation 131 "Revenue - Barter Transactions Involving Advertising Services". MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligation. The standard specifies that the revenue is to be recognised when control over the goods or services is transferred to customer, moving from the transfer of risk and rewards.

The Group has concluded that the initial application of MFRS 15 does not have any material financial impact to the current period and prior period financial statements of the Group.

#### (b) Adoption of MFRS 9 "Financial Instrument"

MFRS 9 replaces the guidance in MFRS 139 "Financial Instruments: Recognition and Measurement" on the classification and measurement of financial assets and financial liabilities, and on hedge accounting. The adoption of MFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing MFRS 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. MFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at fair value through Profit or Loss. MFRS 9.5.5.1 ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive.

For Trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.





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**2. Summary of significant accounting policies (continued)**

(b) Adoption of MFRS 9 "Financial Instrument" (continued)

Impact on the statement of financial position (increase/(decrease)) as at 31 December 2017:

	RM'000
Trade receivables, net	102,041
Less: MFRS 9 adjustment	<u>(1,229)</u>
Restatement of trade receivables as at 1/1/2018	<u>100,812</u>
Other receivables, net	313,843
Less: MFRS 9 adjustment	<u>(181)</u>
Restatement of other receivables as at 1/1/2018	<u>313,662</u>
Accumulated losses	607,042
Less: MFRS 9 adjustment	<u>1,410</u>
Restatement of accumulated losses as at 1/1/2018	<u>608,452</u>

**3. Auditors' report on preceding annual financial statements**

The auditors have expressed an unqualified opinion on the audited consolidated financial statements of the Group for the financial year ended 31 December 2017.

**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. The load factor is 84% in the quarter under review, which is consistent with the same period last year. Compared against the immediate preceding quarter (fourth quarter Oct - Dec 2017), the load factor has increased one (1) percentage point. This seasonal pattern is in line with the expectation of the Group.

**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.

**7. Capital and reserves**

During the quarter ended 31 March 2018, 375 warrants were exercised and converted into 375 ordinary shares at RM0.46 per share. Total issued and paid up share capital as at 31 March 2018 is RM1,534,043,045. These new shares rank pari passu with the existing ordinary shares.

**8. Dividend paid**

No dividends were declared, approved or paid in the quarter ended 31 March 2018.



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**9. Segment reporting**

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

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

Reconciliation to the reportable segments relates to the elimination of the associate companies.

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

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination Adjustments RM'000	Total RM'000
<b>Quarter/Period ended 31 March 2018</b>					
<u>Segment results</u>					
Revenue	1,265,333	400,165	168,524	(110,655)	1,723,367
Operating expenses					-
- Staff costs	(109,576)	(34,642)	(8,450)	-	(152,668)
- Depreciation of property, plant and equipment	(27,327)	(1,241)	(477)	-	(29,045)
- Aircraft fuel expenses	(470,476)	(111,496)	(79,837)	-	(661,809)
- Maintenance and overhaul	(145,930)	(39,017)	(22,241)	40,805	(166,383)
- User charges and other related expenses	(152,349)	(42,065)	(40,059)	-	(234,473)
- Aircraft operating lease expenses	(217,217)	(59,456)	(34,903)	75,126	(236,450)
- Other operating expenses	(87,173)	(28,005)	(4,882)	(5,276)	(125,336)
Other income	5,260	5,021	115	-	10,396
<b>Operating profit/(loss)</b>	<b>60,545</b>	<b>89,264</b>	<b>(22,210)</b>	<b>-</b>	<b>127,599</b>
Finance income	5,026	164	22	-	5,212
Finance costs	(7,257)	(696)	(167)	-	(8,120)
<b>Net operating profit/(loss)</b>	<b>58,314</b>	<b>88,732</b>	<b>(22,355)</b>	<b>-</b>	<b>124,691</b>
Foreign exchange gains/(losses)	(11,297)	(2,521)	11,746	-	(2,072)
Share of results of an associate	15,968	-	-	(15,968)	-
Other losses	(7,645)	-	-	-	(7,645)
<b>Profit/(loss) before taxation</b>	<b>55,340</b>	<b>86,211</b>	<b>(10,609)</b>	<b>(15,968)</b>	<b>114,974</b>



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**9. Segment reporting (continued)**

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination Adjustments RM'000	Total RM'000
<b>Quarter/Period ended 31 March 2017</b>					
<u>Segment results</u>					
Revenue	1,180,727	301,236	112,735	(120,286)	1,474,412
Operating expenses					
- Staff costs	(104,976)	(31,742)	(8,704)	-	(145,422)
- Depreciation of property, plant and equipment	(27,013)	(1,042)	(525)	-	(28,580)
- Aircraft fuel expenses	(377,691)	(87,447)	(36,365)	-	(501,503)
- Maintenance and overhaul	(174,580)	(39,206)	(25,378)	41,877	(197,287)
- User charges and other related expenses	(123,919)	(42,628)	(35,067)	-	(201,614)
- Aircraft operating lease expenses	(242,931)	(61,007)	(36,443)	78,774	(261,607)
- Other operating expenses	(80,604)	(22,247)	(2,704)	(365)	(105,920)
Other income	1,538	4,710	515	-	6,763
<b>Operating profit/(loss)</b>	<b>50,551</b>	<b>20,627</b>	<b>(31,936)</b>	<b>-</b>	<b>39,242</b>
Finance income	1,099	74	38	-	1,211
Finance costs	(10,691)	(589)	(693)	-	(11,973)
<b>Net operating profit/(loss)</b>	<b>40,959</b>	<b>20,112</b>	<b>(32,591)</b>	<b>-</b>	<b>28,480</b>
Foreign exchange (losses)/gains	13,200	1,757	(2,251)	-	12,706
Other gains	(22,251)	-	-	-	(22,251)
<b>Profit/(Loss) before taxation</b>	<b>31,908</b>	<b>21,869</b>	<b>(34,842)</b>	<b>-</b>	<b>18,935</b>

a) Reconciliation of segment revenue to reported revenue:

	Quarter ended 31/03/2018 RM'000	Quarter ended 31/03/2017 RM'000	Period ended 31/03/2018 RM'000	Period ended 31/03/2017 RM'000
Segment revenue	1,723,367	1,474,412	1,723,367	1,474,412
Add: Inter-segment revenue	110,655	120,286	110,655	120,286
Less: Revenue from affiliates which were not consolidated	(568,689)	(413,971)	(568,689)	(413,971)
	<u>1,265,333</u>	<u>1,180,727</u>	<u>1,265,333</u>	<u>1,180,727</u>

b) Reconciliation of segment profit before taxation to reported profit before taxation:

	Quarter ended 31/03/2018 RM'000	Quarter ended 31/03/2017 RM'000	Period ended 31/03/2018 RM'000	Period ended 31/03/2017 RM'000
Segment profit before taxation	114,974	18,935	114,974	18,935
Add: (Revenue)/Expenses from affiliates which were not consolidated	(59,634)	12,973	(59,634)	12,973
	<u>55,340</u>	<u>31,908</u>	<u>55,340</u>	<u>31,908</u>



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**10. Revenue**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/03/2018	Quarter ended 31/03/2017	Period ended 31/03/2018	Period ended 31/03/2017
	RM'000	RM'000	RM'000	RM'000
Scheduled flights *	836,514	762,183	836,514	762,183
Charter flights	50,050	56,014	50,050	56,014
Freight services	43,091	32,782	43,091	32,782
Ancillary revenue **	224,007	208,874	224,007	208,874
Aircraft operating lease income	110,655	120,286	110,655	120,286
Management fees	1,016	588	1,016	588
	<u>1,265,333</u>	<u>1,180,727</u>	<u>1,265,333</u>	<u>1,180,727</u>

\* Scheduled flights for the current quarter has netted-off the commission of RM885k on loyalty program in compliance with MFRS 15.

\*\* 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 31/03/2018	Quarter ended 31/03/2017	Period ended 31/03/2018	Period ended 31/03/2017
	RM'000	RM'000	RM'000	RM'000
Wages, salaries, bonuses and allowances	100,395	92,333	100,395	92,333
Defined contribution retirement plan	9,181	12,564	9,181	12,564
Share option expense	-	79	-	79
	<u>109,576</u>	<u>104,976</u>	<u>109,576</u>	<u>104,976</u>

**12. Other income**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/03/2018	Quarter ended 31/03/2017	Period ended 31/03/2018	Period ended 31/03/2017
	RM'000	RM'000	RM'000	RM'000
Commission income from insurance	1,235	1,190	1,235	1,190
Others	4,025	348	4,025	348
	<u>5,260</u>	<u>1,538</u>	<u>5,260</u>	<u>1,538</u>



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**13. Finance income/(costs)**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/03/2018 RM'000	Quarter ended 31/03/2017 RM'000	Period ended 31/03/2018 RM'000	Period ended 31/03/2017 RM'000
<b>Finance income:</b>				
Interest income on deposits with licensed banks	1,716	1,099	1,716	1,099
Other interest income	3,310	-	3,310	-
	<u>5,026</u>	<u>1,099</u>	<u>5,026</u>	<u>1,099</u>
<b>Finance costs:</b>				
Interest expense on bank borrowings	(7,140)	(9,444)	(7,140)	(9,444)
Bank facilities and other charges	(117)	(1,247)	(117)	(1,247)
	<u>(7,257)</u>	<u>(10,691)</u>	<u>(7,257)</u>	<u>(10,691)</u>
<b>Foreign exchange gains/(losses)</b>				
Realized	(3,672)	7,049	(3,672)	7,049
Unrealized	(7,625)	6,151	(7,625)	6,151
	<u>(11,297)</u>	<u>13,200</u>	<u>(11,297)</u>	<u>13,200</u>

**14. Taxation**

The explanation of the relationship between taxation and profit before taxation is as follows:

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/03/2018 RM'000	Quarter ended 31/03/2017 RM'000	Period ended 31/03/2018 RM'000	Period ended 31/03/2017 Restated RM'000
Profit before tax	55,340	31,908	55,340	31,908
Tax calculated at Malaysian statutory tax rate of 24% (2016: 24%)	13,282	7,658	13,282	7,658
Tax effects:				
- underprovision of prior year tax	-	1,182	-	1,182
- expenses not deductible for tax purposes	560	14,565	560	14,565
- income not subject to tax	-	(1,833)	-	(1,833)
Taxation	<u>13,842</u>	<u>21,572</u>	<u>13,842</u>	<u>21,572</u>



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**15. Property, plant and equipment**

(a) Acquisition and disposal

During the quarter ended 31 March 2018, the Group acquired property, plant and equipment amounting to RM974k (quarter ended 31 March 2017: RM13.2 million).

During the quarter ended 31 March 2018, proceeds from disposal of property, plant and equipment amounted to RM100k (quarter ended 31 March 2017: RM Nil).

(b) Write-off

During the quarter ended 31 March 2018, there was no write-off of property, plant and equipment (quarter ended 31 March 2017: RM Nil).

**16. Other deposits and prepayments**

Other deposits and prepayments include deposits paid to lessors for leased aircraft, funds placed with lessors in respect of maintenance of the leased aircraft, and prepayments for lease of aircraft and maintenance of aircraft and engines. These prepayments and deposits are denominated in USD.

**17. Investment in an associate**

	As at 31/03/2018 RM'000	As at 31/12/2017 RM'000
Unquoted investments, at cost	20,018	20,018
Group's share of post-acquisition losses	(4,050)	(20,018)
	15,968	-
	15,968	-

The details of the associate is as follows:-

	Country of Incorporation	Group effective equity interest		
		31/03/2018 %	31/12/2017 %	
Thai AAX Co., Ltd ("TAAX")	Thailand	49%	49%	Principal activity Commercial air transport services

TAAX recorded a net profit of THB693 million (equivalent to RM86.1 million) in the current quarter (quarter ended 31 March 2017: THB173 million (equivalent to RM21.8 million)), out of which RM16.0 million (quarter ended 31 March 2017: RM nil) is equity accounted in the AAX's income statement. In accordance to MFRS 128, any profits will only be recognised when its shares of the profits equals the share of losses previously not recognised.



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**18. Investment in a joint venture**

	As at 31/03/2018 RM'000	As at 31/12/2017 RM'000
Unquoted investments, at cost	53,888	53,888
Group's share of post-acquisition losses	(53,888)	(53,888)
	-	-

The details of the joint venture is as follows:-

Name	Country of Incorporation	Group effective equity interest		Principal activity
		31/03/2018 %	31/12/2017 %	
PT. Indonesia AirAsia Extra ("IAAX")	Indonesia	49%	49%	Commercial air transport services

The Group has discontinued the recognition of its share of losses incurred by IAAX as the Group's interests had been reduced to zero. The Group's share of loss of IAAX for the current financial quarter, which have not been equity accounted for, amounted to RM1.9 million (31 March 2017: loss of RM17.1 million). As at 31 March 2018, the unrecognised amount of the Group's share of loss of IAAX which have not been equity accounted for amounted to RM60.0 million (31 March 2017: RM44.5 million).

**19. Receivables and prepayments**

	As at 31/03/2018 RM'000	As at 31/12/2017 Restated RM'000
Trade receivables	128,235	159,130
Less : Allowance for impairment of receivables	(55,967)	(58,318)
	72,268	100,812
Other receivables	329,501	331,338
Less : Allowance for impairment of receivables	(17,484)	(17,676)
	312,017	313,662
Deposits	28,235	26,804
Prepayments	78,201	94,700
	490,721	535,978

**20. Deposits, cash and bank balances**

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

	As at 31/03/2018 RM'000	As at 31/12/2017 RM'000
Cash and bank balances	330,360	287,875
Deposits with licensed banks	137,843	144,800
	468,203	432,675
Bank balances and deposits pledged as securities	(42,061)	(41,228)
Cash and cash equivalents	426,142	391,447



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**21. Derivative Financial Instruments**

The fair value of derivative financial instruments is determined in accordance with MFRS9 "Financial Instruments: Recognition and Measurement".

(a) Fuel hedging

As at 31 March 2018, outstanding number of barrels of Brent and fuel derivative contracts was 200,986 barrels (2016: 2,613,274 barrels).

(b) Forward foreign exchange contracts

As at 31 March 2018, the Group has entered into forward foreign exchange contracts to hedge against its US dollar liabilities.

**22. Trade and other payables**

	As at 31/03/2018 RM'000	As at 31/12/2017 RM'000
<u>Non-current:</u>		
Aircraft maintenance provision	773,330	789,043
Other deposits	93,909	93,273
	<u>867,239</u>	<u>882,316</u>
<u>Current:</u>		
Trade payables	281,487	222,506
Other payables and accruals	908,093	941,624
	<u>1,189,580</u>	<u>1,164,130</u>

Included in other payables and accruals are operational expenses, passenger service charges payable to airport authorities and deferred lease income.





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**23. Borrowings**

	As at 31/03/2018 RM'000	As at 31/12/2017 RM'000
<u>Current</u>		
Secured:		
- Term loans	179,212	188,501
- Hire purchase	23	27
	179,235	188,528
<u>Non-current</u>		
Secured:		
- Term loans	595,404	673,392
- Hire purchase	42	50
	595,446	673,442
<b>Total borrowings</b>	774,681	861,970

The currency profile of borrowings is as follows:

	As at 31/03/2018 RM'000	As at 31/12/2017 RM'000
Ringgit Malaysia	65	77
US Dollar	774,616	861,893
	774,681	861,970

The Group's and Company's borrowings are repayable as follows:

	As at 31/03/2018 RM'000	As at 31/12/2017 RM'000
Not later than 1 year	179,235	188,528
Later than 1 year and not later than 5 years	469,258	526,744
Later than 5 years	126,188	146,698
	774,681	861,970

**24. Profit per share**

Basic profit per share

Basic profit 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 31/03/2018	Quarter Ended 31/03/2017	Period ended 31/03/2018	Period ended 31/03/2017
	Net profit for the individual quarter/financial period (RM'000)	41,498	10,336	41,498
Weighted average number of ordinary shares in issue ('000)	4,148,148	4,148,148	4,148,148	4,148,148.00
Profit per share (sen)	1.0	0.2	1.0	0.2

**25. Post balance sheet events**

There is no material event noted subsequent to the balance sheet date until the date of this report.

**26. Contingent assets and contingent liabilities**

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



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**27. 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 31/03/2018 RM'000	As at 31/12/2017 RM'000
Aircraft purchase	102,557,869	107,873,854

(b) Non-cancellable operating leases

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

	As at 31/03/2018 RM'000	As at 31/12/2017 RM'000
Future minimum lease payments	6,996,958	7,591,532
Future minimum sublease receipts	1,839,696	2,006,436

**28. 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 ("TAA")	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
AirAsia Japan Co., Ltd ("AAJ")	Common Directors and shareholders
Philippines AirAsia Inc. (formerly known as "Zest Airway Inc.") ("AAZ")	Common Directors and shareholders
AirAsia Global Shared Services Sdn Bhd ("AGSS")	Common Directors and shareholders
Rokki Sdn Bhd (formerly known as Tune Box Sdn Bhd) ("Rokki")	Common Directors and shareholders
Tune Insurance Malaysia Berhad ("TIMB")	Common Directors and shareholders
Yummy Kitchen Sdn Bhd ("Yummy Kitchen")	Common Directors and shareholders
Ground Team Red Sdn Bhd ("GTR")	Common Directors and shareholders
AirAsia (India) Pvt Ltd ("AAI")	Common Directors and shareholders

These following items have been included in the income statement:

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/03/2018 RM'000	Quarter Ended 31/03/2017 RM'000	Period ended 31/03/2018 RM'000	Period ended 31/03/2017 RM'000
TAA				
- Aircraft operating lease income for leased aircraft	83,945	91,136	83,945	91,136
- Net operational services charged to TAA	7,065	7,234	7,065	7,234



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**28. Significant related parties transactions (continued)**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/03/2018 RM'000	Quarter Ended 31/03/2017 RM'000	Period ended 31/03/2018 RM'000	Period ended 31/03/2017 RM'000
IAAX				
- Aircraft operating lease income for leased aircraft	26,710	29,150	26,710	29,150
- Net operational services charged to IAAX	2,095	2,148	2,095	2,148
AAB				
- Brand license fee	(5,699)	(5,410)	(5,699)	(5,410)
- Lounge services	441	166	441	166
- Net operational services charged from AAB	(9,328)	(11,822)	(9,328)	(11,822)
CJG				
- Charter air travel services	-	(2,780)	-	(2,780)
TAA				
- Net operational services charged to TAA	104	233	104	233
IAA				
- Net operational services charged (from)/to IAA	(222)	6	(222)	6
AAJ				
- Net operational services charged (from)/to AAJ	(1,208)	24	(1,208)	24
AAZ				
- Net operational services charged to AAZ	2,121	259	2,121	259
AGSS				
- Provision of shared services	(568)	(934)	(568)	(934)
- Net operational services charged from AGSS	(498)	-	(498)	-
Rokki				
- In-flight entertainment system and software expenses	(915)	(980)	(915)	(980)
TIMB				
- Commission received/ receivable on travel insurance	798	450	798	450
- Premium collected on behalf of TIMB on travel insurance	(3,193)	(1,799)	(3,193)	(1,799)
- Net operational services charged from TIMB	(1)	-	(1)	-
Yummy Kitchen				
- Provision of food catering services	(473)	(318)	(473)	(318)
GTR				
- Ground handling services	(5,502)	-	(5,502)	-
- Net operational services charged from GTR	(1,388)	-	(1,388)	-
AAI				
- Net operational services charged from AAI	(247)	(273)	(247)	(273)



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### 29. Review of performance

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

The Group recorded revenue of RM1,265.3 million for the quarter ended 31 March ("1Q18"), 7% higher than revenue of RM1,180.7 million for the quarter ended 31 March 2017 ("1Q17"). The revenue was supported by a 13% growth in passenger volume. Despite of a slight reduction in the average fare of 3% as compared to the same quarter last year, the Group has maintained the load factor of 84%. During the quarter, the Group has also delivered an additional 231,855 seat capacity which represents a 14% increase as compared to the same quarter last year.

In line with the revenue growth, total net operating profit of the Group has increased RM17.3 million from RM40.9 million in 1Q17 to RM58.3 million in 1Q18.

During the quarter, CASK reduced by 2% to 13.27 sen mainly due to strengthening of MYR against USD. During the quarter, CASK ex-fuel has reduced by 10% from 9.06 sen to 8.11 sen as compared to 1Q17.

### 30. Variance of results against preceding quarter

The Group recorded a net profit of RM41.5 million in 1Q18, compared to the net profit of RM10.3 million in 1Q17.

### 31. Commentary on prospects

The company recognises the challenges posed by the recent hike in fuel prices, and best mitigative efforts are being put forth through the boost in ancillary and capacity numbers. The company is confident of presenting the results from these measure during the third and fourth quarters of the financial year.

Based on the current forward booking trend, forward loads are trending better than the previous year.

Barring any unforeseen circumstances, including but not limited to terrorist attacks, natural disasters, epidemics, economic downturn, fuel price hike and fluctuation in foreign currencies against the Malaysian Ringgit, the Company expects its prospects to remain positive.

### 32. 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.

### 33. Corporate proposal

There is no corporate proposal which is announced but not completed as at 15 May 2018, being the latest practicable date of this report.

### 34. Material litigation

As at 15 May 2018, there was no material litigation taken or threatened against the Company and its subsidiaries.

### 35. Proposed dividend

The Directors did not recommend any dividend for the quarter ended 31 March 2018.

### 36. Reclassification of comparative figures

Certain accounts were being reclassified to conform with current year's presentation.