



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

ANNOUNCEMENT

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

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Period Ended	Period Ended
		31/12/2015 RM'000	31/12/2014 RM'000	31/12/2015 RM'000	31/12/2014 RM'000
Revenue	10	853,945	816,872	3,062,554	2,936,727
Operating Expenses					
- Staff costs	11	(84,741)	(87,200)	(315,821)	(313,018)
- Depreciation of property, plant and equipment		(31,021)	(39,139)	(144,807)	(180,730)
- Aircraft fuel expenses		(232,043)	(359,836)	(1,020,881)	(1,519,924)
- Maintenance, overhaul, user charges and other related expenses		(279,176)	(140,698)	(879,585)	(638,167)
- Aircraft operating lease expenses		(207,706)	(126,527)	(706,058)	(337,978)
- Other operating expenses		674	(114,773)	(129,692)	(313,954)
Other income	12	94,789	157,155	109,128	190,744
Operating profit/(loss)		114,721	105,854	(25,162)	(176,300)
Finance income	13	17,706	5,420	19,714	6,349
Finance costs	13	(37,891)	(80,347)	(91,618)	(159,658)
Net operating profit/(loss)		94,536	30,927	(97,066)	(329,609)
Foreign exchange (loss)/ gain	13	57,123	(118,826)	(299,562)	(136,921)
Share of results of an associate	19	-	6,805	-	(19,516)
Share of results of a joint venture	20	-	(16,322)	(37,566)	(16,322)
Other (loss)/gain		-	(102,993)	-	(102,993)
Profit/(loss) before taxation		151,659	(200,409)	(434,194)	(605,361)
Taxation					
Current taxation	14	-	(146)	(169)	(245)
Deferred taxation	14	49,927	32,029	74,130	86,163
		49,927	31,883	73,961	85,918
Profit/(loss) for the financial period		201,586	(168,526)	(360,233)	(519,443)
Attributable to:					
Equity holders of the Company		201,586	(168,526)	(360,233)	(519,443)
Non-controlling Interests		-	-	-	-
		201,586	(168,526)	(360,233)	(519,443)
Profit/(loss) per share (sen)					
Basic	28	5.9	(7.1)	(10.6)	(21.9)
Diluted	28	5.9	(7.1)	(10.6)	(21.9)

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



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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Period Ended	Period Ended
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Note	RM'000	RM'000	RM'000	RM'000
Profit/(loss) for the financial period	201,586	(168,526)	(360,233)	(519,443)
Other comprehensive (loss)/income				
Cash flow hedges	(83,767)	6,478	(114,108)	(14,049)
Foreign currency translation differences	44	75	231	(26)
Total comprehensive income/(loss) for the financial period	117,863	(161,973)	(474,110)	(533,518)
Total comprehensive income/(losses) attributable				
To equity holder of the company	117,863	(161,973)	(474,110)	(533,518)
Non-controlling interest	-	-	-	-
Total comprehensive income/(loss) for the financial period	117,863	(161,973)	(474,110)	(533,518)

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



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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited As At	Audited As At
	Note	31/12/2015 RM'000	31/12/2014 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	1,677,613	1,934,588
Deferred tax asset	14	519,923	445,793
Deposits on aircraft purchases	17	243,601	469,526
Other deposits and prepayments	18	795,211	474,387
Investment in an associate	19	-	-
Investment in a joint venture	20	-	37,566
		3,236,348	3,361,860
CURRENT ASSETS			
Inventories		3,985	1,362
Receivables and prepayments	21	217,893	180,927
Amount due from related parties		28,897	38,769
Amount due from an associate		26,150	5,314
Amount due from a joint venture		56,776	19,499
Deposits, cash and bank balances	23	313,020	127,198
Tax recoverable		712	1,065
Non-current assets held for sale	22	105,116	-
		752,549	374,134
CURRENT LIABILITIES			
Derivative financial instruments	26	115,215	102,993
Trade and other payables	24	664,060	586,251
Amounts due to related parties		45,978	23,173
Amounts due to an associate		-	196
Sales in advance		778,035	590,978
Borrowings	25	319,477	513,245
		1,922,765	1,816,836
Net Current Liabilities		(1,170,216)	(1,442,702)
NON-CURRENT LIABILITIES			
Borrowings	25	1,109,610	1,066,100
Other payables		335,332	149,428
		1,444,942	1,215,528
		621,190	703,630
CAPITAL AND RESERVES			
Share capital	27	622,222	355,556
Share premium		911,821	849,598
Warrant reserve		62,222	-
Other reserves		(105,556)	7,993
Accumulated losses		(869,646)	(509,413)
Currency translation reserve		127	(104)
Shareholders' equity		621,190	703,630

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



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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Period Ended 31/12/2015 RM'000	Period Ended 31/12/2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(434,194)	(605,361)
Adjustments:		
Property, plant and equipment		
- Depreciation	144,807	141,591
- Gain on disposal	(9,261)	(23,072)
Interest expense	91,618	79,311
Interest income	(19,714)	(929)
Fair value (gain)/ loss on derivative financial instruments	(101,886)	30,277
Share option expense	559	993
Share of results of an associate	-	26,322
Share of results of a joint venture	37,566	-
Net unrealised foreign exchange losses	219,826	34,056
	(70,679)	(316,812)
Changes in working capital:		
Inventories	(2,623)	(3,632)
Receivables, prepayments and other deposits	(47,364)	(58,854)
Related parties balances	(26,723)	41,400
Trade and other payables	(59,047)	337,274
Sales in advance	280,179	90,116
Cash (used in)/ from operations	73,743	89,492
Interest paid	(89,026)	(77,530)
Interest received	19,610	701
Tax recovered/(paid)	184	(627)
Net cash from operating activities	4,511	12,036
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Additions	(40,018)	(427,528)
- Proceeds from disposal	294,109	23,072
Deposits placed on aircraft purchases	(7,825)	120,634
Investment in a joint venture	-	(53,888)
Net cash generated from/ (used in) investing activities	246,266	(337,710)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from rights issue with warrants	391,111	-
Proceeds from borrowings	422,900	429,604
Repayments of borrowings	(886,048)	(441,079)
Release/ (Placement) of restricted cash	(6,181)	(9,618)
Net cash used in financing activities	(78,218)	(21,093)
NET INCREASE/ (DECREASE) FOR THE FINANCIAL PERIOD	172,559	(346,767)
CURRENCY TRANSLATION DIFFERENCES	7,082	(1,371)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	74,937	212,088
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	254,578	(136,050)

23

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



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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Issued and fully paid
 ordinary shares
 of RM0.15 each

	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 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	-	-	-	-	-	-	-	(360,233)	(360,233)	-	(360,233)
Other comprehensive (loss)/ income	-	-	-	-	(114,108)	-	231	-	(113,877)	-	(113,877)
Total comprehensive (loss)/ income	-	-	-	-	(114,108)	-	231	(360,233)	(474,110)	-	(474,110)
Rights issue with warrants	1,777,778	266,666	62,223	62,222	-	-	-	-	391,111	-	391,111
Employee Share Option Scheme ('ESOS')	-	-	-	-	-	559	-	-	559	-	559
At 31 December 2015	4,148,148	622,222	911,821	62,222	(107,630)	2,074	127	(869,646)	621,190	-	621,190
At 1 January 2014	2,370,370	355,556	849,598	-	20,527	522	(78)	10,030	1,236,155	-	1,236,155
Net loss for the financial period	-	-	-	-	-	-	-	(519,443)	(519,443)	-	(519,443)
Other comprehensive (loss)/ income	-	-	-	-	(14,049)	-	(26)	-	(14,075)	-	(14,075)
Total comprehensive (loss)/ income	-	-	-	-	(14,049)	-	(26)	(519,443)	(533,518)	-	(533,518)
Employee Share Option Scheme ('ESOS')	-	-	-	-	-	993	-	-	993	-	993
At 31 December 2014	2,370,370	355,556	849,598	-	6,478	1,515	(104)	(509,413)	703,630	-	703,630

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



AIRASIA X BERHAD
 (Company No. 734161-K)
 (Incorporated in Malaysia with limited liability under the Companies Act, 1965)
 FOURTH QUARTER REPORT ENDED 31 December 2015

KEY OPERATING STATISTICS - 31 December 2015

Performance indicator for current quarter against the same quarter last year

Quarter Ended : 31 December	Oct - Dec 2015	Oct - Dec 2014	Changes Y-O-Y
Seat capacity	1,193,959	1,333,072	-10%
Passengers carried	985,739	1,086,800	-9%
Load factor	83%	81%	2%
RPK (millions)	4,896	5,312	-8%
ASK (millions)	5,905	6,523	-9%
Average passenger fare (RM)	563	461	22%
Ancillary revenue per passenger (RM)	139	146	-5%
Revenue per ASK (sen)	14.49	12.54	15%
Revenue per ASK (US¢)	3.38	3.72	-9%
Cost per ASK (sen)	14.12	13.31	6%
Cost per ASK (US¢)	3.29	3.95	-17%
Cost per ASK (sen) - excluding fuel	10.19	7.79	31%
Cost per ASK (US¢) - excluding fuel	2.38	2.31	3%
Aircraft (end of period)	27	26	4%
Average sector length (km)	4,941	4,894	1%
Sectors flown	3,167	3,536	-10%
Fuel consumed (Barrels)	866,453	922,629	-6%
Average fuel price (USD/ Barrel)	62	116	-46%

Exchange Rate : RM/USD - 4.2858 for 4Q15 and 3.3686 for 4Q14

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)
FOURTH QUARTER REPORT ENDED 31 December 2015

NOTES TO THE UNAUDITED ACCOUNTS - 31 December 2015

1. Basis of preparation

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

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

2. Summary of significant accounting policies

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited consolidated financial statements of the Group for the financial year ended 31 December 2014.

Details of standards, amendments to published standards and interpretations to existing standards that are applicable to the Group with effect from 1 January 2015 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 2014. The adoption of the standards applicable to the Group that came into effect on 1 January 2015 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 2014.

4. Seasonality of operations

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

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

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

6. Changes in estimates

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

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 is 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.

On 11 June 2015, the Company completed a renounceable rights issue of new ordinary shares ("Rights Shares") of RM0.15 each in AAX ("AAX Shares") together with free detachable warrants ("Warrants"). Following the completion of the Rights Share exercise, the issued and fully paid ordinary shares of the Company consists of 4,148 million ordinary shares of RM0.15 each with a share premium of RM62.2 million and warrant reserve of RM62.2 million.

The new issuance of issued and fully paid up share capital is as disclosed in note 27.

8. Dividend paid

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



AIRASIA X BERHAD
 (Company No. 734161-K)
 (Incorporated in Malaysia with limited liability under the Companies Act, 1965)
 FOURTH QUARTER REPORT ENDED 31 December 2015

NOTES TO THE UNAUDITED ACCOUNTS - 31 December 2015

9. Segment reporting

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Period Ended	Period Ended
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	RM'000	RM'000	RM'000	RM'000
Revenue				
North Asia	436,407	386,551	1,469,697	1,409,892
Australia	291,753	280,125	927,454	1,048,656
Others	125,785	150,196	665,403	478,179
	<u>853,945</u>	<u>816,872</u>	<u>3,062,554</u>	<u>2,936,727</u>

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Period Ended	Period Ended
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	RM'000	RM'000	RM'000	RM'000
EBITDAR/ (LBITDAR) ¹				
North Asia	161,991	109,276	235,353	190,782
Australia	120,284	82,799	177,023	(1,246)
Others	71,173	79,445	413,327	152,872
	<u>353,448</u>	<u>271,520</u>	<u>825,703</u>	<u>342,408</u>

Note:

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Period Ended	Period Ended
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	RM'000	RM'000	RM'000	RM'000
Profit Before Tax ("PBT")/(Loss Before Tax) ("LBT")				
North Asia	50,594	(123,738)	(488,894)	(262,742)
Australia	53,988	(90,486)	(232,004)	(369,004)
Others	47,077	13,815	286,704	26,385
	<u>151,659</u>	<u>(200,409)</u>	<u>(434,194)</u>	<u>(605,361)</u>

10. Revenue

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Period Ended	Period Ended
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	RM'000	RM'000	RM'000	RM'000
Scheduled flights	555,238	501,227	1,689,844	1,637,700
Refunds	(940)	(3,478)	(7,116)	(7,580)
	<u>554,298</u>	<u>497,749</u>	<u>1,682,728</u>	<u>1,630,120</u>
Charter flights	57,847	2,613	421,662	171,633
Fuel surcharge	6,120	96,330	98,861	344,133
Freight and cargo	21,048	28,695	107,509	113,878
Ancillary revenue	137,404	157,541	476,394	586,483
Management fee	420	320	1,373	1,144
Aircraft operating lease income	76,808	33,624	274,027	89,336
	<u>853,945</u>	<u>816,872</u>	<u>3,062,554</u>	<u>2,936,727</u>

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



AIRASIA X BERHAD
 (Company No. 734161-K)
 (Incorporated in Malaysia with limited liability under the Companies Act, 1965)
 FOURTH QUARTER REPORT ENDED 31 December 2015

NOTES TO THE UNAUDITED ACCOUNTS - 31 December 2015

11. Staff cost

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Period Ended	Period Ended
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	RM'000	RM'000	RM'000	RM'000
Wages, salaries, bonuses and allowances	77,817	80,801	289,900	289,054
Defined contribution retirement plan	6,799	6,151	25,335	22,971
Share option expense	125	248	586	993
	<u>84,741</u>	<u>87,200</u>	<u>315,821</u>	<u>313,018</u>

12. Other income

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Period Ended	Period Ended
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of property, plant and equipment	2,467	66,392	9,260	89,464
Commission income from insurance	1,523	1,304	7,095	5,125
Others	90,799	89,459	92,773	96,155
	<u>94,789</u>	<u>157,155</u>	<u>109,128</u>	<u>190,744</u>

13. Finance income/ (costs)

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Period Ended	Period Ended
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	RM'000	RM'000	RM'000	RM'000
Finance income:				
Interest income on deposits with licensed banks	1,744	122	3,752	1,051
Others	15,962	5,298	15,962	5,298
	<u>17,706</u>	<u>5,420</u>	<u>19,714</u>	<u>6,349</u>

Finance costs:

Interest expense on bank borrowings	(21,147)	(27,614)	(73,614)	(98,562)
Bank facilities and other charges	(7,689)	6,990	(8,949)	(1,373)
Others	(9,055)	(59,723)	(9,055)	(59,723)
	<u>(37,891)</u>	<u>(80,347)</u>	<u>(91,618)</u>	<u>(159,658)</u>

Foreign exchange (loss)/ gain

Unrealised foreign exchange (loss)/ gain on:				
- Borrowings	60,109	(47,699)	(312,890)	(64,551)
- Deposits and bank balances	(9,464)	7,267	6,850	5,998
	<u>50,645</u>	<u>(40,432)</u>	<u>(306,040)</u>	<u>(58,553)</u>
Fair value movement recycled from cash				
flow hedge reserve and others	6,478	(20,041)	6,478	(20,015)
Others	-	(58,353)	-	(58,353)
Net foreign exchange (loss)/ gain	<u>57,123</u>	<u>(118,826)</u>	<u>(299,562)</u>	<u>(136,921)</u>



AIRASIA X BERHAD
 (Company No. 734161-K)
 (Incorporated in Malaysia with limited liability under the Companies Act, 1965)
 FOURTH QUARTER REPORT ENDED 31 December 2015

NOTES TO THE UNAUDITED ACCOUNTS - 31 December 2015

14. Taxation

Current taxation

The current taxation charge comprises tax payable on interest income.

Deferred taxation

In the 12 months ended 31 December 2015, the Group recognised a net tax allowance of RM74.1 million as compared to the 12 months ended 31 December 2014 of RM86.2 million. The lower recognition of net tax allowance in the 12 months ended 31 December 2015 is due primarily to income tax exemptions recognised for certain qualifying expenditures as provided by the Malaysian Ministry of Finance which was recognised in the 12 months ended 31 December 2014.

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/12/2015 RM'000	Quarter ended 31/12/2014 RM'000	Period Ended 31/12/2015 RM'000	Period Ended 31/12/2014 RM'000
Profit/(loss) before tax	151,659	(200,409)	(434,194)	(605,361)
Tax calculated at Malaysian statutory tax rate of 25%	37,915	(50,102)	(108,549)	(151,340)
Tax effects:				
- Under/ (over) accrual in prior year	-	(10,439)	8,381	-
- clawback of tax incentives/(tax incentives)	-	62,088	-	34,202
- expenses not deductible for tax purposes	30,293	349	135,528	51,681
- income not subject to tax	(98,293)	(33,904)	(97,050)	(34,217)
- Changes in statutory tax rate	(29,233)	(8,835)	(21,663)	4,796
- Share of results of an associate and a joint venture	9,392	8,960	9,392	8,960
Taxation	<u>(49,927)</u>	<u>(31,883)</u>	<u>(73,961)</u>	<u>(85,918)</u>

15. Disclosure of realised and unrealised accumulated losses

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

	As at 31/12/2015 RM'000	As at 31/12/2014 RM'000
Total accumulated losses of AirAsia X Berhad and its subsidiaries		
- Realised	(375,758)	(212,298)
- Unrealised	(436,304)	(260,775)
	<u>(812,062)</u>	<u>(473,073)</u>
Total share of accumulated losses from associated company		
- Realised	(20,018)	(20,018)
Total share of accumulated losses from joint venture		
- Realised	(37,566)	(16,322)
Total accumulated losses	<u>(869,646)</u>	<u>(509,413)</u>

16. Property, plant and equipment

(a) Acquisition and disposal

During the quarter ended 31 December 2015, the Group acquired property, plant and equipment amounting to RM2.7 million (quarter ended 31 December 2014: Nil).

During the quarter ended 31 December 2015, proceeds from disposal of property, plant and equipment totalled RM10.9 million (quarter ended 31 December 2014: RM nil).

(b) Revaluation

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

(c) Write-off

There was no write-off of property, plant and equipment for the quarter ended 31 December 2015 (quarter ended 31 December 2014: RM Nil).



AIRASIA X BERHAD
 (Company No. 734161-K)
 (Incorporated in Malaysia with limited liability under the Companies Act, 1965)
 FOURTH QUARTER REPORT ENDED 31 December 2015

NOTES TO THE UNAUDITED ACCOUNTS - 31 December 2015

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 December 2018 to December 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 31/12/2015 RM'000	As at 31/12/2014 RM'000
Unquoted investments, at cost	20,018	20,018
Group's share of post-acquisition losses	(20,018)	(20,018)
	-	-

The details of the associate is as follows:-

Name	Country of Incorporation	Group effective equity interest		Principal activity
		31/12/2015 %	31/12/2014 %	
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 RM3.4 million (31 December 2014: RM2.0 million). As at 31 December 2015, the unrecognised amount of the Group's share of loss of TAAX which have not been equity accounted for amounted to RM43.8 million (31 December 2014: RM17.8 million).

20. Investment in a joint venture

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

The details of the joint venture is as follows:-

Name	Country of Incorporation	Group effective equity interest		Principal activity
		31/12/2015 %	31/12/2014 %	
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 RM6.6 million (31 December 2014: RM Nil). As at 31 December 2015, the unrecognised amount of the Group's share of loss of IAAX which have not been equity accounted for amounted to RM15.1 million (31 December 2014: RM Nil).



AIRASIA X BERHAD
(Company No. 734161-K)
(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2015

NOTES TO THE UNAUDITED ACCOUNTS - 31 December 2015

21. Receivables and prepayments

	As at 31/12/2015 RM'000	As at 31/12/2014 RM'000
Trade receivables	33,327	43,176
Other receivables	112,842	51,102
Prepayments	45,350	78,350
Deposits	29,324	11,249
	<u>220,843</u>	<u>183,877</u>
Less : Allowance for impairment of receivables	(2,950)	(2,950)
	<u>217,893</u>	<u>180,927</u>

22. 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.

23. Deposits, cash and bank balances

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

	As at 31/12/2015 RM'000	As at 31/12/2014 RM'000
Cash and bank balances	254,578	74,937
Deposits with licensed banks	58,442	52,261
	<u>313,020</u>	<u>127,198</u>
Deposit pledged as securities	(58,442)	(52,261)
Cash and cash equivalents	<u>254,578</u>	<u>74,937</u>

24. Trade and other payables

	As at 31/12/2015 RM'000	As at 31/12/2014 RM'000
Trade payables	357,654	379,634
Other payables and accruals	306,406	206,617
	<u>664,060</u>	<u>586,251</u>



AIRASIA X BERHAD
 (Company No. 734161-K)
 (Incorporated in Malaysia with limited liability under the Companies Act, 1965)
 FOURTH QUARTER REPORT ENDED 31 December 2015

NOTES TO THE UNAUDITED ACCOUNTS - 31 December 2015

25. Borrowings

	As at 31/12/2015 RM'000	As at 31/12/2014 RM'000
<u>Current</u>		
Secured:		
- Revolving credit	120,120	316,026
- Term loans	199,341	162,202
- Hire purchase	16	17
Unsecured:		
- Commodity structured trade finance	-	35,000
	<u>319,477</u>	<u>513,245</u>
<u>Non-current</u>		
Secured:		
- Term loans	1,109,577	1,066,051
- Hire purchase	33	49
	<u>1,109,610</u>	<u>1,066,100</u>
Total borrowings	<u>1,429,087</u>	<u>1,579,345</u>

The currency profile of borrowings is as follows:

	As at 31/12/2015 RM'000	As at 31/12/2014 RM'000
Ringgit Malaysia	49	75,066
US Dollar	1,429,038	1,504,279
	<u>1,429,087</u>	<u>1,579,345</u>

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

	As at 31/12/2015 RM'000	As at 31/12/2014 RM'000
At beginning of financial period	1,579,345	1,996,253
Proceeds from borrowings	422,900	597,104
Repayment of borrowings	(886,048)	(1,078,563)
Unrealised foreign exchange loss on borrowings	312,890	64,551
At end of financial period	<u>1,429,087</u>	<u>1,579,345</u>



AIRASIA X BERHAD
 (Company No. 734161-K)
 (Incorporated in Malaysia with limited liability under the Companies Act, 1965)
 FOURTH QUARTER REPORT ENDED 31 December 2015

NOTES TO THE UNAUDITED ACCOUNTS - 31 December 2015

26. 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 31 December 2015, derivative financial instruments relate to commodity derivatives for fuel hedging. The outstanding number of barrels of Singapore Jet Kerosene derivative contracts at 31 December 2015 was 1,630,462 barrels (31 December 2014: 1,957,597 barrels).

27. Share capital

	As at 31/12/2015 RM'000	As at 31/12/2014 RM'000
<u>Authorised:</u>		
Ordinary shares of RM0.15 each:		
At beginning of financial period/year	500,000	500,000
Increase during the financial period/year	500,000	-
At the end of the financial period/year	1,000,000	500,000
<u>Issued and fully paid up:</u>		
Ordinary shares of RM0.15 each:		
At beginning of financial period/year	355,556	355,556
Rights issue of shares	266,666	-
At the end of the financial period/year	622,222	355,556

28. 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 31/12/2015	Quarter Ended 31/12/2014	Period Ended 31/12/2015	Period Ended 31/12/2014
Net profit/(loss) for the individual quarter/ financial period (RM'000)	201,586	(168,526)	(360,233)	(519,443)
Weighted average number of ordinary shares in issue ('000)	3,407,407	2,370,370	3,407,407	2,370,370
Profit/(loss) per share (sen)	5.9	(7.1)	(10.6)	(21.9)

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.

29. Post balance sheet events

There is no material subsequent event noted during the financial ended 31 December 2015.

30. Contingent assets and contingent liabilities

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



AIRASIA X BERHAD
(Company No. 734161-K)
(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2015

NOTES TO THE UNAUDITED ACCOUNTS - 31 December 2015

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

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

	As at 31/12/2015 RM'000	As at 31/12/2014 RM'000
Aircraft purchase	113,906,660	74,963,361

(b) Non-cancellable operating leases

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

	As at 31/12/2015 RM'000	As at 31/12/2014 RM'000
Future minimum lease payments	9,607,798	8,957,585
Future minimum sublease receipts	2,706,133	978,782



AIRASIA X BERHAD
(Company No. 734161-K)
(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2015

NOTES TO THE UNAUDITED ACCOUNTS - 31 December 2015

32. Significant related parties transactions

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

<u>Name of companies</u>	<u>Relationship</u>
Thai AirAsia X Co Ltd ("TAAX")	Associate
PT Indonesia AirAsia Extra ("IAAX")	Joint Venture
AirAsia Berhad ("AAB")	Shareholder of the Company for which there is no control, significant influence or joint control, and common Directors and shareholders
Caterhamjet Global Ltd ("CJG")	Common Directors and shareholders
Thai AirAsia Co. Ltd ("TAA")	Common Directors and shareholders
PT Indonesia AirAsia ("IAA")	Common Directors and shareholders
Zest Airway Inc. ("AAZ")	Common Directors and shareholders
Asian Aviation Centre of Excellence Sdn Bhd ("AACOE")	Common Directors and shareholders
Tune Insurance Malaysia Berhad ("TIMB")	Common Directors and shareholders
Tune Box Sdn Bhd	Common Directors and shareholders
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 31/12/2015 RM'000	Quarter Ended 31/12/2014 RM'000	Period Ended 31/12/2015 RM'000	Period Ended 31/12/2014 RM'000
TAAX				
- Aircraft operating lease income for leased aircraft	55,893	22,907	212,082	69,880
IAAX				
- Aircraft operating lease income for leased aircraft	20,915	10,716	61,132	19,457
AAB				
- Operational service charges	(1,898)	(2,051)	(7,329)	(7,388)
- Brand license fee	-	-	(8,530)	(8,530)
- Charter air travel services	-	8,827	9,562	8,827
CJG				
- Charter air travel services	(1,463)	-	(5,850)	(4,856)
TAA				
- Net operational services charged from/(to) TAA	307	(437)	2,598	(3,136)
IAA				
- Net operational services charged to IAA	690	320	1,361	1,144
AAZ				
- Net operational services charged from/(to) AAZ	108	1,118	2,244	1,118
AACOE				
- Training services	(9,004)	(327)	(13,214)	(5,459)
- Sale of DPE kit	10,213	-	10,213	-
TIMB				
- Commission received/ receivable on travel insurance	1,076	960	5,098	2,710
- Premium collected on behalf of TIMB on travel insurance	(4,305)	(3,841)	(20,393)	(10,839)
Tune Box Sdn Bhd				
- In-flight entertainment system and software expenses	-	(341)	(917)	(1,994)
AGSS				
- Provision of shared services	(900)	-	(2,111)	-



AIRASIA X BERHAD
(Company No. 734161-K)
(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2015

NOTES TO THE UNAUDITED ACCOUNTS - 31 December 2015

33. Review of performance

12 months ended 31 December 2015 compared to 12 months ended 31 December 2014

During the 12 months ended 31 December 2015, the Group's revenue had increased by 4.3% from RM2,936.7 million to RM3,062.6 million in the comparative 12 months ended 31 December 2014. RASK had also increased by 10.3% from 11.97 sen for the 12 months ended 31 December 2014 to 13.21 sen for the 12 months ended 31 December 2015. The increase was mainly due to:-

(i) Increase in the Group's secured charter contracts, thereby increasing charter flights revenue from RM171.6 million in the 12 months year ended 31 December 2014 to RM421.7 million in the current year ended 31 December 2015.

(ii) Additional aircraft sub-leased to TAAX and IAAX during the year, leading to an increase in aircraft operating lease income from RM89.3 million for the 12 months ended 31 December 2014 to RM274.0 for the 12 months ended 31 December 2015.

Scheduled flights (net of refunds and including fuel surcharge) decreased by 9.8% from RM1,974.2 million to RM1,781.6 million in the 12 months ended 31 December 2015. This was due to an overall decline in number of passengers flown, as evident from the decrease in load factor by 7% to 75% in the 12 months ended 31 December 2015, and a decrease in fuel surcharge revenue as this was waived since January 2015. However, the impact was offset by the increase in average passenger fare of 20.7% from RM387 in the 12 months ended 31 December 2014 to RM467 in the current year.

Ancillary revenue including AirAsia Insure, decreased 18.3% to RM476.4 million in the 12 months ended 31 December 2015 against RM586.5 million in the 12 months ended 31 December 2014. This was due to the lower number of passengers flown, as well as an overall decline in the consumer's ancillary spending. Ancillary revenue per passenger declined from RM140 in the 12 months ended 31 December 2014 to RM133 in the current 12 months ended 31 December 2015.

Freight and cargo revenue decreased slightly by 5.6% to RM107.5 million for the 12 months ended 31 December 2015, due to a higher number of tonnage transported in the current period.

The Group's operating expenses decreased 0.8% from RM3,113.0 million in the 12 months ended 31 December 2014 to RM3,087.7 million in the 12 months ended 31 December 2015. The decrease was mainly due to:-

(i) Aircraft fuel expenses decreased by 32.8% to RM1,020.9 million in the 12 months ended 31 December 2015 as compared to RM1,519.9 million in the 12 months ended 31 December 2014, attributed by lower fuel price.

(ii) Aircraft operating lease expenses has increased by 108.9% to RM879.6 million in the 12 months ended 31 December 2015 as compared to RM338.0 million in the 12 months ended 31 December 2014, due to the increase in number of operating leased aircraft in the year 2015 and also the depreciation of the Malaysian Ringgit against the US Dollar.

(iii) Correspondingly from the increase in the total fleet size, maintenance, overhaul, user charges and other related expenses has increased by 37.8% from RM638.2 million in the 12 months ended 31 December 2014 to RM879.6 million in the 12 months ended 31 December 2015.

(iv) However, depreciation had decreased by 19.9% to RM144.8 million in 12 months ended 31 December 2015 as compared to RM180.7 million in the 12 months ended 31 December 2014 due to a decrease in the number of owned aircraft.

(v) Other operating expenses decreased 58.7% from RM314.0 million in the 12 months ended 31 December 2014 to RM129.7 million in the 12 months ended 31 December 2015. This is primarily due to the decrease in administrative expenses.

As a result of the depreciation of the Malaysian Ringgit against major foreign currencies, the Group recognised a foreign exchange loss of RM299.6 million in the 12 months ended 31 December 2015 as compared to a foreign exchange loss of RM136.9 million in the 12 months ended 31 December 2014.

In the 12 months ended 31 December 2015, the Group recognised a net tax allowance of RM74.0 million as compared to the 12 months ended 31 December 2014 of RM85.9 million. The decrease in net tax allowance for the 12 months ended 31 December 2015 is due to lower recognition of deferred tax assets arising from income tax exemptions for certain qualifying expenditures as provided by the Malaysian Ministry of Finance, which was recognised in the previous 12 months ended 31 December 2014.

In the current 12 months ended 31 December, the Group recorded a lower operating loss of RM25.2 million (2014: RM176.3 million), as attributed by higher revenue and lower fuel costs. Correspondingly, net loss after tax decreased in the current year ended 31 December 2015 to RM360.2 million (2014: RM519.4 million).



AIRASIA X BERHAD
(Company No. 734161-K)
(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2015

NOTES TO THE UNAUDITED ACCOUNTS - 31 December 2015

33. Review of performance

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

During the quarter ended 31 December 2015 ("4Q15"), the Group's revenue had increased by 4.5% from RM816.9 million to RM853.9 million in the comparative quarter ended 31 December 2014 ("4Q14"). RASK had also increased by 4.7% from 13.93 sen for the 4Q14 to 14.58 sen for 4Q15. The increase was mainly due to:-

(i) Increase in the Group's secured charter contracts, thereby increasing charter flights revenue from RM2.6 million in 4Q14 to RM57.8 million in 4Q15.

(ii) Additional aircraft sub-leased to TAAX and IAAX during the year, leading to an increase in aircraft operating lease income from RM33.6 million for 4Q14 to RM76.8 for 4Q15.

Scheduled flights (net of refunds and including fuel surcharge) decreased by 5.7% from RM594.1 million in 4Q14 to RM560.4 million in 4Q15. This was due to a decrease in the number of passengers by 9% and a decrease in fuel surcharge revenue as this was waived since January 2015. However, the impact was offset by the increase in load factors by 2% to 83% in 4Q15, as well as the increase in average passenger fare of 20% from RM461 in 4Q14 to RM563 in 4Q15.

Ancillary revenue including AirAsia Insure, decreased 12.5% to RM137.4 million 4Q15 against RM157.5 million in 4Q14. This was due to the lower number of passengers flown, as well as an overall decline in the consumer's ancillary spending. Ancillary revenue per passenger declined from RM146 in 4Q14 to RM139 in 4Q15.

Freight and cargo revenue decreased by 26.6% to RM21.0 million for 4Q15 from RM28.7 million in 4Q14, due to a lower number of tonnage transported in the current period.

The Group's operating expenses increased 4.0% from RM711.0 million in 4Q14 to RM739.2 million in 4Q15. The decrease was mainly due to:-

(i) Aircraft fuel expenses decreased by 35.5% to RM232.0 million in 4Q15 as compared to RM359.8 million in 4Q14, attributed by lower fuel price.

(ii) Aircraft operating lease expenses has increased by 64.2% to RM207.7 million in 4Q15 as compared to RM126.5 million in 4Q14, due to the increase in number of operating leased aircraft in the year 2015.

(iii) However, depreciation had decreased by 20.7% to RM31.0 million in 4Q15 as compared to RM39.1 million in 4Q14 due to a decrease in the number of owned aircraft.

(iv) Correspondingly from the increase in the total fleet size, maintenance, overhaul, user charges and other related expenses has increased by 98.4% from RM140.7 million in 4Q14 to RM279.2 million in 4Q15.

(v) Other operating expenses decreased 100.6% from RM114.8 million in 4Q14 to a credit of RM 0.7 million in 4Q15. This is primarily due to the decrease in administrative expenses and unrealised foreign exchange gains on trade balances.

As a result of the appreciation of the Malaysian Ringgit against major foreign currencies in 4Q15, the Group recognised foreign exchange gain of RM57.1 million in 4Q15 as compared to a foreign exchange loss of RM118.8 million in 4Q14.

In 4Q15, the Group recognised a net tax allowance of RM49.9 million as compared to the comparative quarter 4Q14 of RM32.0 million. The decrease in net tax allowance for the current quarter is due to lower recognition of deferred tax assets arising from income tax exemptions for certain qualifying expenditures as provided by the Malaysian Ministry of Finance, which was recognised in 4Q14.

In the current quarter 4Q15, the Group recorded a higher operating profit of RM114.7 million (4Q14: RM105.9 million), as attributed by higher revenue and lower fuel costs. Correspondingly, net profit after tax was RM201.6 million due to the foreign exchange gains recognised from the appreciation of the Malaysian Ringgit against major foreign currencies; whereas a net loss after tax of RM168.5 million was recorded for 4Q14.



AIRASIA X BERHAD
(Company No. 734161-K)
(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2015

NOTES TO THE UNAUDITED ACCOUNTS - 31 December 2015

34. Operating profit and Profit Before Tax ("LBT") performance (quarter ended 31 December 2015 compared to quarter ended 30 September 2015)

The Group recorded an operating profit of RM114.7 million in 4Q15, whereas an operating loss of RM31.1 million was recorded for the quarter ended 30 September 2015 ("3Q15"). This was due to the higher number of passengers carried in the current quarter, mainly contributed by the North Asian routes, as well as an increase in average passenger fare from RM481 in the previous quarter 3Q15 to RM561 in the current quarter 4Q15.

The Group also recorded a profit before tax of RM151.7 million in 4Q15, whereas a loss before tax of RM291.4 million was recorded for 3Q15. In addition to the improvement in operating profit as explained above, the strengthening of the Malaysian Ringgit currency led to foreign exchange gains recognised of RM50.6 million in 4Q15, in comparison to a foreign exchange loss of RM241.3 million recognised in 3Q15.

35. Commentary on prospects

Forward loads are higher than the prior year with average fares also higher than the prior year. Passenger numbers are expected to be strong in first quarter of 2016, in line with the seasonal patterns.

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.

36. Profit forecast

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

37. Corporate proposal

There is no corporate proposal which is announced but not completed as at 19 February 2016, being the latest practicable date of this report.

38. Material litigation

As at 19 February 2016, there was no material litigation taken or threatened against the Company and its subsidiaries.

39. Proposed dividend

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