



AIRASIA X BERHAD
(Company No. 734161-K)
(Incorporated in Malaysia under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 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 fourth quarter ended 31 December 2014.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Year Ended	Year Ended
		31/12/2014	31/12/2013	31/12/2014	31/12/2013
		RM'000	RM'000	RM'000	RM'000
Revenue	10	819,270	680,446	2,939,125	2,308,350
Operating Expenses					
- Staff costs	11	(86,931)	(72,786)	(312,749)	(233,601)
- Depreciation of property, plant and equipment		(43,377)	(21,563)	(184,968)	(120,558)
- Aircraft fuel expenses		(359,836)	(352,363)	(1,519,924)	(1,101,216)
- Maintenance, overhaul, user charges and other related expenses		(142,454)	(140,015)	(639,923)	(451,369)
- Aircraft operating lease expenses		(126,527)	(68,142)	(337,978)	(186,663)
- Other operating expenses		(130,199)	(66,852)	(329,380)	(203,461)
Total operating expenses		(889,324)	(721,721)	(3,324,922)	(2,296,868)
Other income	12	169,226	2,225	202,815	20,401
Share of results of an associate	21	-	(502)	(19,516)	(502)
Share of results of a jointly controlled entity	22	(9,515)	-	(16,320)	-
Operating profit/ (loss)		89,657	(39,552)	(218,818)	31,381
Finance income	13	122	1,117	1,051	3,611
Finance cost	13	(25,232)	(24,203)	(104,543)	(76,422)
Foreign exchange loss	13	(157,531)	(112,374)	(175,626)	(176,171)
Other (loss)/gain	14	(107,247)	5,541	(107,247)	5,541
Loss before taxation		(200,231)	(169,471)	(605,183)	(212,060)
Taxation					
Current taxation	15	(227)	137	(326)	(997)
Deferred taxation	15	32,029	36,731	86,163	124,790
		31,802	36,868	85,837	123,793
Loss after taxation for the financial year		(168,429)	(132,603)	(519,346)	(88,267)
Attributable to:					
Equity holders of the Company		(168,429)	(132,603)	(519,346)	(88,267)
Non-controlling Interest		-	-	-	-
		(168,429)	(132,603)	(519,346)	(88,267)
Basic loss per share attributable to ordinary equity holders of the Company (sen)	29	<u>(7.1)</u>	<u>(10.1)</u>	<u>(21.9)</u>	<u>(6.7)</u>
Diluted loss per share attributable to ordinary equity holders of the Company (sen)	29	<u>(7.1)</u>	<u>(10.1)</u>	<u>(21.9)</u>	<u>(6.7)</u>

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.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Year Ended	Year Ended
	31/12/2014 RM'000	31/12/2013 RM'000	31/12/2014 RM'000	31/12/2013 RM'000
Note				
Loss for the year	(168,429)	(132,603)	(519,346)	(88,267)
Other comprehensive income				
Cash flow hedges	-	23,746	(20,527)	20,527
Foreign currency translation differences	69	(29)	(32)	(12)
Total comprehensive loss for the year	(168,360)	(108,886)	(539,905)	(67,752)
Total comprehensive loss attributable				
To equity holder of the company	(168,360)	(108,886)	(539,905)	(67,752)
Non-controlling interest	-	-	-	-
Total comprehensive loss for the year	(168,360)	(108,886)	(539,905)	(67,752)

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.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited As At	Audited As At
		31/12/2014	31/12/2013
	Note	RM'000	RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	17	1,928,274	2,275,213
Deferred tax assets	15	445,793	359,630
Deposits on aircraft purchases	18	469,449	638,283
Other deposits	19	213,862	95,710
Prepayment	20	173,976	100,491
Investment in an associate	21	-	19,516
Investment in a jointly controlled entity	22	37,567	-
Derivative financial instruments	27	-	60,388
		3,268,921	3,549,231
CURRENT ASSETS			
Derivative financial instruments	27	-	5,541
Inventories		6,321	993
Receivables and prepayments	23	228,940	165,356
Amount due from related parties		39,336	16,387
Amount due from an associate		4,616	1,353
Amount due from a jointly controlled entity		18,324	-
Deposits, cash and bank balances	24	125,013	262,976
Tax recoverable		987	523
		423,537	453,129
CURRENT LIABILITIES			
Derivative financial instruments	27	107,247	-
Trade and other payables	25	656,475	346,778
Amounts due to related parties		22,840	1,916
Amounts due to an associate		-	-
Sales in advance		629,308	421,258
Borrowings	26	513,249	445,880
		1,929,119	1,215,832
Net Current Liabilities		(1,505,582)	(762,703)
NON-CURRENT LIABILITIES			
Borrowings	26	1,066,096	1,550,373
		697,243	1,236,155
CAPITAL AND RESERVES			
Share capital	28	355,556	355,556
Share premium		849,598	849,598
Hedge reserve		-	20,527
Capital reserve		1,515	522
Retained earnings		(509,316)	10,030
Currency translation reserve		(110)	(78)
Shareholders' equity		697,243	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.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended	
	31/12/2014	31/12/2013
Note	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(605,183)	(212,060)
Adjustments:		
Property, plant and equipment		
- Depreciation	184,968	120,558
- Gain on disposal	(89,977)	-
- Write-off	12,225	-
Interest expense	104,543	76,422
Interest income	(1,051)	(3,032)
Impairment of receivables	1,509	552
Fair value loss/(gain) on derivative financial instruments	132,635	(4,473)
Share option expense	-	522
Fair value on ESOS granted	993	-
Fair value on shareholders' benefits scheme	(1,990)	8,536
Interest income on deposits for leased aircraft	-	(579)
Share of results of associates	35,836	502
Net unrealised foreign exchange losses	90,516	61,850
	(134,976)	48,798
Changes in working capital		
Inventories	(5,327)	(187)
Receivable, prepayments and other deposits	(251,827)	(89,626)
Related parties	(21,746)	(5,343)
Trade and other payables	291,015	79,839
Sales in advance	208,050	226,070
Cash generated from/ (used in) operations	85,189	259,551
Interest paid	(103,400)	(73,633)
Interest received	800	3,122
Tax recovered	-	1,716
Tax paid	(836)	(1,267)
Net cash generated used in operating activities	(18,247)	189,489
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Additions	(420,073)	(1,069,949)
- Proceeds from disposal	659,796	-
Deposits on aircraft purchase	169,944	(218,543)
Investment in associates	(53,888)	(20,018)
Net cash from/ (used in) investing activities	355,779	(1,308,510)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from allotment of shares	-	722,655
Proceeds from borrowings	345,184	1,097,310
Repayment of borrowings	(826,642)	(612,941)
Placement of restricted cash	(1,373)	(50,887)
Net cash (used in)/generated from financing activities	(482,831)	1,156,137
NET DECREASE FOR THE FINANCIAL YEAR	(145,299)	37,116
CURRENCY TRANSLATION DIFFERENCES	5,963	1,022
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	212,089	173,951
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	72,753	212,089

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



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>Issued and fully paid ordinary shares of 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>		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 year	-	-	-	-	-	-	-	-	-	-	(519,346)	(519,346)
Amount transferred to income statement	-	-	-	-	-	-	(20,527)	-	-	-	-	(20,527)
Foreign currency translation differences	-	-	-	-	-	-	-	-	(32)	-	-	(32)
Total comprehensive income	-	-	-	-	-	-	(20,527)	-	(32)	(519,346)	(539,905)	
Employee Share Option Scheme ('ESOS')	-	-	-	-	-	-	-	993	-	-	-	993
At 31 December 2014	-	-	2,370,370	355,556	-	-	849,598	-	1,515	(110)	(509,316)	697,243
At 1 January 2013	224,000	224,000	-	-	42,667	42,667	215,832	-	-	(66)	98,297	580,730
Net loss for the year	-	-	-	-	-	-	-	-	-	-	(88,267)	(88,267)
Fair value gains during the year	-	-	-	-	-	-	-	(37,013)	-	-	-	(37,013)
Amount transferred to income statement	-	-	-	-	-	-	57,540	-	-	-	-	57,540
Foreign currency translation differences	-	-	-	-	-	-	-	-	(12)	-	-	(12)
Total comprehensive income	-	-	-	-	-	-	20,527	-	(12)	-	-	20,515
Conversion of shares	42,667	42,667	-	-	(42,667)	(42,667)	-	-	-	-	-	-
Subdivision of shares	(266,667)	(266,667)	1,777,778	266,667	-	-	-	-	-	-	-	-
Issuance of ordinary shares	-	-	592,592	88,889	-	-	651,851	-	-	-	-	740,740
Share issuance expenses	-	-	-	-	-	-	(18,085)	-	-	-	-	(18,085)
Employee Share Option Scheme ('ESOS')	-	-	-	-	-	-	-	-	522	-	-	522
At 31 December 2013	-	-	2,370,370	355,556	-	-	849,598	20,527	522	(78)	10,030	1,236,155

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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KEY OPERATING STATISTICS - 31 December 2014

Performance indicator for current quarter against the same quarter last year

Quarter Ended : 31 December	Oct - Dec 2014	Oct - Dec 2013	Changes Y-O-Y
Seat capacity	1,333,072	1,209,416	10.2%
Passengers carried	1,086,800	973,285	11.7%
Load Factor (%)	81.4%	80.9%	0.5%
RPK (millions)	5,312	4,862	9.3%
ASK (millions)	6,523	6,012	8.5%
Average passenger fare (RM)	460.12	492.32	-6.5%
Ancillary revenue per passenger (RM)	144.62	144.16	0.3%
Revenue per ASK (sen)	14.12	11.35	24.4%
Revenue per ASK (US\$)	4.20	3.54	18.6%
Revenue per ASK (sen) - scheduled flights	11.97	10.71	11.8%
Revenue per ASK (US\$) - scheduled flights	3.56	3.34	6.6%
Cost per ASK (sen)	13.46	12.07	11.5%
Cost per ASK (US\$)	4.00	3.76	6.4%
Cost per ASK (sen) - scheduled flights	11.60	11.22	3.4%
Cost per ASK (US\$) - scheduled flights	3.45	3.50	-1.4%
Cost per ASK (sen) - excluding fuel	7.95	6.21	28.0%
Cost per ASK (US\$) - excluding fuel	2.36	1.93	22.3%
Cost per ASK (sen) - excluding fuel for scheduled flights	6.24	5.47	14.1%
Cost per ASK (US\$) - excluding fuel for scheduled flights	1.85	1.71	8.2%
Aircraft (end of period)	26	19	36.8%
Average sector length (km)	4,894	4,971	-1.5%
Sectors flown	3,536	3,208	10.2%
Fuel consumed (Barrels)	922,629	830,442	11.1%
Average fuel price (USD/ Barrel)	115.96	132.18	-12.3%

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 available on scheduled flights multiplied by the number of kilometres those seats were flown.
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.
Revenue per ASK - scheduled flights	Calculated as (i) total revenue (excluding charter flights and aircraft operating lease income), 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.



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KEY OPERATING STATISTICS - 31 December 2014

Performance indicator for current quarter against the same quarter last year

Definitions and calculation methodology

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 - scheduled flights	Calculated as (i) total operating expenses (excluding charter flights and aircraft operating lease income), 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.
Cost per ASK - excluding fuel for scheduled flights	Calculated as (i) total operating expenses (excluding charter flights and aircraft operating lease income) 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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NOTES TO THE UNAUDITED ACCOUNTS - 31 December 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 year results.



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7. Capital and reserves

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

The new issuance of issued and fully paid up share capital is as disclosed in note 28.

8. Dividend paid

No dividends were declared or approved in the quarter ended 31 December 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	Quarter ended	Year Ended	Year Ended
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
Revenue				
North Asia	386,551	322,242	1,409,892	1,147,956
Australia	280,125	278,458	1,048,656	903,473
Others	152,594	79,746	480,577	256,921
	<u>819,270</u>	<u>680,446</u>	<u>2,939,125</u>	<u>2,308,350</u>

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Year Ended	Year Ended
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
EBITDAR/ (LBITDAR) ¹				
North Asia	99,630	39,176	167,978	176,251
Australia	80,320	9,467	(15,526)	94,510
Others	79,611	1,510	151,676	67,841
	<u>259,561</u>	<u>50,153</u>	<u>304,128</u>	<u>338,602</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	Year Ended	Year Ended
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
(Loss Before Tax) ("LBT")/ Profit Before Tax ("PBT")				
North Asia	(119,017)	(61,886)	(258,021)	(83,823)
Australia	(87,379)	(78,995)	(365,897)	(113,919)
Others	6,165	(28,590)	18,735	(14,318)
	<u>(200,231)</u>	<u>(169,471)</u>	<u>(605,183)</u>	<u>(212,060)</u>



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NOTES TO THE UNAUDITED ACCOUNTS - 31 December 2014

10. Revenue

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Year Ended	Year Ended
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
Scheduled flights	402,052	401,006	1,493,250	1,406,447
Refund	(3,478)	(835)	(7,580)	(1,796)
	398,574	400,171	1,485,670	1,404,651
Charter flights	104,185	38,134	318,480	107,001
Fuel surcharge	98,002	78,161	345,805	253,839
Freight and cargo	28,695	25,809	113,878	90,018
Ancillary revenue	155,870	138,086	584,812	452,494
Management fee	320	85	1,144	347
Aircraft operating lease income	33,624	-	89,336	-
	819,270	680,446	2,939,125	2,308,350

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	Year Ended	Year Ended
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
Wages, salaries, bonus and allowances	80,532	67,716	288,785	214,784
Defined contribution retirement plan	6,151	4,757	22,971	18,295
ESOS	248	313	993	522
	86,931	72,786	312,749	233,601

12. Other income

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Year Ended	Year Ended
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of property, plant and equipment	66,905	-	89,977	-
Commission income from insurance	1,304	2,225	5,125	5,841
Others	101,017	-	107,713	14,560
	169,226	2,225	202,815	20,401

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



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13. Finance income/(costs)

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/12/2014 RM'000	Quarter ended 31/12/2013 RM'000	Year Ended 31/12/2014 RM'000	Year Ended 31/12/2013 RM'000
Finance income:				
Interest income on deposits with licensed banks	122	1,117	1,051	3,611
Finance costs:				
Interest expense on bank borrowings	(32,466)	(21,233)	(103,414)	(72,909)
Bank facilities and other charges	7,234	(2,970)	(1,129)	(3,513)
	<u>(25,232)</u>	<u>(24,203)</u>	<u>(104,543)</u>	<u>(76,422)</u>
Foreign exchange (loss)/ gain				
Unrealised foreign exchange loss on borrowings	(67,714)	(19,897)	(84,566)	(119,629)
Fair value movement recycled from cash flow hedge reserve	-	6,175	-	40,929
Unrealised foreign exchange gain/ (loss) on deposits and bank balances	7,267	(909)	5,998	1,034
	<u>(60,447)</u>	<u>(14,631)</u>	<u>(78,568)</u>	<u>(77,666)</u>
Realised foreign exchange loss	(97,084)	(97,743)	(97,058)	(98,505)
Net foreign exchange losses	<u>(157,531)</u>	<u>(112,374)</u>	<u>(175,626)</u>	<u>(176,171)</u>

14. Other (loss)/gain

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/12/2014	Quarter ended 31/12/2013	Year Ended 31/12/2014	Year Ended 31/12/2013
Unrealised (loss)/ gain from fuel contracts	(107,247)	5,541	(107,247)	5,541
	<u>(107,247)</u>	<u>5,541</u>	<u>(107,247)</u>	<u>5,541</u>



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15. Taxation

Current taxation

The current taxation charge comprises tax payable on interest income.

Deferred taxation

During the financial year ended 31 December 2014, the Company recognised a net tax allowance of RM85.8 million, as compared to RM123.8 million in the financial year ended 31 Dec 2013, due primarily to the impact of reversal of income tax allowance recognised for certain qualifying expenditures as provided by the Malaysian Ministry of Finance in 31 December 2013 and change in statutory tax rate in year assessment 2016.

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/12/2014	Quarter ended 31/12/2013	Year Ended 31/12/2014	Year Ended 31/12/2013
	RM'000	RM'000	RM'000	RM'000
LBT	(200,231)	(169,471)	(605,183)	(212,060)
Tax calculated at Malaysian statutory tax rate of 25%	(50,058)	(42,368)	(151,296)	(53,015)
Tax effects:				
- Under accrual in prior year	(10,439)	807	-	-
- tax incentives	60,721	(27,936)	32,835	(111,744)
- expenses not deductible for tax purposes	(10,560)	9,426	40,772	30,302
- income not subject to tax	(12,563)	12,539	(12,876)	-
- Changes in statutory tax rate	(8,903)	10,664	4,728	10,664
Taxation	(31,802)	(36,868)	(85,837)	(123,793)

16. Disclosure of realised and unrealised (losses)/ profits

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

	As at 31/12/2014	As at 31/12/2013
	RM'000	RM'000
Total retained earnings of AirAsia X Berhad and its subsidiaries		
- Realised	(338,451)	(108,897)
- Unrealised	(135,029)	119,429
	(473,480)	10,532
Total share of accumulated losses from associated companies		
- Realised	(19,516)	(502)
Total retained (losses)/ profits	(492,996)	10,030

17. Property, plant and equipment

(a) Acquisition and disposal

During the year ended 31 December 2014, the Group acquired property, plant and equipment amounting to RM420.1 million (31 December 2013: RM1,069.9 million) primarily in relation to the acquisition of new aircraft. The Group has also disposed off its aircraft amounting to RM659.8 million in 31 December 2014 (31 December 2013: nil).

(b) Revaluation

There was no revaluation of property, plant and equipment for the quarter ended 31 December 2014 (quarter ended 31 December 2013: RM Nil).

(c) Write-off

During the year ended 31 December 2014, the Group has written-off its engineering rotables amounting to RM12.2 million (31 December 2013: nil).



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18. 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 Jan 2015 to 2nd half of 2026. Pre-delivery payments constitute an instalment in respect of the price of the aircraft and are deducted from the final price on delivery.

19. 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.

20. Prepayment

Prepayment represents restoration element paid in relation to maintenance of owned engines.

21. Investment in an associate

	As at 31/12/2014 RM'000	As at 31/12/2013 RM'000
Unquoted investment, at cost	20,018	20,018
Group's share of post-acquisition losses	(20,018)	(502)
	-	19,516

The details of the associate is as follows:-

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

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

22. Investment in a jointly controlled entity

	As at 31/12/2014 RM'000	As at 31/12/2013 RM'000
Unquoted investment, at cost	53,887	-
Group's share of post-acquisition losses	(16,320)	-
	37,567	-

The details of the jointly controlled entity is as follows:-

Name	Country of Incorporation	Group effective equity interest		Principal activity
		31/12/2014 %	31/12/2013 %	
PT. Indonesia Airasia Extra ("IAAX")	Indonesia	49%	-	Commercial air transport services

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



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23. Receivables and prepayments

	As at 31/12/2014 RM'000	As at 31/12/2013 RM'000
Trade receivables	49,425	43,675
Other receivables	94,485	46,245
Prepayment	76,731	43,277
Deposits	11,249	33,600
	<u>231,890</u>	<u>166,797</u>
Less : Impairment of receivables	(2,950)	(1,441)
	<u>228,940</u>	<u>165,356</u>

24. Deposits, cash and bank balances

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

	As at 31/12/2014 RM'000	As at 31/12/2013 RM'000
Cash and bank balances	72,753	212,089
Deposits with licensed bank	52,260	50,887
	<u>125,013</u>	<u>262,976</u>
Less: Restricted cash	(52,260)	(50,887)
Cash and cash equivalents	<u>72,753</u>	<u>212,089</u>

25. Trade and other payables

	As at 31/12/2014 RM'000	As at 31/12/2013 RM'000
Trade payables	381,271	203,297
Other payables and accruals	275,204	143,481
	<u>656,475</u>	<u>346,778</u>

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



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26. Borrowings

	As at 31/12/2014 RM'000	As at 31/12/2013 RM'000
<u>Current</u>		
- Revolving credit (unsecured)	351,026	261,185
- Term loans (secured)	162,202	184,674
- Hire purchase (unsecured)	21	21
	513,249	445,880
<u>Non-current</u>		
- Revolving credit (unsecured)	-	179,686
- Term loans (secured)	1,066,051	1,370,626
- Hire purchase (unsecured)	45	61
	1,066,096	1,550,373
Total borrowings	1,579,345	1,996,253

The currency profile of borrowings is as follows:

	As at 31/12/2014 RM'000	As at 31/12/2013 RM'000
Ringgit Malaysia	75,066	40,082
US Dollar	1,504,279	1,956,171
	1,579,345	1,996,253

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

	As at 31/12/2014 RM'000	As at 31/12/2013 RM'000
At beginning of financial year	1,996,253	1,392,255
Proceeds from borrowings	345,184	1,097,310
Repayment of borrowings	(826,642)	(612,941)
Unrealised foreign exchange loss on borrowings	64,550	119,629
At end of financial year	1,579,345	1,996,253



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27. Derivative Financial Instruments

(i) Forwards foreign exchange contracts

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 26).

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 Group has terminated the CCIRS on 17 September 2014.

(ii) Fuel contracts

The outstanding number of barrels of Singapore Jet Kerosene derivative contracts at 31 December 2014 was 3,708,000, barrels (2013: 188,000). As at 31 December 2014, the Group entered into Singapore Jet Kerosene fixed swap contracts with a related party during the financial year, where the contracts are classified as derivatives held for trading.

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

	As at 31/12/2014 RM'000	As at 31/12/2013 RM'000
<u>Assets</u>		
Commodity derivatives - held for trading	-	5,541
Derivatives used for hedging	-	60,388
	<u>-</u>	<u>65,929</u>
<u>Liability</u>		
Commodity derivatives - held for trading	<u>107,247</u>	-



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28. Share capital

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

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.



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29. Loss per share

Basic loss per share

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/12/2014	Quarter Ended 31/12/2013	Year Ended 31/12/2014	Year Ended 31/12/2013
Net loss for the individual quarter/ financial year (RM'000)	(168,429)	(132,603)	(519,346)	(88,267)
Weighted average number of ordinary/preference shares in issue ('000)	2,370,370	1,309,305	2,370,370	1,309,305
Loss per share (sen)	<u>(7.1)</u>	<u>(10.1)</u>	<u>(21.9)</u>	<u>(6.7)</u>

Diluted loss per share

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

30. Post balance sheet events

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

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

	As at 31/12/2014 RM'000	As at 31/12/2013 RM'000
Approved and contracted for		
Aircraft purchase	70,955,466	21,243,950
Non-cancellable operating leases	16,555,840	2,464,111
	<u>87,511,306</u>	<u>23,708,061</u>



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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 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 31/12/2014 RM'000	Quarter Ended 31/12/2013 RM'000	Year Ended 31/12/2014 RM'000	Year Ended 31/12/2013 RM'000
AAB				
- Operational service charges	2,051	2,224	7,388	6,998
- Brand license fee charged by AAB	-	432	8,530	8,530
AACOE				
- Net expense on training services	327	2,654	5,459	6,680
ACC				
- Telecommunication and operational expenses	3,845	2,525	14,062	9,167
IAA				
- Net operational services charged to IAA	(320)	(85)	(1,144)	(347)
TAA				
- Net Operational services charged to TAA	(5,838)	(178)	(3,139)	(423)
Tune Box Sdn Bhd				
- In-flight entertainment system and software expenses	341	553	1,994	1,653
TIMB				
- Commission received/ receivable on travel insurance	(960)	(599)	(2,710)	(1,833)
- Premium collected on behalf of TIMB on travel insurance	3,841	2,398	10,839	7,333
CJG				
- Charter air travel services charged by CJG	-	5,083	4,856	5,083



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34. Review of performance

12 Months Ended 31 December 2014 Compared to 12 Months Ended 31 December 2013

The Group posted revenue of RM2,939.1 million for the year ended 31 December 2014 ("FY2014"). This represented an improvement of 27.3% as compared to RM2,308.4 million in the previous financial year ended 31 December 2013 ("FY2013"). Despite that, RASK reduced 0.3% from 12.06 sen to 12.02 sen in FY2014 due mainly to the lower average passenger fares as the Group introduced more promotional fares on newly launched routes during the year, and load factor was flat at 82.0% versus 82.1% in FY2013. The improvement was due mainly to:-

(i) Scheduled flights revenue (net of refund) including fuel surcharges increased 10.4% to RM1,831.5 million in FY2014 against RM1,658.5 million in FY2013, on the back of increased ASK capacity.

(ii) Charters revenue improved to RM318.5 million for the year ended 31 December 2014 as compared to RM107.0 million in the previous financial year was attributed by higher demand for charters.

(iii) Freight and cargo revenue increased by 26.5% to RM113.9 million in FY2014 as compared to RM90.0 million in FY2013, reflecting an improvement of 19.8% in Available Tonne Kilometres and 2.5% in Freight Tonne Kilometres for the 12 months ended 31 December 2014.

(iv) Ancillary revenue including AirAsia Insure increased to RM589.9 million, or by approximately 28.7%, for the year ended 31 December 2014 as compared to RM458.3 million in previous financial year. This improvement was due primarily to the increased number of passengers flown from 3.2 million in FY2013 to 4.2 million in FY2014.

The Group's operating expenses for the current financial year increased 44.8% to RM3,324.9 million, due mainly to:-

(i) Higher staff costs in FY2014, which increased 33.9% to RM312.7 million as compared to RM233.6 million in FY2013, attributed by the increased headcount.

(ii) Depreciation of property, plant and equipment cost increased by 53.4% to RM185.0 million in FY2014 as the Group took delivery of 4 new A330-300 aircraft under finance lease after the quarter ended 31 March 2013.

(iii) Higher aircraft fuel expenses which increased 38.0% to RM1,519.9 million in FY2014 as compared to RM1,101.2 million in the previous year was due primarily to the surge in fuel consumed on the back of increased sectors flown in FY2014.

(iv) Maintenance, overhaul, user charges and other related expenses increased by 41.8% to RM639.9 million in the 12 months ended 31 December 2014 from RM451.4 million in the 12 months ended 31 December 2013. The increase was resulted mainly from the maintenance and service costs for the additional aircraft delivered and new charter flights rendered during the 12 months ended 31 December 2014.

(v) Higher aircraft operating lease in FY2014, which increased 81.1% to RM338.0 million as compared to RM186.7 million in FY2013, due to 6 operating lease aircraft taken during the year and sales and leaseback of 2 finance lease aircraft in November 2014.

(vi) Other operating expenses which increased 61.9% to RM329.4 million in the 12 months ended 31 December 2014 from RM203.5 million in the 12 months ended 31 December 2013, was attributed by higher marketing and promotional expenditures, and higher unrealised foreign exchange loss from operations due to strengthening of USD against RM.

As a result of the weakening RM, the Group recognised unrealised foreign exchange loss on borrowings of RM84.6 million and fair value loss on fuel hedging contracts of RM107.2 million in FY2014 as compared to a loss of RM119.6 million and gain of RM 5.5 million respectively in FY2013.

The Group recognised a net tax allowance of RM85.8 million, as compared to RM123.8 million in the financial year ended 31 Dec 2013, due primarily to the impact of reversal of income tax allowance recognised for certain qualifying expenditures as provided by the Malaysian Ministry of Finance in 31 December 2013 and change in statutory tax rate in year assessment 2016.

As a result of the factors set forth above, the Group recognised a loss after tax of RM519.3 million in the 12 months ended 31 December 2014 as compared to loss after tax of RM88.3 million in the 12 months ended 31 December 2013.



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34. Review of performance

3 months Ended 31 December 2014 Compared to 3 months Ended 31 December 2013

The Group achieved higher revenue of RM819.3 million for the 4th quarter of 2014 ("4Q14"), an increase of 20.4% or RM138.8 million from RM680.4 million in the comparative quarter of 2013 ("4Q13"). As a result, RASK improved 24.4% to 14.12 sen for the quarter as compared to 11.35 sen in 4Q13. The improvement was due mainly to:-

(i) Scheduled flights (net of refund) including fuel surcharges, increased by 3.8% to RM496.6 million in 4Q14 versus RM478.3 million in 4Q13, on the back competitive environment which caused average passenger fare to decline 6.5% to RM460.12 in 4Q14 from RM492.32 in 4Q13. This lower fare was however compensated by higher loads of 81.4% in 4Q14 against 80.9% in 4Q13.

(ii) Charters revenue increased to RM104.2 million in 4Q14 from RM38.1 million in 4Q13 as the Group had more charter contracts secured during the year.

(iii) Freight and cargo revenue of RM28.7 million for the current quarter was an increase of 11.2% as compared to the previous year's corresponding quarter, reflecting an improvement of 6.5% Available Tonne Kilometres and 11.5% Freight Tonne Kilometres in the 3 months ended 31 December 2014.

(iv) Ancillary revenue including AirAsia Insure, increased 12.0% to RM157.2 million in 4Q14 against RM140.3 million in 4Q13, due mainly to the growth in number of passengers flown from 1.0 million in the 3 months ended 31 December 2013 to 1.1 million in the 3 months ended 31 December 2014.

The Group's operating expenses for the current quarter increased 23.2% or RM167.6 million to RM889.3 million, due mainly to:-

(i) Higher staff cost in 4Q14, which increased 19.4% to RM86.9 million as compared to RM72.8 million in 4Q13, attributed by the increased headcount.

(ii) Depreciation of property, plant and equipment cost increased by 101.2% to RM43.4 million in 4Q14 as the Group took delivery of 4 new A330-300 aircraft under finance lease after the quarter ended 31 March 2013.

(iii) Higher aircraft operating lease in 4Q14, which increased 85.7% to RM126.5 million as compared to RM68.1 million in 4Q13, due to 6 operating lease aircraft taken during the year and sales and leaseback of 2 finance lease aircraft in November 2014.

(iv) Higher other operating expenses, which increased 94.8% from RM66.9 million in 4Q13 to RM130.2 million in 4Q14, attributed by higher realised foreign exchange loss from operations impacted by the strengthening of USD against RM.

As a result of the weakening RM, the Group recognised unrealised foreign exchange loss on borrowings of RM67.7 million and fair value loss on fuel hedging contracts of RM107.2 million in 4Q14 as compared to a loss of RM19.9 million and gain of RM5.5 million respectively in 4Q13.

In the 3 months ended 31 December 2014, the Group recognised a net tax allowance of RM31.8 million as compared to RM36.9 million in the 3 months ended 31 December 2013. This was due primarily to the impact of reversal of income tax allowance recognised for certain qualifying expenditures as provided by the Malaysian Ministry of Finance for assets recognised in 31 December 2013 and the change in statutory tax rate in Year Assessment 2016.

As a result of the factors set forth above, the Group recognised a loss after tax of RM168.4 million in the 3 months ended 31 December 2014 as compared to RM132.6 million in the 3 months ended 31 December 2013.



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35. Loss Before Tax ("LBT") performance (quarter ended 31 December 2014 compared to quarter ended 30 September 2014)

The Group's LBT has reduced by RM24.2 million from RM224.5 million in the quarter ended 30 September 2014 to RM200.2 million in the quarter ended 31 December 2014. The improvement was due mainly to the peak season demand for air travel during the last quarter of the year, despite higher unrealised foreign exchange loss from the strengthening of USD against MYR.

36. Other profit and loss items

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

37. Commentary on prospects

Our Company is faced with challenges in a difficult industry-wide operating environment. On 30 January 2015, our Board announced the appointment of Datuk Kamarudin Bin Meranun ("DKM") as our Company's Group CEO and Benyamin Bin Ismail ("Benyamin") as acting CEO as part of an on-going reorganization exercise. In this newly created role, DKM will spearhead development of our Group's overarching strategy encompassing our Company and our associated companies, Thai AirAsia X Co., Ltd and PT Indonesia AirAsia Extra. Benyamin, together with DKM will lead the reorganisation and turnaround exercise to strengthen the company's balance sheet and to maximise profitability to ensure a stronger financial footing for our Company to spearhead growth and uphold our leadership position in the long haul low cost market.

In light of the changing market landscape in the region where travel demand has softened, our strategy for 2015 – 2016 is to rationalise route frequency to allow capacity introduced in the past 2 years to mature. In this regard, any excess capacity would be reassessed and redeployed as necessary to new routes or wet leases during lean seasons in the second and third quarters, to reduce the need to lower yields to fill up excess capacity.

We have entered into contracts to redeploy aircraft capacity from scheduled flights to wet lease operations during our lean season for 2015 where there are peak demand elsewhere. Our Group will continue to pursue further unit cost reduction initiatives and the recent fuel price reduction will assist in this initiative.

Taking into account the Proposed Rights Issue with Warrants and the initiatives intended to be undertaken to rationalise our operation, we believe that we have taken the necessary steps for better financial performance.

38. 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)
FOURTH QUARTER REPORT ENDED 31 December 2014

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39. Corporate proposal

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

Except for those disclosed on the above, there is no corporate proposal which is announced but not completed as at 18 February 2015, being the latest practicable date of this report.

40. Material litigation

As at 18 February 2015, there was no material litigation taken or threatened against the Company and its subsidiaries.

41. Proposed dividend

The Directors did not recommend any dividend for the quarter ended 31 December 2014.

42. Utilisation of proceeds

The status of the utilisation of listing proceeds of RM740.7 million raised from the Public Issue as at 18 February 2015 is as follows:-

	Proposed utilisation RM'mil	Actual utilisation as at 18 February 2015 RM'mil	Balance at 18 February 2015 RM'mil	Intended timeframe for utilisation from date of listing
Capital expenditure	280.0	(196.7)	83.3	Within 24 months
Repayment of bank borrowings	285.8	(285.8)	-	Within 3 months
General working capital	136.9	(136.9)	-	Within 12 months
Estimated listing expenses	38.0	(38.0)	-	Within 6 months
Total	740.7	(657.4)	83.3	