



**AIRASIA X BERHAD**  
**(Company No. 734161-K)**  
**(Incorporated in Malaysia under the Companies Act, 1965)**  
**SECOND QUARTER REPORT ENDED 30 June 2014**

**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 second quarter ended 30 June 2014.

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS**

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Period Ended	Period Ended
		30/06/2014 RM'000	30/06/2013 RM'000	30/06/2014 RM'000	30/06/2013 RM'000
<b>Revenue</b>	<b>10</b>	671,612	491,136	1,421,091	1,026,413
Operating Expenses					
- Staff costs	<b>11</b>	(72,785)	(57,321)	(144,373)	(102,948)
- Depreciation of property, plant and equipment		(48,663)	(31,544)	(93,250)	(58,332)
- Aircraft fuel expenses		(390,610)	(231,069)	(791,598)	(457,772)
- Maintenance, overhaul, user charges and other related expenses		(157,373)	(101,511)	(302,291)	(195,961)
- Aircraft operating lease expenses		(68,856)	(41,433)	(128,770)	(79,204)
- Other operating expenses		(69,041)	(44,625)	(132,785)	(92,056)
Total operating expenses		(807,328)	(507,503)	(1,593,067)	(986,273)
Other income	<b>12</b>	19,287	4,760	22,450	5,842
Share of results of an associate	<b>19</b>	(13,997)	-	(18,946)	-
<b>Operating (loss)/ profit</b>		(130,426)	(11,607)	(168,472)	45,982
Finance income	<b>13</b>	248	281	367	608
Finance cost	<b>13</b>	(22,219)	(16,891)	(42,518)	(30,420)
Foreign exchange gain/ (loss)	<b>13</b>	20,023	(30,193)	30,122	(39,815)
<b>Loss before taxation</b>		(132,374)	(58,410)	(180,501)	(23,645)
Taxation					
Current taxation	<b>14</b>	2,024	(182)	(92)	(264)
Deferred taxation	<b>14</b>	1,565	26,289	40,527	41,803
		3,589	26,107	40,435	41,539
<b>(Loss)/ profit after taxation for the financial period</b>		(128,785)	(32,303)	(140,066)	17,894
Attributable to:					
Equity holders of the Company		(128,785)	(32,303)	(140,066)	17,894
Non-controlling Interest		-	-	-	-
		(128,785)	(32,303)	(140,066)	17,894
Basic (loss)/ earnings per share attributable to ordinary equity holders of the Company (sen)	<b>26</b>	(5.4)	(12.1)	(5.9)	6.7
Diluted (loss)/ earnings per share attributable to ordinary equity holders of the Company (sen)	<b>26</b>	(5.4)	(12.1)	(5.9)	6.7

This unaudited condensed consolidated income statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2013 of the Company and the accompanying explanatory notes attached in this interim financial statements.



**AIRASIA X BERHAD**  
 (Company No. 734161-K)  
 (Incorporated in Malaysia under the Companies Act, 1965)  
 SECOND QUARTER REPORT ENDED 30 June 2014

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Period Ended	Period Ended
	30/06/2014 RM'000	30/06/2013 RM'000	30/06/2014 RM'000	30/06/2013 RM'000
Note				
<b>(Loss)/ profit for the period</b>	(128,785)	(32,303)	(140,066)	17,894
Other comprehensive income				
Cash flow hedges	3,590	(8,153)	(6,043)	(8,153)
Foreign currency translation differences	9	(91)	75	(61)
<b>Total comprehensive (loss)/ income for the period</b>	<b>(125,186)</b>	<b>(40,547)</b>	<b>(146,034)</b>	<b>9,680</b>
Total comprehensive (loss)/ income attributable				
To equity holder of the company	(125,186)	(40,547)	(146,034)	9,680
Non-controlling interest	-	-	-	-
<b>Total comprehensive (loss)/ income for the period</b>	<b>(125,186)</b>	<b>(40,547)</b>	<b>(146,034)</b>	<b>9,680</b>

This unaudited condensed consolidated income statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2013 of the Company and the accompanying explanatory notes attached in this interim financial statements.



**AIRASIA X BERHAD**  
 (Company No. 734161-K)  
 (Incorporated in Malaysia under the Companies Act, 1965)  
 SECOND QUARTER REPORT ENDED 30 June 2014

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		Unaudited As At	Audited As At
	Note	30/06/2014 RM'000	31/12/2013 RM'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	16	2,586,122	2,275,213
Deferred tax assets	14	400,156	359,630
Deposits on aircraft purchases	17	572,492	638,283
Other deposits	18	194,590	196,201
Investment in associates	19	54,457	19,516
Derivative financial instruments	24	36,317	60,388
		3,844,134	3,549,231
<b>CURRENT ASSETS</b>			
Derivative financial instruments	24	-	5,541
Inventories		4,641	993
Receivables and prepayments	20	176,195	165,356
Amount due from related parties		46,109	16,387
Amount due from an associate		16,817	1,353
Deposits, cash and bank balances	21	144,788	262,976
Tax recoverable		721	523
		389,271	453,129
<b>CURRENT LIABILITIES</b>			
Trade and other payables	22	593,874	346,778
Amounts due to related parties		44,702	1,916
Sales in advance		508,907	421,258
Borrowings	23	449,211	445,880
Current tax liabilities		-	-
		1,596,694	1,215,832
<b>Net Current Liabilities</b>		(1,207,423)	(762,703)
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	23	1,546,094	1,550,373
		1,090,617	1,236,155
<b>CAPITAL AND RESERVES</b>			
Share capital	25	355,556	355,556
Share premium		849,598	849,598
Hedge reserve		14,484	20,527
Capital reserve		1,018	522
Retained earnings		(130,036)	10,030
Currency translation reserve		(3)	(78)
<b>Shareholders' equity</b>		1,090,617	1,236,155

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 2013 of the Company and the accompanying explanatory notes attached in this interim financial statements.



**AIRASIA X BERHAD**  
 (Company No. 734161-K)  
 (Incorporated in Malaysia under the Companies Act, 1965)  
 SECOND QUARTER REPORT ENDED 30 June 2014

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Period Ended 30/06/2014 RM'000	Period Ended 30/06/2013 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(180,501)	(23,645)
Adjustments:		
Property, plant and equipment		
- Depreciation	93,250	58,324
- Gain on disposal	(14,427)	-
Interest expense	42,518	30,421
Interest income	(367)	(609)
Fair value gain on derivative financial instruments	5,500	1,136
Share option expense	496	-
Share of results of an associate	18,946	-
Net unrealised foreign exchange (gain)/ losses	(23,608)	36,243
	(58,193)	101,870
Changes in working capital		
Inventories	(3,647)	(213)
Receivable, prepayments and other deposits	(26,056)	(37,927)
Related parties	4,155	(11,262)
Trade and other payables	246,813	114,861
Sales in advance	87,649	35,062
<b>Cash generated from operations</b>	<b>250,721</b>	<b>202,391</b>
Interest paid	(37,704)	(28,496)
Interest received	220	502
Tax paid	(418)	(1,042)
<b>Net cash generated from operating activities</b>	<b>212,819</b>	<b>173,355</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment		
- Additions	(404,159)	(654,916)
- Proceeds from disposal	14,427	-
Deposits on aircraft purchase	65,320	3,747
Investment in an associate company	(53,888)	-
<b>Net cash used in investing activities</b>	<b>(378,300)</b>	<b>(651,169)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	244,215	549,418
Repayment of borrowings	(196,186)	(190,917)
Placement of restricted cash	(6,510)	(14,936)
<b>Net cash generated from financing activities</b>	<b>41,519</b>	<b>343,565</b>
<b>NET DECREASE FOR THE FINANCIAL PERIOD</b>	<b>(123,962)</b>	<b>(134,249)</b>
<b>CURRENCY TRANSLATION DIFFERENCES</b>	<b>(736)</b>	<b>178</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>212,089</b>	<b>173,951</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>87,391</b>	<b>39,880</b>

21

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 2013 of the Company and the accompanying explanatory notes attached in this interim financial statements.



**AIRASIA X BERHAD**  
(Company No. 734161-K)  
(Incorporated in Malaysia under the Companies Act, 1965)  
SECOND QUARTER REPORT ENDED 30 June 2014

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<u>Issued and fully paid ordinary shares of RM1.00 each</u>		<u>Issued and fully paid ordinary shares of RM0.15 each</u>		<u>Issued and fully paid redeemable convertible preference shares ("RCPS") of RM1.00 each</u>		Share Premium RM'000	Cash Flow Hedge Reserve RM'000	Capital Reserve RM'000	Currency Translation Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
	Number of shares '000	Nominal Value RM'000	Number of shares '000	Nominal Value Q1 2014	Number of shares '000	Nominal Value RM'000						
At 1 January 2014	-	-	2,370,370	355,556	-	-	849,598	20,527	522	(78)	10,030	1,236,155
Net loss for the period	-	-	-	-	-	-	-	-	-	-	(140,066)	(140,066)
Amount transferred to income statement	-	-	-	-	-	-	-	(6,043)	-	-	-	(6,043)
Foreign currency translation differences	-	-	-	-	-	-	-	-	-	75	-	75
Total comprehensive income	-	-	-	-	-	-	-	(6,043)	-	75	(140,066)	(146,034)
Employee Share Option Scheme ('ESUS')	-	-	-	-	-	-	-	-	496	-	-	496
At 30 June 2014	-	-	2,370,370	355,556	-	-	849,598	14,484	1,018	(3)	(130,036)	1,090,617
At 1 January 2013	224,000	224,000			42,667	42,667	215,832	-	-	(66)	98,297	580,730
Net profit for the period	-	-	-	-	-	-	-	-	-	-	17,894	17,894
Fair value gains during the period	-	-	-	-	-	-	-	8,366	-	-	-	8,366
Amount transferred to income statement	-	-	-	-	-	-	-	(16,519)	-	-	-	(16,519)
Foreign currency translation differences	-	-	-	-	-	-	-	-	-	(61)	-	(61)
Total comprehensive income	-	-	-	-	-	-	-	(8,153)	-	(61)	-	(8,214)
Conversion of shares	42,667	42,667	-	-	(42,667)	(42,667)	-	-	-	-	-	-
Subdivision of shares	(266,667)	(266,667)	1,777,778	266,667	-	-	-	-	-	-	-	-
At 30 June 2013	-	-	1,777,778	266,667	-	-	215,832	(8,153)	-	(127)	116,191	590,410

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 2013 of the Company and the accompanying explanatory notes attached in this interim financial statements.



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 SECOND QUARTER REPORT ENDED 30 June 2014

**KEY OPERATING STATISTICS - 30 June 2014**

Performance indicator for current quarter against the same quarter last year

Quarter Ended : 30 June	Apr - Jun 2014	Apr - Jun 2013	Changes Y-O-Y
Seat capacity	1,262,196	851,643	48.2%
Passengers carried	1,019,271	697,112	46.2%
Load Factor (%)	80.4%	81.8%	-1.4%
RPK (millions)	5,036	3,498	44.0%
ASK (millions)	6,265	4,274	46.6%
Average passenger fare (RM)	388.07	508.84	-23.7%
Ancillary revenue per passenger (RM)	138.07	141.95	-2.7%
Revenue per ASK (sen)	10.79	11.60	-7.0%
Revenue per ASK (US¢)	3.33	3.78	-11.7%
Cost per ASK (sen)	12.77	11.91	7.2%
Cost per ASK (US¢)	3.95	3.88	1.8%
Cost per ASK (sen) - excluding fuel	6.53	6.50	0.5%
Cost per ASK (US¢) - excluding fuel	2.02	2.12	-4.7%
Aircraft (end of period)	23	14	64.3%
Average sector length (km)	4,964	5,019	-1.1%
Sectors flown	3,348	2,259	48.2%
Fuel consumed (Barrels)	930,653	591,468	57.3%
Average fuel price (USD/ Barrel)	129.75	127.19	2.0%

**Definitions and calculation methodology**

RPK (Revenue Passenger Kilometres)

Represents revenue passenger kilometres, which is the number of paying passengers carried on scheduled flights multiplied by the number of kilometres those passengers were flown.

ASK (Available Seat Kilometres)

Represents available seat kilometres, which is the total number of seats

Revenue per ASK

Calculated as (i) total revenue (including charter flights), as adjusted for certain revenue and expense items that are contained in the line item "Other income" relating to the operation of our airline services, including, but not limited to, airport taxes, revenue from the sale of the AirAsia Insure products and insurance claims, (ii) divided by ASK.

Cost per ASK

Calculated as (i) total operating expenses (including charter flights), as adjusted for airport taxes and to exclude unrealised foreign exchange gain / (loss) and other expenses not directly related to the operation of our airline services, and to include certain finance income items, including realised foreign exchange gain / (loss), (ii) divided by ASK.

Cost per ASK - excluding fuel

Calculated as (i) total operating expenses (including charter flights) excluding aircraft fuel expenses, as adjusted for airport taxes and to exclude unrealised foreign exchange gain / (loss) and other expenses not directly related to the operation of our airline services, and to include certain finance income items, including realised foreign exchange gain / (loss), (ii) divided by ASK.



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(Company No. 734161-K)  
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SECOND QUARTER REPORT ENDED 30 June 2014

## NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2014

### 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 2013.

### 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 2013, except for the adoption of the following MFRS and amendments to MFRS during the financial period:

Amendment to MFRS 132	Financial Instruments: Presentation
Amendment to MFRS 10	Consolidated Financial Statements
Amendment to MFRS 12	Disclosures of Interests in Other entities
Amendment to MFRS 127	Separate Financial Statements

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 2013.

### 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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**SECOND QUARTER REPORT ENDED 30 June 2014**

**NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2014**

**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.

The new issuance of issued and fully paid up share capital is as disclosed in note 25.

**8. Dividend paid**

No dividends were declared or approved in the quarter ended 30 June 2014.

**9. Segment reporting**

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/06/2014 RM'000	Quarter ended 30/06/2013 RM'000	Period Ended 30/06/2014 RM'000	Period Ended 30/06/2013 RM'000
<b>Revenue</b>				
North Asia	315,797	252,615	673,736	512,562
Australia	234,659	177,311	524,105	411,545
Others	121,156	61,210	223,250	102,306
<b>Total</b>	<b>671,612</b>	<b>491,136</b>	<b>1,421,091</b>	<b>1,026,413</b>

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/06/2014 RM'000	Quarter ended 30/06/2013 RM'000	Period Ended 30/06/2014 RM'000	Period Ended 30/06/2013 RM'000
<b>(LBITDAR)/ EBITDAR <sup>1</sup></b>				
North Asia	2,401	24,985	66,768	77,745
Australia	(55,795)	17,453	(60,052)	70,592
Others	40,487	18,932	46,832	35,181
<b>Total</b>	<b>(12,907)</b>	<b>61,370</b>	<b>53,548</b>	<b>183,518</b>

Note:

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





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 (Company No. 734161-K)  
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 SECOND QUARTER REPORT ENDED 30 June 2014

**NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2014**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Period Ended	Period Ended
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
	RM'000	RM'000	RM'000	RM'000
<b>(Loss Before Tax) ("LBT")/ Profit Before Tax ("PBT")</b>				
North Asia	(49,960)	(33,373)	(35,052)	(21,204)
Australia	(104,457)	(24,858)	(157,079)	(4,439)
Others	22,043	(179)	11,630	1,998
<b>Total</b>	<b>(132,374)</b>	<b>(58,410)</b>	<b>(180,501)</b>	<b>(23,645)</b>

**10. Revenue**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Period Ended	Period Ended
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
	RM'000	RM'000	RM'000	RM'000
Scheduled flights	316,121	298,159	739,151	652,041
Refund	(1,006)	(232)	(1,892)	(443)
	315,115	297,927	737,259	651,598
Charter flights	85,700	17,468	148,576	33,045
Fuel surcharge	79,424	56,561	161,225	106,330
Freight and cargo	33,989	21,317	59,283	41,231
Ancillary revenue	139,845	97,776	288,284	194,031
Management fee	588	87	1,167	178
Aircraft operating lease income	16,951	-	25,297	-
	671,612	491,136	1,421,091	1,026,413

Ancillary revenue includes administrative and other fees, seat fees, change fees, convenience fees, excess baggage fees, inflight sales, and other items and services.

**11. Staff cost**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Period Ended	Period Ended
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
	RM'000	RM'000	RM'000	RM'000
Wages, salaries, bonus and allowances	66,906	52,823	133,031	93,761
Defined contribution retirement plan	5,631	4,498	10,846	9,187
ESOS	248	-	496	-
	72,785	57,321	144,373	102,948



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 SECOND QUARTER REPORT ENDED 30 June 2014

**NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2014**

**12. Other income**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/06/2014 RM'000	Quarter ended 30/06/2013 RM'000	Period Ended 30/06/2014 RM'000	Period Ended 30/06/2013 RM'000
Gain on disposal of property, plant and equipment	14,428	8	14,428	8
Commission income from insurance	886	1,178	2,550	2,260
Others	3,973	3,574	5,472	3,574
	<u>19,287</u>	<u>4,760</u>	<u>22,450</u>	<u>5,842</u>

Other income ('others') includes incentives received/receivable by the Group from certain airport authorities and sales and lease back of engines.

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/06/2014 RM'000	Quarter ended 30/06/2013 RM'000	Period Ended 30/06/2014 RM'000	Period Ended 30/06/2013 RM'000
<b>Finance income:</b>				
Interest income on deposits with licensed banks	248	281	367	608
<b>Finance costs:</b>				
Interest expense on bank borrowings	(21,653)	(16,416)	(41,930)	(29,879)
Bank facilities and other charges	(566)	(475)	(588)	(541)
	<u>(22,219)</u>	<u>(16,891)</u>	<u>(42,518)</u>	<u>(30,420)</u>

**Foreign exchange gain/ (loss)**

Unrealised foreign exchange loss on borrowings	31,932	(47,232)	8,048	(56,494)
Fair value movement recycled from cash flow hedge reserve	(11,370)	16,519	22,859	16,519
Unrealised foreign exchange loss on deposits and bank balances	(539)	520	(811)	239
	<u>20,023</u>	<u>(30,193)</u>	<u>30,096</u>	<u>(39,736)</u>
Realised foreign exchange gain/ (loss) on upliftment of fixed deposits	-	-	26	(79)
Net foreign exchange gains/ (losses)	<u>20,023</u>	<u>(30,193)</u>	<u>30,122</u>	<u>(39,815)</u>



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 SECOND QUARTER REPORT ENDED 30 June 2014

**NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2014**

**14. Taxation**

**Current taxation**

The current taxation charge comprises tax payable on interest income.

**Deferred taxation**

During the financial period ended 30 June 2014 the Company recognised a net tax allowance of RM40.4 million, as compared to RM41.5 million in the financial period ended 30 June 2013, due primarily to income tax exemptions recognised for certain qualifying expenditures as provided by the Malaysian Ministry of Finance.

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/06/2014 RM'000	Quarter ended 30/06/2013 RM'000	Period Ended 30/06/2014 RM'000	Period Ended 30/06/2013 RM'000
LBT	(132,374)	(58,410)	(180,501)	(23,645)
Tax calculated at Malaysian statutory tax rate of 25%	(33,093)	(14,603)	(45,125)	(5,911)
Tax effects:				
- Under/ (over) accrual in prior year	1,879	-	(2,173)	-
- tax incentives	-	(17,079)	(18,591)	(42,871)
- expenses not deductible for tax purposes	11,999	11,623	20,000	15,252
- income not subject to tax	(7,343)	(6,048)	(7,343)	(8,009)
- Changes in statutory tax rate	22,969	-	12,797	-
<b>Taxation</b>	<b>(3,589)</b>	<b>(26,107)</b>	<b>(40,435)</b>	<b>(41,539)</b>

**15. Disclosure of realised and unrealised profits/ (losses)**

The cumulative retained earnings of the Group and its subsidiaries comprise realised and unrealised profits/ (losses) are as follows:

	As at 30/06/2014 RM'000	As at 31/12/2013 RM'000
Total retained earnings of AirAsia X Berhad and its subsidiaries		
- Realised	(51,898)	(108,897)
- Unrealised	(59,192)	119,429
	(111,090)	10,532
Total share of accumulated losses from associated companies		
- Realised	(18,946)	(502)
<b>Total retained (losses)/ profits</b>	<b>(130,036)</b>	<b>10,030</b>

**16. Property, plant and equipment**

**(a) Acquisition and disposal**

During the period ended 30 June 2014, the Group acquired property, plant and equipment amounting to RM404.2 million (period ended 30 June 2013: RM654.9 million) primarily in relation to the acquisition of new aircraft.

**(b) Revaluation**

There was no revaluation of property, plant and equipment for the quarter ended 30 June 2014 (quarter ended 30 June 2013: RM Nil).

**(c) Impairment**

There was no impairment of property, plant and equipment for the quarter ended 30 June 2014 (quarter ended 30 June 2013: RM Nil).



**AIRASIA X BERHAD**  
 (Company No. 734161-K)  
 (Incorporated in Malaysia with limited liability under the Companies Act, 1965)  
 SECOND QUARTER REPORT ENDED 30 June 2014

**NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2014**

**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 Oct 2013 to May 2025. Pre-delivery payments constitute an instalment in respect of the price of the aircraft and are deducted from the final price on delivery.

**18. Other deposits**

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

**19. Investment in associates**

	As at 30/06/2014 RM'000	As at 31/12/2013 RM'000
Unquoted investments, at cost	73,905	20,018
Group's share of post-acquisition losses	(19,448)	(502)
	54,457	19,516

The details of the associates are as follows:-

Name	Country of Incorporation	Group effective equity interest		Principal activity
		30/06/2014 %	31/12/2013 %	
Thai AAX Co., Ltd ("TAAX")	Thailand	49%	49%	Commercial air transport services
PT. Indonesia Airasia Extra ("IAAX")	Indonesia	49%	-	Commercial air transport services

TAAX and IAAX are private company for which there are no quoted market price available for its shares.

**20. Receivables and prepayments**

	As at 30/06/2014 RM'000	As at 31/12/2013 RM'000
Trade receivables	57,955	43,675
Other receivables	54,075	46,245
Prepayment	44,757	43,277
Deposits	19,408	33,600
	176,195	166,797
Less : Impairment of receivables	-	(1,441)
	176,195	165,356



**AIRASIA X BERHAD**  
(Company No. 734161-K)  
(Incorporated in Malaysia with limited liability under the Companies Act, 1965)  
SECOND QUARTER REPORT ENDED 30 June 2014

**NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2014**

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

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

	As at 30/06/2014 RM'000	As at 31/12/2013 RM'000
Cash and bank balances	87,391	212,089
Deposits with licensed bank	57,397	50,887
	<u>144,788</u>	<u>262,976</u>
Less: Restricted cash	(57,397)	(50,887)
Cash and cash equivalents	<u>87,391</u>	<u>212,089</u>

**22. Trade and other payables**

	As at 30/06/2014 RM'000	As at 31/12/2013 RM'000
Trade payables	363,207	203,297
Other payables and accruals	230,667	143,481
	<u>593,874</u>	<u>346,778</u>

Other payables and accruals include operational expenses payable to airport authorities and passenger service charges.

**23. Borrowings**

	As at 30/06/2014 RM'000	As at 31/12/2013 RM'000
<u>Current</u>		
- Revolving credit (unsecured)	245,435	261,185
- Term loans (secured)	203,755	184,674
- Hire purchase (unsecured)	21	21
	<u>449,211</u>	<u>445,880</u>
<u>Non-current</u>		
- Revolving credit (unsecured)	88,187	179,686
- Term loans (secured)	1,457,854	1,370,626
- Hire purchase (unsecured)	53	61
	<u>1,546,094</u>	<u>1,550,373</u>
<b>Total borrowings</b>	<u>1,995,305</u>	<u>1,996,253</u>

The currency profile of borrowings is as follows:

	As at 30/06/2014 RM'000	As at 31/12/2013 RM'000
Ringgit Malaysia	40,074	40,082
US Dollar	1,955,231	1,956,171
	<u>1,995,305</u>	<u>1,996,253</u>

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

	As at 30/06/2014 RM'000	As at 30/06/2013 RM'000
At beginning of financial period	1,996,253	1,392,256
Proceeds from borrowings	244,215	549,418
Repayment of borrowings	(196,186)	(190,917)
Unrealised foreign exchange (gain)/ loss on borrowings	(48,977)	56,494
At end of financial period	<u>1,995,305</u>	<u>1,807,251</u>



**AIRASIA X BERHAD**  
(Company No. 734161-K)  
(Incorporated in Malaysia with limited liability under the Companies Act, 1965)  
SECOND QUARTER REPORT ENDED 30 June 2014

**NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2014**

**24. Derivative Financial Instruments**

The Group has entered into cross currency interest rate contracts ("CCIRS") and an interest rate swap ("SWAP") to hedge against fluctuation in the foreign exchange currency and interest rates on its aircrafts delivered during financial year ended 31 December 2013 and financial quarter under review. Gains and losses recognised in the cash flow hedge reserve in equity will be continuously released to the income statement within finance cost until the full repayment of the aircraft loans (Note 23).

Under the CCIRS and SWAP facilities, the Company converted the aircraft loans and interest whereby:

(i) The USD principal repayments throughout the tenor of 10 and 12 years will be paid in RM at an exchange rate of USD1 to RM3.0260, RM3.0895 and RM3.1875 respectively; and

(ii) The USD interests of 3 months London Interbank Offered Rate ("LIBOR") plus a margin ranging between 0.80% and 3.75% will be paid at a RM fixed rates between 2.36% and 7.03% per annum for the entire tenor of the loans.

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.

The derivative financial instrument is classified as level 2 in the fair value hierarchy model.

The Group's level 2 hedging derivatives comprise the CCIRS contracts and SWAP contracts. These contracts have been fair valued using forward interest rates extracted from observable yield curves. The effects of discounting are generally insignificant for level 2 derivatives.

The following table presents the Company's assets and liabilities that are measured at level 2 of hedging derivatives fair value as at 30 June 2014 and 31 December 2013.

	As at 30/06/2014 RM'000	As at 31/12/2013 RM'000
<u>Assets</u>		
Financial assets at fair value through profit or loss - Trading derivatives	-	5,541
Derivatives used for hedging	36,317	60,388
	<u>36,317</u>	<u>65,929</u>



**AIRASIA X BERHAD**  
 (Company No. 734161-K)  
 (Incorporated in Malaysia with limited liability under the Companies Act, 1965)  
 SECOND QUARTER REPORT ENDED 30 June 2014

**NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2014**

**25. Share capital**

	As at 30/06/2014 RM'000	As at 31/12/2013 RM'000
<u>Authorised:</u>		
Ordinary shares of RM1.00 each:		
At beginning of financial period/ year	-	270,000
Subdivision of shares	-	(270,000)
At the end of the financial period/ year	-	-
Ordinary shares of RM0.15 each:		
At beginning of financial period/ year	500,000	-
Subdivision of shares	-	270,000
Increase during the financial period/ year	-	230,000
At the end of the financial period/ year	500,000	500,000
RCPS of RM1.00 each:		
At beginning of financial period/ year	50,000	50,000
Cancellation of RCPS	-	-
At the end of the financial period/ year	50,000	50,000
<b>Total authorised</b>	<b>550,000</b>	<b>550,000</b>
<u>Issued and fully paid up:</u>		
Ordinary shares of RM1.00 each:		
At beginning of financial period/ year	-	224,000
Conversion of RCPS	-	42,667
Subdivision of shares	-	(266,667)
At the end of the financial period/ year	-	-
Ordinary shares of RM0.15 each:		
At beginning of financial period/ year	355,556	-
Subdivision of shares	-	266,667
Issuance of shares	-	88,889
At the end of the financial period/ year	355,556	355,556
RCPS of RM1.00 each:		
At beginning of financial period/ year	-	42,667
Conversion of RCPS	-	(42,667)
At the end of the financial period/ year	-	-
<b>Total issued and fully paid up</b>	<b>355,556</b>	<b>355,556</b>

The terms of the RCPS are as follows:

- (a) The RCPS are convertible in whole at the holder's option at any time into ordinary shares of RM1.00 each in the capital of the Company in the proportion of one ordinary share for every one RCPS. Notwithstanding this, the RCPS holder shall convert all into ordinary shares of RM1.00 each in the capital of the Company upon receipt of written notice from the Company as part of the Company's bona fide scheme for the listing of the Company's shares on any recognised stock exchange.
- (b) The RCPS has the same entitlement to dividend and all other forms of distributions out of income of the Company at the same rate as that of ordinary shares.
- (c) The RCPS can be redeemed in part or in whole at the Company's option at any time, but only with prior written approval of the holder and redemption can only be effected at par value.
- (d) On 10 May 2013, all the outstanding RCPS are converted into ordinary shares of RM1.00 each, and on 13 May 2013, all the authorised RCPS has been cancelled and ordinary shares for both issued and authorised of RM1.00 each are sub-divided into ordinary shares of RM0.15 each.



**AIRASIA X BERHAD**  
(Company No. 734161-K)  
(Incorporated in Malaysia with limited liability under the Companies Act, 1965)  
SECOND QUARTER REPORT ENDED 30 June 2014

**NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2014**

**26. (Loss)/ earnings per share**

Basic (loss)/ earnings per share

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/06/2014	Quarter Ended 30/06/2013	Period Ended 30/06/2014	Period Ended 30/06/2013
Net (loss)/ profit for the individual quarter/ financial period (RM'000)	(128,785)	(32,303)	(140,066)	17,894
Weighted average number of ordinary/preference shares in issue ('000)	2,370,370	266,667	2,370,370	266,667
(Loss)/ earnings per share (sen)	(5.4)	(12.1)	(5.9)	6.7

Diluted (loss)/ earnings per share

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

**27. Post balance sheet events**

There is no material subsequent event noted during the quarter ended 30 June 2014.

**28. Contingent assets and contingent liabilities**

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

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

	As at 30/06/2014 RM'000	As at 31/12/2013 RM'000
Approved and contracted for		
Aircraft purchase	37,132,645	21,243,950
Non-cancellable operating leases	2,800,525	2,464,111
	<u>39,933,170</u>	<u>23,708,061</u>





**AIRASIA X BERHAD**  
**(Company No. 734161-K)**  
**(Incorporated in Malaysia with limited liability under the Companies Act, 1965)**  
**SECOND QUARTER REPORT ENDED 30 June 2014**

**NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2014**

**30. 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 company</u>	<u>Relationship</u>
AirAsia Berhad ("AAB")	Related party (common Directors and shareholders)
Asian Aviation Centre of Excellence Sdn Bhd ("AACOE")	Related party (common Directors and shareholders)
Asian Contact Centres Sdn Bhd ("ACC")	Related party (common Directors and shareholders)
PT Indonesia AirAsia ("IAA")	Related party (common Directors and shareholders)
Thai AirAsia Co. Ltd ("TAA")	Related party (common Directors and shareholders)
Tune Box Sdn Bhd	Related party (common Directors and shareholders)
AirAsia Japan Co. Ltd ("JAA")	Related party (common Directors and shareholders)
Tune Insurance Malaysia Berhad ("TIMB")	Related party (common Directors and shareholders)
Caterhamjet Global Ltd ("CJG")	Related party (common Directors and shareholders)

These following items have been included in the income statement:

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/06/2014 RM'000	Quarter Ended 30/06/2013 RM'000	Period Ended 30/06/2014 RM'000	Period Ended 30/06/2013 RM'000
<b>AAB</b>				
- Operational service charges	1,775	1,368	3,791	3,151
- Brand license fee charged by AAB	3,295	2,463	7,014	5,131
<b>AACOE</b>				
- Net expense on training services	1,085	1,668	4,976	2,179
<b>ACC</b>				
- Telecommunication and operational expenses	2,673	2,474	6,984	4,666
<b>IAA</b>				
- Operational services charged to IAA	(588)	(87)	(1,167)	(178)
<b>TAA</b>				
- Net Operational services charged from/(to) TAA	1,027	(164)	1,177	(185)
<b>Tune Box Sdn Bhd</b>				
- In-flight entertainment system and software expenses	586	431	1,296	732
<b>JAA</b>				
- Operational services charged to JAA	-	(275)	-	(590)
<b>TIMB</b>				
- Commission received/ receivable on travel insurance	(759)	(603)	(1,317)	(603)
- premium collected on behalf of TIMB on travel insurance	(2,065)	2,410	5,268	2,410
<b>CJG</b>				
- Charter air travel services charged by CJG	-	-	2,472	-



**AIRASIA X BERHAD**  
(Company No. 734161-K)  
(Incorporated in Malaysia with limited liability under the Companies Act, 1965)  
SECOND QUARTER REPORT ENDED 30 June 2014

## NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2014

### 31. Review of performance

#### 6 Months Ended 30 June 2014 Compared to 6 Months Ended 30 June 2013

##### Revenue

During the 6 months ended 30 June 2014, the Group's revenue has increased by 38.5% to RM1,421.1 million from RM1,026.4 million as compared to the 6 months ended 30 June 2013. However, RASK has decreased by 9.6% from 12.65 sen on 30 June 2013 to 11.44 sen on 30 June 2014 mainly due to the lower average passenger fares recorded in the 6 months ended 30 June 2014.

**Scheduled flights.** Revenue from passenger seat sales on scheduled flights increased by RM87.1 million, or approximately 13.4%, to RM739.2 million for the 6 months ended 30 June 2014 as compared to RM652.0 million for the 6 months ended 30 June 2013. This increase was primarily due to an increase of both ASKs and RPKs from 8.2 billion and 6.8 billion in the 6 months ended 30 June 2013 to 12.5 billion and 10.4 billion respectively in the 6 months ended 30 June 2014. Our passenger load factor remains consistent approximately at 83% in the 6 months ended 30 June 2014 and 30 June 2013. Average passenger fares decreased 24.0% to RM428.74 in the 6 months ended 30 June 2014 as compared to RM564.06 in the 6 months ended 30 June 2013 primarily due to the competitive fares resulted from significant increase of ASK after period ended 30 June 2013.

**Charter flights.** Revenue from charter flights increased from RM33.0 million for the 6 months ended 30 June 2013 to RM148.6 million for the 6 months ended 30 June 2014 due to more charter contracts secured in the 6 months ended 30 June 2014.

**Fuel surcharge.** Revenue from fuel surcharge increased to RM161.2 million in the 6 months ended 30 June 2014 as compared to RM106.3 million in the 6 months ended 30 June 2013. This increase in fuel surcharge revenue is primarily due to an increased number of passengers flown from 1.3 million in the 6 months ended 30 June 2013 to 2.1 million in the 6 months ended 30 June 2014.

**Freight and cargo.** Revenue from freight and cargo has increased 43.8% to RM59.3 million for the 6 months ended 30 June 2014 as compared to RM41.2 million for the 6 months ended 30 June 2013, reflecting an increase of 31.0% available tonne per kilometre (ATK) and 2.1% freight tonne per kilometre (FTK) in the 6 months ended 30 June 2014.

**Ancillary revenue.** Ancillary revenue including AirAsia Insure increased to RM290.8 million, or by approximately 48.2%, for the 6 months ended 30 June 2014 as compared to RM196.3 million for the 6 months ended 30 June 2013. This increase was primarily due to a result of an increased number of passengers flown from 1.3 million in the 6 months ended 30 June 2013 to 2.1 million in the 6 months ended 30 June 2014.



**AIRASIA X BERHAD**  
(Company No. 734161-K)  
(Incorporated in Malaysia with limited liability under the Companies Act, 1965)  
SECOND QUARTER REPORT ENDED 30 June 2014

## NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2014

### Operating Expenses

Operating expenses increased 61.5% from RM986.3 million in the 6 months ended 30 June 2013 to RM1,593.1 million in the 6 months ended 30 June 2014 mainly due to increased of:-

(i) Staff costs. During the current financial period, there was an increase in number of headcount which has resulted staff costs increased 40.2% to RM144.4 million in the 6 months ended 30 June 2014 from RM102.9 million during the 6 months ended 30 June 2013.

(ii) Depreciation of property, plant and equipment. Depreciation of property, plant and equipment increased by 59.9% to RM93.3 million during the 6 months ended 30 June 2014 as compared to RM58.3 million in the 6 months ended 30 June 2013, mainly due to the acquisition of 2 new A330-300 aircraft under finance lease after 6 months ended 30 June 2013.

(iii) Aircraft fuel expenses. Fuel costs increased by 72.9% to RM791.6 million in the 6 months ended 30 June 2014 from RM457.8 million in the 6 months ended 30 June 2013 due primarily to increase in fuel consumed from the increase in sectors flown as compared to the 6 months ended 30 June 2013.

(iv) Maintenance, overhaul, user charges and other related expenses. Maintenance, overhaul, user charges and other related expenses increased by 54.3% to RM302.3 million in the 6 months ended 30 June 2014 from RM196.0 million in the 6 months ended 30 June 2013. The increase mainly resulted from the higher maintenance and service costs for the new aircraft delivered and new charter flights rendered during the 6 months ended 30 June 2014.

(v) Aircraft operating lease expense. After the 6 months period ended 30 June 2013, the Group has delivered 6 Airbus A330-300 under operating lease and hence aircraft lease expense has increased by 62.6% to RM128.8 million in the 6 months ended 30 June 2014 from RM79.2 million in the 6 months ended 30 June 2013.

(vi) Other operating expenses. Other operating expenses increased 40.7% to RM132.8 million in the 6 months ended 30 June 2014 from RM92.1 million in the 6 months ended 30 June 2013 mainly due to higher unrealised foreign exchange loss from operations which resulted from the strengthening of RM against USD as well as higher charter expenses resulted from more charter contracts secured during the 6 months ended 30 June 2014.

### Foreign Exchange Gain/ (Loss) on Borrowings

As a result of the strengthening of RM against USD in the 6 months ended 30 June 2014, the Company recognised unrealised foreign exchange gain on borrowings of RM30.1 million, as compared to unrealised foreign exchange loss of RM39.8 million on our USD-denominated borrowings in the 6 months ended 30 June 2013.

### LBT

As a result of the factors set forth above, the Group has recorded a LBT of RM180.5 million in the 6 months ended 30 June 2014 as compared to a LBT of RM23.6 million in the 6 months ended 30 June 2013.

### Taxation

In the 6 months ended 30 June 2014 the Group recognised a net tax allowance of RM40.4 million, as compared to a net tax allowance of RM41.5 million in the 6 months ended 30 June 2013, due primarily to income tax allowance recognised for certain qualifying expenditures as provided by the Malaysian Ministry of Finance.

### Loss after taxation ("LAT") / Profit after taxation ("PAT")

As a result of the factors set forth above, the Group recognised a LAT of RM140.1 million in the 6 months ended 30 June 2014 as compared to a PAT of RM17.9 million in the 6 months ended 30 June 2013.



**AIRASIA X BERHAD**  
(Company No. 734161-K)  
(Incorporated in Malaysia with limited liability under the Companies Act, 1965)  
SECOND QUARTER REPORT ENDED 30 June 2014

## NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2014

### 31. Review of performance

#### 3 months Ended 30 June 2014 Compared to 3 months Ended 30 June 2013

##### Revenue

During the 3 months ended 30 June 2014, the Group's revenue has increased by 36.7% to RM671.6 million from RM491.1 million as compared to the 3 months ended 30 June 2013. As a result of significant capacity increase of 48.2% of ASK from 30 June 2013 and the need to stimulate demand to achieve load factor of 80.4% in the 3 months ended 30 June 2014, yield as measured by RASK has decreased 7.0% from 11.60 sen in the 3 months ended 30 June 2013 to 10.79 sen in the 3 months ended 30 June 2014.

**Scheduled flights.** Revenue from passenger seat sales on scheduled flights increased by RM18.0 million, or approximately 6.0%, to RM316.1 million for the 3 months ended 30 June 2014 as compared to RM298.2 million for the 3 months ended 30 June 2013. This increase was primarily due to an increase of both ASKs and RPKs from 4.3 billion and 3.5 billion in the 3 months ended 30 June 2013 to 6.3 billion and 5.0 billion respectively in the 3 months ended 30 June 2014. Our passenger load factor has decreased to 80.4% in the 3 months ended 30 June 2014 as compared to 81.8% for the 3 months ended 30 June 2013. Average passenger fares decreased 23.7% to RM388.07 in the 3 months ended 30 June 2014 as compared to RM508.84 in the 3 months ended 30 June 2013 primarily due to the competitive fares resulted from significant increase of ASK after period ended 30 June 2013.

**Charter flights.** Revenue from charter flights increased from RM17.5 million for the 3 months ended 30 June 2013 to RM85.7 million for the 3 months ended 30 June 2014 due to more charter contracts secured in the 3 months ended 30 June 2014.

**Fuel surcharge.** Revenue from fuel surcharge increased to RM79.4 million in the 3 months ended 30 June 2014 as compared to RM56.6 million in the 3 months ended 30 June 2013. This increase in fuel surcharge revenue is primarily due to an increased number of passengers flown from 0.7 million in the quarter ended 30 June 2013 to 1.0 million in the 3 months ended 30 June 2014.

**Freight and cargo.** Revenue from freight and cargo has increased 59.4% to RM34.0 million for the 3 months ended 30 June 2014 as compared to RM21.3 million for the 3 months ended 30 June 2013, reflecting an increase of 27.9% available tonne per kilometre (ATK) in the 3 months ended 30 June 2014.

**Ancillary revenue.** Ancillary revenue including AirAsia Insure increased to RM140.7 million, or by approximately 42.2%, for the 3 months ended 30 June 2014 as compared to RM99.0 million for the 3 months ended 30 June 2013. This increase was primarily due to a result of an increased number of passengers flown from 0.7 million in the 3 months ended 30 June 2013 to 1.0 million in the 3 months ended 30 June 2014.



**AIRASIA X BERHAD**  
(Company No. 734161-K)  
(Incorporated in Malaysia with limited liability under the Companies Act, 1965)  
SECOND QUARTER REPORT ENDED 30 June 2014

**NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2014**

Operating Expenses

During the 3 months ended 30 June 2014, operating expenses increased by RM299.8 million or 59.1% to RM807.3 million. The increase was primarily due to:-

(i) Aircraft fuel expenses. Fuel costs increased by RM159.5 million or 69.0% to RM390.6 million in the 3 months ended 30 June 2014 from RM231.1 million in the 3 months ended 30 June 2013 primarily due an increase in fuel consumption which resulted from an increase in flight frequencies on our existing routes. Fuel burn has also increased from 1,722 gallons/ hour in the 3 months ended 30 June 2013 to 1,832 gallons/ hour in the 3 months ended 30 June 2014.

(ii) Maintenance, overhaul, user charges and other related expenses. Maintenance, overhaul, user charges and other related expenses increased by 55.0% to RM157.4 million in the 3 months ended 30 June 2014 from RM101.5 million in the 3 months ended 30 June 2013. This mainly due to the increase of maintenance and service costs on additional aircraft taken by the Company as well as more charter flights rendered after period ended 30 June 2013.

(iii) Aircraft operating lease expense. After period ended 30 June 2013, the Company has taken delivery of 6 Airbus A330-300 under operating lease and hence aircraft operating lease expense increased 66.2% to RM68.9 million in the 3 months ended 30 June 2014 from RM41.4 million in the quarter ended 30 June 2013.

(iv) Other operating expenses. The increase of other operating expenses by 54.7% from RM44.6 million in the 3 months ended 30 June 2013 to RM69.0 million in the 3 months ended 30 June 2014 mainly due to higher unrealised loss from operations which resulted from the strengthening of RM against USD as well as higher charter expenses resulted from more charter contracts secured after period ended 30 June 2014.

Foreign Exchange Gain/ (Loss)

As a result of the strengthening of the RM against the USD in the 3 months ended 30 June 2014, the Company recognised unrealised foreign exchange gain on borrowings of RM20.0 million, as compared to unrealised foreign exchange loss of RM30.2 million on our USD-denominated borrowings in the 3 months ended 30 June 2013.

LBT

As a result of the factors set forth above, the Group has recorded an increase of LBT from RM58.6 million in 3 months ended 30 June 2013 to RM132.4 million in the 3 months ended 30 June 2014.

Taxation

In the 3 months ended 30 June 2014 the Company recognised a lower net tax allowance of RM3.6 million, as compared to RM26.1million in the 3 months ended 30 June 2013. This is primarily due to the impact between income tax allowance recognised for certain qualifying expenditures as provided by the Malaysian Ministry of Finance and change in statutory tax rate in Year Assessment 2016.



**AIRASIA X BERHAD**  
(Company No. 734161-K)  
(Incorporated in Malaysia with limited liability under the Companies Act, 1965)  
SECOND QUARTER REPORT ENDED 30 June 2014

## NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2014

LAT

As a result of the factors set forth above, the Group recognised a LAT of RM128.8 million in the 3 months ended 30 June 2014 as compared to a LAT of RM32.3 million in the 3 months ended 30 June 2013.

### 32. LBT performance (quarter ended 30 June 2014 Compared to quarter ended 31 March 2014)

The Group's LBT has increased by RM84.3 million from RM48.1 million in the quarter ended 31 March 2014 to RM132.4 million in the quarter ended 30 June 2014. The additional loss was as a result of the seasonally lower demand for air travel in the 2nd quarter of the year following the peak season in the previous quarter.

### 33. 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 exceptional items except for as disclosed either in the consolidated income statements and notes to the unaudited accounts.

### 34. Commentary on prospects

Notwithstanding the current quarter generating the third consecutive quarter of net operating losses, the Company expects its prospects to remain positive – barring any unforeseen external circumstances, including, but not limited to, terrorists attacks, natural disasters, epidemics, economic downturns, fuel price hikes, and fluctuations in foreign currencies against the Malaysian Ringgit.

These losses are attributable to the third consecutive quarter of significant year-on-year ASK capacity increases over 40%, which resulted in lower yields from a higher proportion of promotional fares used to stimulate new demand creation to fill up the new capacity. Our experience suggests that new capacity typically takes about 12 months to break-even. We are already seeing yield growth, as measured by year-on-year RASK growth improve from -15% in Q4-2013, -12% in Q1-2014, and now -7% in Q2-2014. Based on forward sales to-date, we expect to start generating positive year-on-year RASK growth in the second-half of this 2014 year.

Although the capacity expansion created short-term earnings pressure, the Company believes that the investment will bear fruit in the long-term. The Company believes that it now has the highest market share of passengers carried from Malaysia to its core markets in Australia, China, Korea, Japan, and Taiwan. It has also seen a significant increase in the number of connecting passengers between North Asia and Australia, as a result of additional frequencies added to the routes in these markets.

### 35. 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.



**AIRASIA X BERHAD**  
(Company No. 734161-K)  
(Incorporated in Malaysia with limited liability under the Companies Act, 1965)  
SECOND QUARTER REPORT ENDED 30 June 2014

**NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2014**

**36. Corporate proposal**

As at 12 August 2014, PT. Indonesia Airasia Extra joint venture ("IAAX") has not been granted the Air Operator's Certificate ("AOC"). Except for those disclosed on the above, there is no corporate proposal which is announced but not completed as at 12 August 2014, being the latest practicable date of this report.

**37. Material litigation**

As at 12 August 2014, there was no material litigation taken or threatened against the Company and its subsidiaries.

**38. Proposed dividend**

The Directors did not recommend any dividend for the quarter ended 30 June 2014.

**39. Utilisation of proceeds**

The status of the utilisation of listing proceeds of RM740.7 million raised from the Public Issue as at 12 August 2014 is as follows:-

	<b>Proposed utilisation RM'mil</b>	<b>Actual utilisation as at 12 August 2014 RM'mil</b>	<b>Balance at 12 August 2014 RM'mil</b>	<b>Intended timeframe for utilisation from date of listing</b>
Capital expenditure	280.0	(250.6)	29.4	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
<b>Total</b>	<b>740.7</b>	<b>(711.3)</b>	<b>29.4</b>	