



AIRASIA X BERHAD
(Company No. 734161-K)
(Incorporated in Malaysia under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 30 June 2016

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 2016.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Period Ended	Period Ended
		30/06/2016 RM'000	30/06/2015 RM'000	30/06/2016 RM'000	30/06/2015 RM'000
Revenue	10	883,163	653,028	1,853,837	1,428,402
Operating Expenses					
- Staff costs	11	(78,261)	(75,887)	(153,066)	(150,075)
- Depreciation of property, plant and equipment		(28,820)	(38,157)	(57,988)	(75,961)
- Aircraft fuel expenses		(235,633)	(218,860)	(478,688)	(493,291)
- Maintenance and overhaul		(169,868)	(121,649)	(332,354)	(235,934)
- User charges		(91,178)	(86,297)	(208,620)	(177,605)
- Aircraft operating lease expenses		(212,264)	(186,972)	(418,722)	(316,598)
- Other operating expenses		(66,082)	(30,402)	(111,717)	(84,884)
Other income	12	18,974	5,275	32,467	11,956
Operating profit/(loss)		20,031	(99,921)	125,149	(93,990)
Finance income	13	499	467	2,058	713
Finance costs	13	(9,886)	(18,554)	(21,007)	(39,345)
Net operating profit/(loss)		10,644	(118,008)	106,200	(132,622)
Foreign exchange (loss)/ gain	13	(30,727)	(28,181)	91,466	(115,415)
Share of results of a joint venture	20	-	(16,195)	-	(31,626)
Other (loss)/gain		10,853	-	11,621	-
Profit/(loss) before taxation		(9,230)	(162,384)	209,287	(279,663)
Taxation					
Current taxation	14	(120)	(114)	(494)	(169)
Deferred taxation	14	10,369	29,560	(28,285)	20,977
		10,249	29,446	(28,779)	20,808
Profit/(loss) for the financial period		1,019	(132,938)	180,508	(258,855)
Attributable to:					
Equity holders of the Company		1,019	(132,938)	180,508	(258,855)
Non-controlling Interests		-	-	-	-
		1,019	(132,938)	180,508	(258,855)
Profit/(loss) per share (sen)					
Basic	29	0.0	(4.5)	4.4	(9.7)
Diluted	29	0.0	(4.5)	4.4	(9.7)

This unaudited condensed consolidated income statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2015 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 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Period Ended	Period Ended
	30/06/2016 RM'000	30/06/2015 RM'000	30/06/2016 RM'000	30/06/2015 RM'000
Profit/(loss) for the financial period	1,019	(132,938)	180,508	(258,855)
Other comprehensive income/(loss)				
Cash flow hedges	101,962	-	129,038	-
Foreign currency translation differences	10	(30)	(129)	(27)
Total comprehensive income/(loss) for the financial period	102,991	(132,968)	309,416	(258,882)
Total comprehensive income/(losses) attributable				
To equity holder of the company	102,991	(132,968)	309,416	(258,882)
Non-controlling interest	-	-	-	-
Total comprehensive income/(loss) for the financial period	102,991	(132,968)	309,416	(258,882)

This unaudited condensed consolidated income statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2015 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 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited As At 30/06/2016 RM'000	Audited As At 31/12/2015 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	1,618,799	1,677,613
Deferred tax assets	14	514,536	542,821
Deposits on aircraft purchases	17	147,738	243,601
Other deposits and prepayments	18	944,250	903,374
Investment in an associate	19	-	-
Investment in a joint venture	20	-	-
Derivative financial instruments	24	25,444	-
		3,250,767	3,367,409
CURRENT ASSETS			
Inventories		11,824	3,985
Receivables and prepayments	21	346,388	282,463
Amount due from related parties		56,486	30,103
Amount due from a joint venture		68,906	55,570
Amount due from an associate		47,607	26,150
Tax recoverable		749	712
Deposits, cash and bank balances	22	282,157	310,789
		814,117	709,772
Non-current assets held for sale	23	105,116	105,116
		919,233	814,888
CURRENT LIABILITIES			
Sales in advance		752,817	671,510
Derivative financial instruments	24	-	115,215
Trade and other payables	25	798,778	849,075
Amounts due to related parties		45,971	45,668
Borrowings	26	186,661	319,477
		1,784,227	2,000,945
Net Current Liabilities		(864,994)	(1,186,057)
NON-CURRENT LIABILITIES			
Borrowings	26	940,918	1,109,610
Other payables and accruals	27	503,390	439,935
		1,444,308	1,549,545
		941,465	631,807
CAPITAL AND RESERVES			
Share capital	28	622,222	622,222
Share premium		911,821	911,821
Warrant reserve		62,222	62,222
Currency translation reserve		(3)	127
Accumulated losses		(678,521)	(859,029)
Other reserves		23,724	(105,556)
Shareholders' equity		941,465	631,807

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 2015 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 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Period Ended 30/06/2016 RM'000	Period Ended 30/06/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	209,287	(279,663)
Adjustments:		
Property, plant and equipment		
- Depreciation	57,988	75,961
- Gain on disposal	-	(6,571)
Interest expense	21,007	39,345
Interest income	(2,058)	(713)
(Write back)/Impairment of receivables	(124)	-
Fair value (gain)/ loss on derivative financial instruments	(11,621)	(74,035)
Share option expense	242	318
Share of results of a joint venture	-	31,626
Net unrealised foreign exchange (gains)/losses	(72,615)	107,780
	202,106	(105,952)
Changes in working capital:		
Inventories	(7,839)	(1,442)
Receivables, prepayments and other deposits	(100,549)	(15,253)
Related parties balances	(69,469)	(6,094)
Trade and other payables	5,443	(3,340)
Sales in advance	81,307	69,350
Cash from/(used in) operations	110,999	(62,731)
Interest paid	(23,598)	(32,517)
Interest received	2,058	613
Tax recovered/(paid)	(531)	646
Net cash used in operating activities	88,928	(93,989)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Additions	(1,461)	(11,029)
- Proceeds from disposal	2,287	171,104
Deposits placed on aircraft purchases	508	(8,928)
Net cash generated from investing activities	1,334	151,147
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from rights issue with warrants	-	391,111
Proceeds from borrowings	-	338,300
Repayments of borrowings	(116,656)	(547,967)
Release/ (Placement) of restricted cash	17,166	2,084
Net cash used in financing activities	(99,490)	183,528
NET INCREASE/(DECREASE) FOR THE FINANCIAL PERIOD	(9,228)	240,686
CURRENCY TRANSLATION DIFFERENCES	(2,239)	1,718
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	252,347	74,937
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	240,880	317,341

Note

22

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 2015 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 2016

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 2016	4,148,148	622,222	911,821	62,222	(107,630)	2,074	127	(859,029)	631,807	-	631,807
Net profit for the financial period	-	-	-	-	-	-	-	180,508	180,508	-	180,508
Other comprehensive income/(loss)	-	-	-	-	129,038	-	(130)	-	128,908	-	128,908
Total comprehensive income/(loss)	-	-	-	-	129,038	-	(130)	180,508	309,416	-	309,416
Employee Share Option Scheme ('ESOS')	-	-	-	-	-	242	-	-	242	-	242
At 30 June 2016	4,148,148	622,222	911,821	62,222	21,408	2,316	(3)	(678,521)	941,465	-	941,465
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	-	-	-	-	-	-	-	(258,855)	(258,855)	-	(258,855)
Other comprehensive income/(loss)	-	-	-	-	-	-	(27)	-	(27)	-	(27)
Total comprehensive income/(loss)	-	-	-	-	-	-	(27)	(258,855)	(258,882)	-	(258,882)
Right issue with warrants	1,777,778	266,666	62,223	62,222	-	-	-	-	391,111	-	391,111
Employee Share Option Scheme ('ESOS')	-	-	-	-	-	318	-	-	318	-	318
At 30 June 2015	4,148,148	622,222	911,821	62,222	6,478	1,833	(131)	(768,268)	836,177	-	836,177

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 2015 of the Company and the accompanying explanatory notes attached in this interim financial statements.



AIRASIA X BERHAD
 (Company No. 734161-K)
 (Incorporated in Malaysia with limited liability under the Companies Act, 1965)
 SECOND QUARTER REPORT ENDED 30 June 2016

KEY OPERATING STATISTICS - 30 June 2016

Performance indicator for current quarter against the same quarter last year

Quarter Ended : 30 June	Apr - Jun 2016	Apr - Jun 2015	Changes Y-O-Y
Seat capacity	1,371,526	1,211,301	13%
Passengers carried	1,032,250	810,944	27%
Load factor	75%	68%	7%
RPK (millions)	5,032	3,893	29%
ASK (millions)	6,682	5,693	17%
Average passenger fare (RM)	526	393	34%
Ancillary revenue per passenger (RM)	134	131	2%
Revenue per ASK (sen)	13.24	11.51	15%
Revenue per ASK (US¢)	3.30	3.15	5%
Cost per ASK (sen)	13.20	13.43	-2%
Cost per ASK (US¢)	3.29	3.67	-10%
Cost per ASK (sen) - excluding fuel	9.67	9.58	1%
Cost per ASK (US¢) - excluding fuel	2.41	2.62	-8%
Aircraft (end of period)	31	26	19%
Average sector length (km)	4,872	4,700	4%
Sectors flown	3,638	3,213	13%
Fuel consumed (Barrels)	1,000,317	833,459	20%
Average fuel price (USD/ Barrel)	59	72	-18%

Exchange Rate : RM/USD - 4.0092 for 2Q16 and 3.6574 for 2Q15

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



AIRASIA X BERHAD
(Company No. 734161-K)
(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 30 June 2016

NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2016

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 2015.

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 2015.

Details of standards, amendments to published standards and interpretations to existing standards that are applicable to the Group with effect from 1 January 2016 or later are provided in part B general information and summary of significant accounting policies in the audited financial statements of the Group for the financial year ended 31 December 2015. The adoption of the standards applicable to the Group that came into effect on 1 January 2016 did not have any significant impact on the Group upon initial application. The Group did not early adopt any new standards, amendments to published standards and interpretation to existing standards.

3. Auditors' report on preceding annual financial statements

The auditors have expressed an unqualified opinion on the audited consolidated financial statements of the Company for the financial year ended 31 December 2015.

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 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.

7. Capital and reserves

During quarter ended 30 June 2016, the total issued and paid-up share capital of the Company remained unchanged at RM622,222,226.55. There was no cancellation, repurchases, resale and repayment of debt and equity securities for the period ended 30 June 2016.

8. Dividend paid

No dividends were declared or approved in the quarter ended 30 June 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 2016

NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2016

9. Segment reporting

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/06/2016 RM'000	Quarter ended 30/06/2015 RM'000	Period Ended 30/06/2016 RM'000	Period Ended 30/06/2015 RM'000
Revenue				
North Asia	453,306	307,533	946,178	669,351
Australia	274,547	176,497	616,360	422,669
Others	155,310	168,998	291,299	336,382
	<u>883,163</u>	<u>653,028</u>	<u>1,853,837</u>	<u>1,428,402</u>

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/06/2016 RM'000	Quarter ended 30/06/2015 RM'000	Period Ended 30/06/2016 RM'000	Period Ended 30/06/2015 RM'000
EBITDAR/ (LBITDAR) ¹				
North Asia	141,241	12,284	320,551	55,735
Australia	51,376	9,035	173,202	49,276
Others	68,498	103,889	108,106	193,558
	<u>261,115</u>	<u>125,208</u>	<u>601,859</u>	<u>298,569</u>

Note:

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/06/2016 RM'000	Quarter ended 30/06/2015 RM'000	Period Ended 30/06/2016 RM'000	Period Ended 30/06/2015 RM'000
Profit Before Tax ("PBT")/(Loss Before Tax) ("LBT")				
North Asia	10,225	(161,040)	128,300	(269,311)
Australia	(39,952)	(71,147)	41,841	(130,579)
Others	20,497	69,803	39,146	120,227
	<u>(9,230)</u>	<u>(162,384)</u>	<u>209,287</u>	<u>(279,663)</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 2016

NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2016

10. Revenue

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/06/2016	Quarter ended 30/06/2015	Period Ended 30/06/2016	Period Ended 30/06/2015
	RM'000	RM'000	RM'000	RM'000
Scheduled flights	543,230	318,316	1,140,823	714,512
Refunds	(892)	(3,911)	(898)	(3,916)
	<u>542,338</u>	<u>314,405</u>	<u>1,139,925</u>	<u>710,596</u>
Charter flights	65,881	119,302	147,474	219,869
Fuel surcharge	-	18,965	-	83,354
Freight and cargo	30,759	29,749	61,709	57,149
Ancillary revenue	136,895	104,626	292,821	231,230
Management fee	105	570	1,642	944
Aircraft operating lease income	107,185	65,411	210,266	112,454
	<u>883,163</u>	<u>653,028</u>	<u>1,853,837</u>	<u>1,415,596</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 30/06/2016	Quarter ended 30/06/2015	Period Ended 30/06/2016	Period Ended 30/06/2015
	RM'000	RM'000	RM'000	RM'000
Wages, salaries, bonuses and allowances	71,924	69,805	139,011	137,145
Defined contribution retirement plan	6,200	5,954	13,792	12,605
Share option expense	137	128	263	325
	<u>78,261</u>	<u>75,887</u>	<u>153,066</u>	<u>150,075</u>

12. Other income

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/06/2016	Quarter ended 30/06/2015	Period Ended 30/06/2016	Period Ended 30/06/2015
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of property, plant and equipment	-	3,333	-	6,571
Commission income from insurance	1,486	1,939	3,454	3,412
Others	17,488	3	29,013	1,973
	<u>18,974</u>	<u>5,275</u>	<u>32,467</u>	<u>11,956</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 2016

NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2016

13. Finance income/ (costs)

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/06/2016 RM'000	Quarter ended 30/06/2015 RM'000	Period Ended 30/06/2016 RM'000	Period Ended 30/06/2015 RM'000
Finance income:				
Interest income on deposits with licensed banks	499	467	2,058	713
Finance costs:				
Interest expense on bank borrowings	(9,374)	(17,993)	(20,492)	(38,140)
Bank facilities and other charges	(512)	(561)	(515)	(1,205)
	<u>(9,886)</u>	<u>(18,554)</u>	<u>(21,007)</u>	<u>(39,345)</u>
Foreign exchange gain/(loss)				
Unrealised foreign exchange gain/(loss) on:				
- Borrowings	(31,256)	(30,884)	91,075	(120,133)
- Deposits and bank balances	529	2,703	391	4,718
	<u>(30,727)</u>	<u>(28,181)</u>	<u>91,466</u>	<u>(115,415)</u>
Fair value movement recycled from cash flow hedge reserve and others	-	-	-	-
Net foreign exchange gain/(loss)	<u>(30,727)</u>	<u>(28,181)</u>	<u>91,466</u>	<u>(115,415)</u>

14. Taxation

The explanation of the relationship between taxation and profit/(loss) before taxation is as follows

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/06/2016 RM'000	Quarter ended 30/06/2015 RM'000	Period Ended 30/06/2016 RM'000	Period Ended 30/06/2015 RM'000
Profit/(loss) before tax	(9,230)	(162,384)	209,287	(279,663)
Tax calculated at Malaysian statutory tax rate of 24% (2015: 25%)	(2,215)	(40,596)	50,229	(69,916)
Tax effects:				
- Under/ (over) accrual in prior year	-	-	-	8,381
- expenses not deductible for tax purposes	(8,051)	10,949	(916)	24,969
- income not subject to tax	17	(834)	(20,534)	(1,643)
- Changes in statutory tax rate	-	1,035	-	17,401
Taxation	<u>(10,249)</u>	<u>(29,446)</u>	<u>28,779</u>	<u>(20,808)</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 2016

NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2016

15. Disclosure of realised and unrealised accumulated gains/(losses)

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

	As at 30/06/2016 RM'000	As at 31/12/2015 RM'000
Total accumulated gains/(losses) of AirAsia X Berhad and its subsidiaries		
- Realised	(886,287)	(975,661)
- Unrealised	281,672	174,216
	<u>(604,615)</u>	<u>(801,445)</u>
Total share of accumulated losses from associated company		
- Realised	(20,018)	(20,018)
Total share of accumulated losses from joint venture		
- Realised	(53,888)	(37,566)
Total accumulated losses	<u>(678,521)</u>	<u>(859,029)</u>

16. Property, plant and equipment

(a) Acquisition and disposal

During the quarter ended 30 June 2016, the Group acquired property, plant and equipment amounting to RM571k (quarter ended 30 June 2015: RM6.2 million).

During the quarter ended 30 June 2016, proceeds from disposal of property, plant and equipment totalled RM2.4 million (quarter ended 30 June 2015: RM15.3 million).

(b) Write-off

There was no write-off of property, plant and equipment for the quarter ended 30 June 2016 (quarter ended 30 June 2015: 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 2016

NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2016

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 2018 to 2027. Pre-delivery payments constitute instalments made in respect of the price of the aircraft and are deducted from the final price upon 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 USD.

19. Investment in an associate

	As at 30/06/2016 RM'000	As at 31/12/2015 RM'000
Unquoted investments, at cost	20,018	20,018
Group's share of post-acquisition losses	(20,018)	(20,018)
	<u>-</u>	<u>-</u>

The details of the associate is as follows:-

Name	Country of Incorporation	Group effective equity interest		Principal activity
		30/06/2016 %	31/12/2015 %	
Thai AAX Co., Ltd ("TAAX")	Thailand	49%	49%	Commercial air transport services

The Group has discontinued the recognition of its share of losses incurred by TAAX as the Group's interests had been reduced to zero. The Group's share of loss of TAAX for the current financial quarter, which have not been equity accounted for, amounted to RM5.7 million (30 June 2015: RM5.4 million). As at 30 June 2016, the unrecognised amount of the Group's share of loss of TAAX which have not been equity accounted for amounted to RM39.5 million (30 June 2015: RM18.3 million).



AIRASIA X BERHAD
(Company No. 734161-K)
(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 30 June 2016

NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2016

20. Investment in a joint venture

	As at 30/06/2016 RM'000	As at 31/12/2015 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
		30/06/2016 %	31/12/2015 %	
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 RM17.6 million (30 June 2016: RM Nil). As at 30 June 2016, the unrecognised amount of the Group's share of loss of IAAX which have not been equity accounted for amounted to RM42.9 million (30 June 2015: RM Nil).

21. Receivables and prepayments

	As at 30/06/2016 RM'000	As at 31/12/2015 RM'000
Trade receivables	196,555	115,454
Other receivables	51,237	79,093
Prepayments	70,119	61,541
Deposits	31,232	29,325
	349,143	285,413
Less : Allowance for impairment of receivables	(2,755)	(2,950)
	346,388	282,463



AIRASIA X BERHAD
(Company No. 734161-K)
(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 30 June 2016

NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2016

22. Deposits, cash and bank balances

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

	As at 30/06/2016 RM'000	As at 31/12/2015 RM'000
Cash and bank balances	240,880	252,347
Deposits with licensed banks	41,277	58,442
	<u>282,157</u>	<u>310,789</u>
Deposit pledged as securities	(41,277)	(58,442)
Cash and cash equivalents	<u>240,880</u>	<u>252,347</u>

23. Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

24. Derivative Financial Instruments

The fair value of derivative financial instruments is determined in accordance with MFRS139 "Financial Instruments: Recognition and Measurement", and are measured by level 2 of the fair value measurement hierarchy. As at 30 June 2016, outstanding number of barrels of Brent and fuel derivative contracts was 4,918,209 barrels (2015: 2,377,903 barrels).

25. Trade and other payables

	As at 30/06/2016 RM'000	As at 31/12/2015 RM'000
Trade payables	358,105	401,618
Other payables and accruals	440,673	447,457
	<u>798,778</u>	<u>849,075</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 2016

NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2016

26. Borrowings

	As at 30/06/2016 RM'000	As at 31/12/2015 RM'000
<u>Current</u>		
Secured:		
- Revolving credit	-	120,120
- Term loans	186,645	199,341
- Hire purchase	16	16
	<u>186,661</u>	<u>319,477</u>
<u>Non-current</u>		
Secured:		
- Term loans	940,893	1,109,577
- Hire purchase	25	33
	<u>940,918</u>	<u>1,109,610</u>
Total borrowings	<u><u>1,127,579</u></u>	<u><u>1,429,087</u></u>

The currency profile of borrowings is as follows:

	As at 30/06/2016 RM'000	As at 31/12/2015 RM'000
Ringgit Malaysia	41	49
US Dollar	1,127,538	1,429,038
	<u>1,127,579</u>	<u>1,429,087</u>

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

	As at 30/06/2016 RM'000	As at 31/12/2015 RM'000
At beginning of financial period	1,429,087	1,579,345
Proceeds from borrowings	-	422,900
Repayment of borrowings	(210,433)	(886,048)
Unrealised foreign exchange (gain)/loss on borrowings	(91,075)	312,890
At end of financial period	<u>1,127,579</u>	<u>1,429,087</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 2016

NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2016

27. Other payables and accruals

Other payables and accruals include aircraft maintenance accruals for leased aircraft. These payables and accruals are denominated in USD.

28. Share capital

	As at 30/06/2016 RM'000	As at 31/12/2015 RM'000
<u>Authorised:</u>		
Ordinary shares of RM0.15 each:		
At beginning/end of financial period/year	1,000,000	1,000,000
<u>Issued and fully paid up:</u>		
Ordinary shares of RM0.15 each:		
At beginning/end of financial period/year	622,222	622,222

29. Profit/(Loss) per share

Basic profit/(loss) per share

Basic profit/(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 30/06/2016	Quarter Ended 30/06/2015	Period Ended 30/06/2016	Period Ended 30/06/2015
Net profit/(loss) for the individual quarter/ financial period (RM'000)	1,019	(132,938)	180,508	(258,855)
Weighted average number of ordinary shares in issue ('000)	4,148,148	2,962,963	4,148,148	2,666,666
Profit/(loss) per share (sen)	0.0	(4.5)	4.4	(9.7)

Diluted profit/(loss) per share

The diluted profit/(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.

30. Post balance sheet events

There is no material subsequent event noted during the financial period ended 30 June 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 2016

NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2016

31. Contingent assets and contingent liabilities

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

32. 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 30/06/2016 RM'000	As at 31/12/2015 RM'000
Aircraft purchase	106,750,986	113,906,660

(b) Non-cancellable operating leases

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

	As at 30/06/2016 RM'000	As at 31/12/2015 RM'000
Future minimum lease payments	8,539,794	9,607,797
Future minimum sublease receipts	2,410,738	2,715,271



AIRASIA X BERHAD
(Company No. 734161-K)
(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 30 June 2016

NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2016

33. 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
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
Rokki Sdn Bhd (formerly known as Tune Box Sdn Bhd) ("Rokki")	Common Directors and shareholders
AirAsia Global Shared Services Sdn Bhd ("AGSS")	Common Directors and shareholders

These following items have been included in the income statement:

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/06/2016 RM'000	Quarter Ended 30/06/2015 RM'000	Period Ended 30/06/2016 RM'000	Period Ended 30/06/2015 RM'000
TAA				
- Aircraft operating lease income for leased aircraft	81,764	39,969	157,970	64,901
- Net operational services charged to TAA	775	1,637	2,088	3,482
IAAX				
- Aircraft operating lease income for leased aircraft	25,421	25,442	52,296	47,553
- Net operational services charged to IAAX	3,450	2,456	5,814	5,006
AAB				
- Operational service charges	(4,158)	(1,780)	(7,882)	(3,600)
- Brand license fee	(3,919)	(3,127)	(8,720)	(7,026)
- Charter air travel services	25,926	-	35,041	-
CJG				
- Charter air travel services	(1,508)	-	(2,975)	-
TAA				
- Net operational services charged from/(to) TAA	312	2,105	649	2,220
IAA				
- Net operational services charged to IAA	314	571	1,061	944
AAZ				
- Net operational services charged from/(to) AAZ	757	2,004	2,386	2,125
AACOE				
- Training services	(3,307)	(3,208)	(5,099)	(3,323)
TIMB				
- Commission received/ receivable on travel insurance	1,040	1,850	2,733	3,028
- Premium collected on behalf of TIMB on travel insurance	(4,160)	(7,401)	(10,932)	(12,113)
Rokki				
- In-flight entertainment system and software expenses	(752)	(379)	(1,639)	(1,117)
AGSS				
- Provision of shared services	(1,981)	(3,750)	(2,969)	(7,596)



AIRASIA X BERHAD
(Company No. 734161-K)
(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 30 June 2016

NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2016

34. Review of performance

3 months ended 30 June 2016 compared to 3 months ended 30 June 2015

During the 3 months ended 30 June 2016 (2Q2016), the Group's revenue had increased by 35.2% from RM653.03 million to RM883.16 million in the comparative 3 months ended 30 June 2015 (2Q2015). RASK had also increased by 15% from 11.51 sen for 2Q2015 to 13.24 sen for the 2Q2016. The increase was mainly due to:-

(i) Scheduled flights revenue (net of refunds) increased by 72.5% from RM314.41 million in 2Q2015 to RM542.34 million in 2Q2016. This was a result of increase in Passengers Carried by 27% from 810,944 passengers in 2Q2015 to 1,032,250 passengers in 2Q2016. This was on the back of 13% increase in seat capacity from 1,211,301 seats in 2Q2015 to 1,371,526 seats in 2Q2016. The resultant load factor was an improvement of 7% from 68% load factor in 2Q2015 to 75% load factor in 2Q2016. Average Base Fare also increased by 34% from RM393 in 2Q2015 to RM526 in 2Q2016.

(ii) Ancillary revenue increased by 31% from RM104.63 million in 2Q2015 to RM136.89 million in 2Q2016. Average Ancillary Revenue per Passenger also increased by 2% from RM131 per passenger in 2Q2015 to RM134 per passenger in 2Q2016.

(iii) Aircraft Operating Lease Income increased by 64% from RM65 million in 2Q2015 to RM107 million in 2Q2016 arising from 2 new leased aircraft that increased total leased income aircrafts from 6 aircraft in 2Q2015 to 8 aircraft in 2Q2016.

(iv) Revenue from Charter flights decreased by 38% from RM106.5 million in 2Q2015 to RM65.9 million in 2Q2016 arising from Group's decision to reduce Charter activities.

(v) Freight and Cargo Revenue increased by 3.4% from RM29.7 million in 2Q2015 to RM30.7 million in 2Q2016, due to higher tonnage transported in the current period.

(vi) In 1Q2016, the Group did not collect any Fuel Surcharge where RM18.96 million was collected in 2Q2015.

The Group's operating expenses increased by 16% from RM758 million in 2Q2015 to RM882 million in 2Q2016. The increase was mainly due to:-

(i) Aircraft Operating Lease expenses increased by 13.5% from RM186.97 million in 2Q2015 to RM212.26 million 2Q2016, due to the increase in number of operating leased aircraft in 2Q2016 and also the depreciation of the Malaysian Ringgit against the US Dollar from RM3.6574:USD1.00 in 2Q2015 to RM4.0092:USD1.00 in 2Q2016.

(ii) Correspondingly from the increase in the total fleet size and depreciation of the Malaysian Ringgit during the comparative periods, Maintenance and Overhaul expenses increased by 39.6% from RM121.6 million in 2Q2015 to RM169.9 million in 2Q2016.

(iii) Arising from the overall depreciation of the Malaysian Ringgit, the User Charges payable to the airports increased by 5.6% from RM86.3 million in 2Q2015 to RM91.2 million in 2Q2016.

(iv) Aircraft Fuel expenses increased by 7.7% from RM218.9 million in 2Q2015 to RM235.6 million in 2Q2016, attributed by increase in consumption and depreciation of the Malaysian Ringgit against US Dollar during the comparative periods, offset by the decrease in fuel prices. Average fuel price decreased by 18% from USD72/barrel in 2Q2015 to USD59/barrel in 2Q2016. Total fuel consumed increased by 20% from 833,459 barrels in 2Q2015 to 1,000,317 barrels in 2Q2016.

(iv) Depreciation decreased by 24.5% from RM38.2 million in 2Q2015 to RM28.8 million in 2Q2016 due to no depreciation charged on assets classified as non-current assets held for sale in 4Q15.

(v) Other operating expenses increased 117.4% from RM30.4 million in 2Q2015 to RM66.1 million in 2Q2016 primarily due to increase in marketing expenditures and realised foreign exchange losses.

The Group recorded an Operating Profit of RM20.0 million in 2Q2016, an improvement from the Operating Loss recorded in 2Q2015 of RM99.9 million, as attributed by higher revenue and lower fuel costs.

The Group's Loss Before Taxation (LBT) decreased by 94.3% from a loss of RM162.4 million in 2Q2015 to a LBT of RM9.2 million in 2Q2016. Correspondingly, Taxation expense decreased by 65.2% from RM29.4 million in 2Q2015 to RM10.5 million in 2Q2016, where RM10.4 million is attributable to deferred tax in 2Q2016.

In the current 3 months ended 30 June 2016, the Group recorded a Profit After Taxation of RM1.02 million as compared to a Loss After Taxation on RM132.94 million for the comparative 3 months ended 30 June 2015.



AIRASIA X BERHAD
(Company No. 734161-K)
(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 30 June 2016

NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2016

34. Review of performance

6 months ended 30 June 2016 compared to 6 months ended 30 June 2015

During the 6 months ended 30 June 2016 (YTD2016), the Group's revenue had increased by 30.9% from RM1.42 billion to RM1.85 billion in the comparative 6 months ended 30 June 2015 (YTD2015). RASK had also increased by 17.5% from 12.05 sen for YTD2015 to 14.16 sen for the YTD2016. The increase was mainly due to:-

(i) Scheduled flights revenue (net of refunds) increased by 59.7% from RM710.59 million in YTD2015 to RM1,139.92 million in YTD2016. This was a result of increase in Passengers Carried by 20.9% from 1,725,914 passengers in YTD2015 to 2,087,373 passengers in YTD2016. This was on the back of 8% increase in seat capacity from 2,466,334 seats in YTD2015 to 2,668,406 seats in YTD2016. The resultant load factor was an improvement of 8% from 70% load factor in YTD2015 to 78% load factor in YTD2016. Average Base Fare also increased by 32% from RM414 in YTD2015 to RM546 in YTD2016.

(ii) Ancillary revenue increased by 26.6% from RM231.23 million in YTD2015 to RM292.82 million in YTD2016. Average Ancillary Revenue per Passenger also increased by 4% from RM134 per passenger in YTD2015 to RM140 per passenger in YTD2016.

(iii) Aircraft Operating Lease Income increased by 87% from RM112.45 million in YTD2015 to RM210.27 million in YTD2016 arising from 2 new leased aircraft that increased total leased income aircrafts from 6 aircraft in YTD2015 to 8 aircraft in YTD2016.

(iv) Revenue from Charter flights decreased by 32.9% from RM219.9 million in YTD2015 to RM147.5 million in YTD2016 arising from Group's decision to reduce Charter activities.

(v) Freight and Cargo Revenue increased by 7.9% from RM57.1 million in YTD2015 to RM61.7 million in YTD2016, due to higher tonnage transported in the current period.

(vi) In YTD2016, the Group did not collect any Fuel Surcharge where RM83.35 million was collected in YTD2015.

The Group's operating expenses increased by 14.8% from RM1.53 billion in YTD2015 to RM1.76 billion in YTD2016. The increase was mainly due to:-

(i) Aircraft Operating Lease expenses increased by 32.3% from RM316.6 million in YTD2015 to RM418.7 million YTD2016, due to the increase in number of operating leased aircraft in YTD2016 and also the depreciation of the Malaysian Ringgit against the US Dollar from RM3.6405:USD1.00 in YTD2015 to RM4.1175:USD1.00 in YTD2016.

(ii) Correspondingly from the increase in the total fleet size and depreciation of the Malaysian Ringgit during the comparative periods, Maintenance and Overhaul expenses increased by 40.8% from RM235.9 million in YTD2015 to RM332.3 million in YTD2016.

(iii) Arising from the overall depreciation of the Malaysian Ringgit, the User Charges payable to the airports increased by 17.5% from RM177.6 million in YTD2015 to RM208.6 million in YTD2016.

(iv) Aircraft Fuel expenses decreased by 2.96% from RM493.3 million in YTD2015 to RM478.7 million in YTD2016, attributed by the decrease in fuel prices. Average fuel price decreased by 26% from USD78/barrel in YTD2015 to USD58/barrel in YTD2016. However, the decrease was limited by the increase in consumption and depreciation of the Malaysian Ringgit against US Dollar during the comparative periods. Total fuel consumed increased by 16% from 1,737,469 barrels in YTD2015 to 2,012,674 barrels in YTD2016.

(iv) Depreciation decreased by 24% from RM75.96 million in YTD2015 to RM57.99 million in YTD2016 due to no depreciation charged on assets classified as non-current assets held for sale in 4Q15.

(v) Other operating expenses increased 31.6% from RM84.9 million in YTD2015 to RM111.7 million in YTD2016 primarily due to increase in marketing expenditures and realised foreign exchange losses.

The Group recorded an Operating Profit of RM125.1 million in YTD2016, an improvement from the Operating Loss recorded in YTD2015 of RM93.99 million, as attributed by higher revenue and lower fuel costs.

The Group's Profit Before Taxation (PBT) increased by 174.8% from a loss before taxation of RM279.7 million in YTD2015 to a PBT of RM209.3 million in YTD2016. Correspondingly, Taxation expense increased from a tax credit of RM20.8 million in YTD2015 to a tax expense of RM28.8 million in YTD2016.

In the current 6 months ended 30 June 2016, the Group recorded a Profit After Taxation of RM180.5 million as compared to a Loss After Taxation of RM258.86 million for the comparative 6 months ended 30 June 2015.



AIRASIA X BERHAD
(Company No. 734161-K)
(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 30 June 2016

NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2016

35. Operating profit and Profit/Loss Before Tax ("PBT"/"LBT") performance (quarter ended 30 June 2016 compared to quarter ended 31 March 2016)

The Group recorded an Operating Profit of RM20.0 million in 2Q16, whereas the Operating Profit was higher at RM105.1 million for the quarter ended 31 March 2016 ("1Q16"). This was due to the seasonality in operations, whereby travel demand is generally lower in the second quarter.

The Group recorded a Loss Before Tax (LBT) of RM9.2 million in 2Q16, a decrease from the PBT of RM218.5 million achieved in the previous 1Q2016. In addition to the seasonality of operations abovementioned, the weakening of the Malaysian Ringgit currency in 2Q16 led to unrealised foreign exchange losses recognised of RM30.7 million in 2Q16, in comparison to unrealised foreign exchange gain of RM122.2 million recognised in 1Q16.

36. Commentary on prospects

Based on the current forward booking trend, the number of passengers to be carried in the third quarter remains encouraging. Forward loads and average fares are also 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.

37. 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.

38. Corporate proposal

There is no corporate proposal which is announced but not completed as at 16 August 2016, being the latest practicable date of this report.

39. Material litigation

As at 16 August 2016, there was no material litigation taken or threatened against the Company and its subsidiaries.

40. Proposed dividend

The Directors did not recommend any dividend for the quarter ended 30 June 2016.