



AIRASIA X BERHAD
(Company No. 734161-K)
(Incorporated in Malaysia under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 September 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 third quarter ended 30 September 2015.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Period Ended	Period Ended
		30/09/2015	30/09/2014	30/09/2015	30/09/2014
		RM'000	RM'000	RM'000	RM'000
Revenue	10	793,013	698,764	2,208,609	2,119,855
Operating Expenses					
- Staff costs	11	(81,001)	(81,445)	(231,075)	(225,818)
- Depreciation of property, plant and equipment		(37,825)	(48,341)	(113,785)	(141,591)
- Aircraft fuel expenses		(282,447)	(368,490)	(788,838)	(1,160,088)
- Maintenance, overhaul, user charges and other related expenses		(186,870)	(195,177)	(600,409)	(497,469)
- Aircraft operating lease expenses		(181,753)	(82,681)	(498,351)	(211,451)
- Other operating expenses		(56,622)	(66,397)	(130,370)	(199,181)
Other income	12	2,383	11,139	14,339	33,589
Operating loss		(31,122)	(132,628)	(139,880)	(282,154)
Finance income	13	1,295	563	2,008	929
Finance costs	13	(14,382)	(36,793)	(53,726)	(79,311)
Net operating loss		(44,209)	(168,858)	(191,598)	(360,536)
Foreign exchange (loss)/ gain	13	(241,270)	(48,217)	(356,686)	(18,095)
Share of results of an associate	19	-	(7,376)	-	(26,321)
Share of results of a joint venture	20	(5,940)	-	(37,566)	-
Loss before taxation		(291,419)	(224,451)	(585,850)	(404,952)
Taxation					
Current taxation	14	-	(7)	(169)	(99)
Deferred taxation	14	3,226	13,607	24,203	54,134
		3,226	13,600	24,034	54,035
Loss for the financial period		(288,193)	(210,851)	(561,816)	(350,917)
Attributable to:					
Equity holders of the Company		(288,193)	(210,851)	(561,816)	(350,917)
Non-controlling Interests		-	-	-	-
		(288,193)	(210,851)	(561,816)	(350,917)
Loss per share (sen)					
Basic	27	(9.1)	(8.9)	(17.8)	(14.8)
Diluted	27	(9.1)	(8.9)	(17.8)	(14.8)

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.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Period Ended	Period Ended
	30/09/2015 RM'000	30/09/2014 RM'000	30/09/2015 RM'000	30/09/2014 RM'000
Note				
Loss for the financial period	(288,193)	(210,851)	(561,816)	(350,917)
Other comprehensive income/ (loss)				
Cash flow hedges	(30,341)	(14,484)	(30,341)	(20,527)
Foreign currency translation differences	214	(176)	187	(101)
Total comprehensive loss for the financial period	(318,320)	(225,511)	(591,970)	(371,545)
Total comprehensive losses attributable				
To equity holder of the company	(318,320)	(225,511)	(591,970)	(371,545)
Non-controlling interest	-	-	-	-
Total comprehensive loss for the financial period	(318,320)	(225,511)	(591,970)	(371,545)

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.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited As At	Audited As At
	Note	30/09/2015 RM'000	31/12/2014 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	1,819,520	1,934,588
Deferred tax assets	14	469,996	445,793
Deposits on aircraft purchases	17	357,174	469,526
Other deposits and prepayments	18	648,668	474,387
Investment in an associate	19	-	-
Investment in a joint venture	20	-	37,566
		3,295,358	3,361,860
CURRENT ASSETS			
Inventories		859	1,362
Receivables and prepayments	21	274,167	180,927
Amount due from related parties		91,342	38,769
Amount due from an associate		19,566	5,314
Amount due from a joint venture		59,337	19,499
Deposits, cash and bank balances	22	289,302	127,198
Tax recoverable		467	1,065
		735,040	374,134
CURRENT LIABILITIES			
Derivative financial instruments	25	59,298	102,993
Trade and other payables	23	795,143	605,712
Amounts due to related parties		65,307	23,173
Amounts due to an associate		-	196
Sales in advance		742,857	590,978
Borrowings	24	494,228	513,245
		2,156,833	1,836,297
Net Current Liabilities		(1,421,793)	(1,462,163)
NON-CURRENT LIABILITIES			
Borrowings	24	1,194,921	1,066,100
Other payables		175,434	129,967
		1,370,355	1,196,067
		503,210	703,630
CAPITAL AND RESERVES			
Share capital	26	622,222	355,556
Share premium		911,821	849,598
Warrant reserve		62,222	-
Other reserves		(21,909)	7,993
Accumulated losses		(1,071,229)	(509,413)
Currency translation reserve		83	(104)
Shareholders' equity		503,210	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.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Period Ended 30/09/2015 RM'000	Period Ended 30/09/2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(585,850)	(404,952)
Adjustments:		
Property, plant and equipment		
- Depreciation	113,785	141,591
- Gain on disposal	(6,793)	(23,072)
Interest expense	53,726	79,311
Interest income	(2,008)	(929)
Fair value (gain)/ loss on derivative financial instruments	(43,695)	30,277
Share option expense	439	745
Share of results of an associate	-	26,322
Share of results of a joint venture	37,566	-
Net unrealised foreign exchange losses/ (gain)	310,732	34,056
	(122,098)	(116,651)
Changes in working capital:		
Inventories	503	(3,632)
Receivables, prepayments and other deposits	(89,370)	(58,854)
Related parties balances	(69,548)	41,400
Trade and other payables	(39,154)	337,274
Sales in advance	245,001	90,116
Cash (used in)/ from operations	(74,666)	289,653
Interest paid	(49,433)	(77,530)
Interest received	1,904	701
Tax recovered/(paid)	468	(627)
Net cash (used in)/ from operating activities	(121,727)	212,197
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Additions	(37,308)	(427,528)
- Proceeds from disposal	173,281	23,072
Deposits placed on aircraft purchases	(10,712)	120,634
Investment in a joint venture	-	(53,888)
Net cash generated from/ (used in) investing activities	125,261	(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	(671,941)	(441,079)
Release/ (Placement) of restricted cash	5,350	(9,618)
Net cash (used in)/ from financing activities	147,420	(21,093)
NET INCREASE/ (DECREASE) FOR THE FINANCIAL PERIOD	150,954	(146,606)
CURRENCY TRANSLATION DIFFERENCES	16,501	(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	242,392	64,111

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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 2014 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

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	-	-	-	-	-	-	-	(561,816)	(561,816)	-	(561,816)
Other comprehensive loss	-	-	-	-	(30,341)	-	187	-	(30,154)	-	(30,154)
Total comprehensive loss	-	-	-	-	(30,341)	-	187	(561,816)	(591,970)	-	(591,970)
Rights issue with warrants	1,777,778	266,666	62,223	62,222	-	-	-	-	391,111	-	391,111
Employee Share Option Scheme ('ESOS')	-	-	-	-	-	439	-	-	439	-	439
At 30 September 2015	4,148,148	622,222	911,821	62,222	(23,863)	1,954	83	(1,071,229)	503,210	-	503,210
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	-	-	-	-	-	-	-	(350,917)	(350,917)	-	(350,917)
Other comprehensive (loss)/ income	-	-	-	-	(20,527)	-	(101)	-	(20,628)	-	(20,628)
Total comprehensive (loss)/ income	-	-	-	-	(20,527)	-	(101)	(350,917)	(371,545)	-	(371,545)
Employee Share Option Scheme ('ESOS')	-	-	-	-	-	745	-	-	745	-	745
At 30 September 2014	2,370,370	355,556	849,598	-	-	1,267	(179)	(340,887)	865,355	-	865,355

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.



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KEY OPERATING STATISTICS - 30 September 2015

Performance indicator for current quarter against the same quarter last year

Quarter Ended : 30 September	Jul - Sep 2015	Jul - Sep 2014	Changes Y-O-Y
Seat capacity	1,209,416	1,298,011	-6.8%
Passengers carried	901,884	1,044,118	-13.6%
Load Factor (%)	75.1%	80.6%	-5.5%
RPK (millions)	4,333	5,129	-15.5%
ASK (millions)	5,770	6,366	-9.4%
Average passenger fare (RM)	481.49	420.09	14.6%
Ancillary revenue per passenger (RM)	120.51	135.93	-11.3%
Revenue per ASK (sen)	13.78	11.02	25.0%
Revenue per ASK (US¢)	3.40	3.45	-1.4%
Cost per ASK (sen)	14.32	13.10	9.3%
Cost per ASK (US¢)	3.53	4.10	-13.9%
Cost per ASK (sen) - excluding fuel	9.43	7.31	29.0%
Cost per ASK (US¢) - excluding fuel	2.33	2.29	1.7%
Aircraft (end of period)	26	24	8.3%
Average sector length (km)	4,769	4,904	-2.8%
Sectors flown	3,208	3,443	-6.8%
Fuel consumed (Barrels)	851,839	873,009	-2.4%
Average fuel price (USD/ Barrel)	81.81	132.16	-38.1%

Exchange Rate : RM/USD - 4.0528 for 3Q15 and 3.1925 for 3Q14

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



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NOTES TO THE UNAUDITED ACCOUNTS - 30 September 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.



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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 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 renounceable rights issue of new ordinary shares ("Rights Shares") of RM0.15 each in AAX ("AAX Shares") together with free detachable warrants ("Warrants") has been completed. Upon completion, the issued and fully paid ordinary shares of the Company is amounted to 4,148 million ordinary shares of RM0.15 each, and share premium of RM62.2 million and warrant reserve of RM62.2 million have been included in the respective accounts.

The new issuance of issued and fully paid up share capital is as disclosed in note 26.

8. Dividend paid

No dividends were declared or approved in the quarter ended 30 September 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
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
	RM'000	RM'000	RM'000	RM'000
Revenue				
North Asia	363,939	349,605	1,033,290	1,023,341
Australia	213,032	244,426	635,701	768,531
Others	216,042	104,733	539,618	327,983
	<u>793,013</u>	<u>698,764</u>	<u>2,208,609</u>	<u>2,119,855</u>

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Period Ended	Period Ended
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
	RM'000	RM'000	RM'000	RM'000
EBITDAR/ (LBITDAR) ¹				
North Asia	17,627	5,526	73,362	81,506
Australia	7,463	(32,732)	56,739	(84,045)
Others	163,366	25,600	342,155	73,427
	<u>188,456</u>	<u>(1,606)</u>	<u>472,256</u>	<u>70,888</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
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
	RM'000	RM'000	RM'000	RM'000
Profit Before Tax ("PBT")/(Loss Before Tax) ("LBT")				
North Asia	(270,177)	(103,952)	(539,488)	(139,004)
Australia	(155,233)	(121,439)	(285,992)	(278,518)
Others	133,991	940	239,630	12,570
	<u>(291,419)</u>	<u>(224,451)</u>	<u>(585,850)</u>	<u>(404,952)</u>



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10. Revenue

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/09/2015	Quarter ended 30/09/2014	Period Ended 30/09/2015	Period Ended 30/09/2014
	RM'000	RM'000	RM'000	RM'000
Scheduled flights	396,536	352,047	1,062,338	1,091,198
Refund	(2,259)	(2,210)	(6,175)	(4,102)
	<u>394,277</u>	<u>349,837</u>	<u>1,056,163</u>	<u>1,087,096</u>
Charter flights	167,504	65,719	436,083	214,295
Fuel surcharge	9,387	86,578	92,741	247,803
Freight and cargo	29,312	25,900	86,461	85,183
Ancillary revenue	107,772	140,658	338,990	428,942
Management fee	(3)	(343)	953	824
Aircraft operating lease income	84,764	30,415	197,218	55,712
	<u>793,013</u>	<u>698,764</u>	<u>2,208,609</u>	<u>2,119,855</u>

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

11. Staff cost

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/09/2015	Quarter ended 30/09/2014	Period Ended 30/09/2015	Period Ended 30/09/2014
	RM'000	RM'000	RM'000	RM'000
Wages, salaries, bonuses and allowances	74,934	75,222	212,078	208,253
Defined contribution retirement plan	5,931	5,974	18,536	16,820
Share option expense	136	249	461	745
	<u>81,001</u>	<u>81,445</u>	<u>231,075</u>	<u>225,818</u>

12. Other income

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/09/2015	Quarter ended 30/09/2014	Period Ended 30/09/2015	Period Ended 30/09/2014
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of property, plant and equipment	223	8,644	6,793	23,072
Commission income from insurance	2,160	1,271	5,572	3,821
Others	-	1,224	1,974	6,696
	<u>2,383</u>	<u>11,139</u>	<u>14,339</u>	<u>33,589</u>



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13. Finance income/ (costs)

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/09/2015 RM'000	Quarter ended 30/09/2014 RM'000	Period Ended 30/09/2015 RM'000	Period Ended 30/09/2014 RM'000
Finance income:				
Interest income on deposits with licensed banks	1,295	563	2,008	929
Finance costs:				
Interest expense on bank borrowings	(14,327)	(29,018)	(52,466)	(70,948)
Bank facilities and other charges	(55)	(7,775)	(1,260)	(8,363)
	<u>(14,382)</u>	<u>(36,793)</u>	<u>(53,726)</u>	<u>(79,311)</u>
Foreign exchange (loss)/ gain				
Unrealised foreign exchange (loss)/ gain on:				
- Borrowings	(252,865)	(24,900)	(373,000)	(16,852)
- Deposits and bank balances	11,595	(458)	16,314	(1,269)
	<u>(241,270)</u>	<u>(25,358)</u>	<u>(356,686)</u>	<u>(18,121)</u>
Fair value movement recycled from cash flow hedge reserve and others	-	(22,859)	-	26
Net foreign exchange (loss)/ gain	<u>(241,270)</u>	<u>(48,217)</u>	<u>(356,686)</u>	<u>(18,095)</u>



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14. Taxation

Current taxation

The current taxation charge comprises tax payable on interest income.

Deferred taxation

In the 9 months ended 30 September 2015, the Group recognised a net tax allowance of RM13.6 million as compared to the 9 months ended 30 September 2014 of RM54.1 million. The lower recognition of net tax allowance in the 9 months ended 30 September 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 9 months ended 30 September 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 30/09/2015 RM'000	Quarter ended 30/09/2014 RM'000	Period Ended 30/09/2015 RM'000	Period Ended 30/09/2014 RM'000
LBT	(291,419)	(224,451)	(585,850)	(404,952)
Tax calculated at Malaysian statutory tax rate of 25%	(72,855)	(56,113)	(146,463)	(101,238)
Tax effects:				
- Under/ (over) accrual in prior year	-	12,612	8,381	10,439
- tax incentives	-	(9,295)	-	(27,886)
- expenses not deductible for tax purposes	79,860	31,332	105,235	51,332
- income not subject to tax	(400)	7,030	1,243	(313)
- Changes in statutory tax rate	(9,831)	834	7,570	13,631
Taxation	<u>(3,226)</u>	<u>(13,600)</u>	<u>(24,034)</u>	<u>(54,035)</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 30/09/2015 RM'000	As at 31/12/2014 RM'000
Total accumulated losses of AirAsia X Berhad and its subsidiaries		
- Realised	(520,790)	(212,298)
- Unrealised	(492,855)	(260,775)
	<u>(1,013,645)</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>(1,071,229)</u>	<u>(509,413)</u>



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16. Property, plant and equipment

(a) Acquisition and disposal

During the quarter ended 30 September 2015, the Group acquired property, plant and equipment amounting to RM26.3 million (quarter ended 30 September 2014: RM427.5 million).

During the quarter ended 30 September 2015, proceeds from disposal of property, plant and equipment totalled RM2.2 million (quarter ended 30 September 2014: RM nil).

(b) Revaluation

There was no revaluation of property, plant and equipment for the quarter ended 30 September 2015 (quarter ended 30 September 2014: RM Nil).

(c) Write-off

There was no revaluation of property, plant and equipment for the quarter ended 30 September 2015 (quarter ended 30 September 2014: RM Nil).

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 November 2015 to May 2025. 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.



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19. Investment in an associate

	As at 30/09/2015 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
		30/09/2015 %	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 RM21.6 million (30 September 2014: RM31.3 million). As at 30 September 2014, the unrecognised amount of the Group's share of loss of TAAX which have not been equity accounted for amounted to RM40.5 million (31 December 2014: RM17.8 million).

20. Investment in a joint venture

	As at 30/09/2015 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
		30/09/2015 %	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 RM8.5 million (30 September 2014: RM Nil). As at 30 September 2014, the unrecognised amount of the Group's share of loss of IAAX which have not been equity accounted for amounted to RM8.5 million (31 December 2014: RM Nil).



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21. Receivables and prepayments

	As at 30/09/2015 RM'000	As at 31/12/2014 RM'000
Trade receivables	81,952	43,176
Other receivables	80,875	51,102
Prepayments	78,905	78,350
Deposits	35,385	11,249
	<u>277,117</u>	<u>183,877</u>
Less : Allowance for impairment of receivables	(2,950)	(2,950)
	<u>274,167</u>	<u>180,927</u>

22. Deposits, cash and bank balances

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

	As at 30/09/2015 RM'000	As at 31/12/2014 RM'000
Cash and bank balances	242,392	74,937
Deposits with licensed banks	46,910	52,261
	<u>289,302</u>	<u>127,198</u>
Deposit pledged as securities	(46,910)	(52,261)
Cash and cash equivalents	<u>242,392</u>	<u>74,937</u>

23. Trade and other payables

	As at 30/09/2015 RM'000	As at 31/12/2014 RM'000
Trade payables	450,694	379,634
Other payables and accruals	344,449	226,078
	<u>795,143</u>	<u>605,712</u>



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24. Borrowings

	As at 30/09/2015 RM'000	As at 31/12/2014 RM'000
<u>Current</u>		
Secured:		
- Revolving credit	275,745	316,026
- Term loans	206,467	162,202
- Hire purchase	16	17
Unsecured:		
- Commodity structured trade finance	12,000	35,000
	494,228	513,245
<u>Non-current</u>		
Secured:		
- Term loans	1,194,884	1,066,051
- Hire purchase	37	49
	1,194,921	1,066,100
Total borrowings	1,689,149	1,579,345

The currency profile of borrowings is as follows:

	As at 30/09/2015 RM'000	As at 31/12/2014 RM'000
Ringgit Malaysia	12,053	75,066
US Dollar	1,677,096	1,504,279
	1,689,149	1,579,345

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

	As at 30/09/2015 RM'000	As at 30/09/2014 RM'000
At beginning of financial period	1,579,345	1,996,253
Proceeds from borrowings	422,900	237,691
Repayment of borrowings	(686,095)	(100,899)
Unrealised foreign exchange loss on borrowings	372,999	(17,044)
At end of financial period	1,689,149	2,116,001



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25. Derivative Financial Instruments

The fair value of derivative financial instruments is determined in accordance with MFRS139 "Financial Instruments: Recognition and Measurement", and are measured by level 2 of the fair value measurement hierarchy. As at 30 September 2015, derivative financial instruments relate to commodity derivatives for fuel hedging. The outstanding number of barrels of Singapore Jet Kerosene derivative contracts at 30 September 2015 was 1,058,502 barrels (31 December 2014: 1,957,597 barrels).

26. Share capital

	As at 30/09/2015 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

27. Loss per share

Basic loss per share

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/09/2015	Quarter Ended 30/09/2014	Period Ended 30/09/2015	Period Ended 30/09/2014
Net loss for the individual quarter/ financial period (RM'000)	(288,193)	(210,851)	(561,816)	(350,917)
Weighted average number of ordinary shares in issue ('000)	3,160,494	2,370,370	3,160,494	2,370,370
Loss per share (sen)	(9.1)	(8.9)	(17.8)	(14.8)

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.



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28. Post balance sheet events

There is no material subsequent event noted during the financial ended 30 September 2015.

29. Contingent assets and contingent liabilities

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

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

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

	As at 30/09/2015 RM'000	As at 31/12/2014 RM'000
Aircraft purchase	93,695,830	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 30/09/2015 RM'000	As at 31/12/2014 RM'000
Future minimum lease payments	10,766,284	8,957,585
Future minimum sublease receipts	2,282,945	978,782



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31. 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
Asian Contact Centres Sdn Bhd ("ACC")	Common Directors and shareholders

These following items have been included in the income statement:

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/09/2015 RM'000	Quarter Ended 30/09/2014 RM'000	Period Ended 30/09/2015 RM'000	Period Ended 30/09/2014 RM'000
TAAX				
- Aircraft operating lease income for leased aircraft	59,723	-	124,624	-
IAAX				
- Aircraft operating lease income for leased aircraft	25,042	-	72,595	-
AAB				
- Operational service charges	(1,366)	(1,546)	(4,982)	(5,337)
- Brand license fee	(1,594)	(1,516)	(8,808)	(8,530)
- Charter air travel services	9,562	-	9,562	-
CJG				
- Charter air travel services	-	(2,384)	-	(4,856)
TAA				
- Net Operational services charged from/(to) TAA	72	(1,522)	2,292	(2,699)
IAA				
- Net operational services charged to IAA	301	(343)	941	824
AAZ				
- Net operational services charged to AAZ	11	-	2,136	-
AACOE				
- Training services	(1,732)	(156)	(5,055)	(5,132)
TIMB				
- Commission received/ receivable on travel insurance	993	433	4,021	1,750
- Premium collected on behalf of TIMB on travel insurance	(3,973)	(1,730)	(16,086)	(6,998)
Tune Box Sdn Bhd				
- In-flight entertainment system and software expenses	(659)	(357)	(1,776)	(1,653)
ACC				
- Telecommunication and operational expenses	-	(3,233)	(7,596)	(10,217)



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32. Review of performance

9 months ended 30 September 2015 compared to 9 months ended 30 September 2014

During the 9 months ended 30 September 2015, the Group's revenue had increased by 4.2% from RM2,119.8 million to RM2,208.6 million in the comparative 9 months ended 30 September 2014. RASK had also increased by 12.9% from 11.30 sen for the 9 months ended 30 September 2014 to 12.75 sen for the 9 months ended 30 September 2015. The increase was mainly due to:-

(i) Increase in the Group's secured charter contracts, thereby increasing charter flights revenue from RM214 million in the 9 months period ended 30 September 2014 to RM436 million in the current period ended 30 September 2015.

(ii) Additional aircraft sub-leased to TAAX and IAAX during the year, leading to an increase in aircraft operating lease income from RM55.7 million for the 9 months ended 30 September 2014 to RM197.2 for the 9 months ended 30 September 2015.

Scheduled flights (net of refunds and including fuel surcharge) decreased by 13.9% from RM1,334.9 million to RM1,148.9 million in the 9 months period ended 30 September 2015. This was due to an overall decline in number of passengers flown, as evident from the decrease in load factor by 9.9% to 72.4% in the 9 months period ended 30 September 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 10.1% from RM425.87 in the 9 months period ended 30 September 2014 to RM468.84 in the current period.

Ancillary revenue including AirAsia Insure, decreased 21.0% to RM339.0 million in the 9 months ended 30 September 2015 against RM428.9 million in the 9 months ended 30 September 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 RM137.64 in the 9 months ended 30 September 2014 to RM130.33 in the current 9 months ended 30 September 2015.

Freight and cargo revenue increased slightly by 1.5% to RM86.5 million for the 9 months ended 30 September 2015, due to a higher number of tonnage transported in the current period.

The Group's operating expenses decreased 2.2% from RM2,402.0 million in the 9 months ended 30 September 2014 to RM2,348.5 million in the 9 months ended 30 September 2015. The decrease was mainly due to:-

(i) Aircraft fuel expenses decreased by 32.0% to RM788.9 million in the 9 months ended 30 September 2015 as compared to RM1,106.0 million in the 9 months ended 30 September 2014, attributed by lower fuel price.

(ii) Aircraft operating lease expenses has increased by 135.7% to RM498.3 million in the 9 months ended 30 September 2015 as compared to RM211.5 million in the 9 months ended 30 September 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 22.1% from RM497.5 million in the 9 months ended 30 September 2014 to RM600.4 million in the 9 months ended 30 September 2015.

(iv) However, depreciation had decreased by 19.6% to RM113.8 million in 9 months ended 30 September 2015 as compared to RM141.6 million in the 9 months ended 30 September 2014 due to a decrease in the number of owned aircraft.

(v) Other operating expenses decreased 34.5% from RM199.2 million in the 9 months ended 30 September 2014 to RM130.4 million in the 9 months ended 30 September 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 unrealised foreign exchange loss of RM356.7 million in the 9 months ended 30 September 2015 as compared to an unrealised foreign exchange loss of RM18.1 million in the 9 months ended 30 September 2014.

In the 9 months ended 30 September 2015, the Group recognised a net tax allowance of RM24.0 million as compared to the 9 months ended 30 September 2014 of RM54.0 million. The decrease in net tax allowance for the 9 months ended 30 September 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 9 months ended 30 September 2014.

In the current 9 months period ended 30 September, the Group recorded a lower operating loss of RM139.9 million (2014: RM282.2 million), as attributed by higher revenue and lower fuel costs. However, net loss after tax increased in the current period to RM561.8 million (2014: RM350.9 million) due to higher foreign exchange losses recognised from the depreciation of the Malaysian Ringgit against major foreign currencies.



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32. Review of performance

3 months Ended 30 September 2015 Compared to 3 months Ended 30 September 2014

During the quarter ended 30 September 2015 ("3Q15"), the Group's revenue had increased by 13.5% from RM698.8 million to RM793.0 million in the comparative quarter ended 30 September 2014 ("3Q14"). RASK had also increased by 25.0% from 11.02 sen for the 3Q14 to 13.78 sen for 3Q15. The increase was mainly due to:-

(i) Increase in the Group's secured charter contracts, thereby increasing charter flights revenue from RM65.7 million in 3Q14 to RM167.5 million in the current 3Q15.

(ii) Additional aircraft sub-leased to TAAX and IAAX during the year, leading to an increase in aircraft operating lease income from RM30.4 million for 3Q14 to RM84.8 for 3Q15.

(iii) Increase in freight and cargo revenue by 13.2% from RM25.9 million in 3Q14 to RM29.3 million in 3Q15, due to a higher number of tonnage transported in the current quarter.

Scheduled flights (net of refunds and including fuel surcharge) decreased by 7.5% from RM436.4 million in 3Q14 to RM403.7 million in 3Q15. This was due to an overall decline in number of passengers flown, as evident from the decrease in load factor from 80.6% in 3Q14 to 75.1% in 3Q15, 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 14.6% from RM420.09 in 3Q14 to RM481.49 in 3Q15.

Ancillary revenue including AirAsia Insure, decreased 23.4% to RM107.8 million 3Q15 against RM140.7 million in 3Q14. 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 RM135.93 in 3Q14 to RM120.51 in 3Q15.

The Group's operating expenses decreased 0.9% from RM831.4 million in 3Q14 to RM824.1 million in 3Q15. The decrease was mainly due to:-

(i) Aircraft fuel expenses decreased by 23.4% to RM282.5 million in 3Q15 as compared to RM368.5 million in 3Q14, attributed by lower fuel price.

(ii) Aircraft operating lease expenses has increased by 119.8% to RM181.8 million in 3Q15 as compared to RM82.7 million in 3Q14, due to the increase in number of operating leased aircraft in the year 2015.

(iii) However, depreciation had decreased by 21.8% to RM37.8 million in 3Q15 as compared to RM48.3 million in 3Q14 due to a decrease in the number of owned aircraft.

(iv) Maintenance, overhaul, user charges and other related expenses was relatively consistent, showing only a slight decrease by 4.3% from RM195.2 million in 3Q14 to RM186.9 million in 3Q15.

(v) Other operating expenses decreased 14.7% from RM66.4 million in 3Q14 to RM56.6 million in 3Q15. 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 unrealised foreign exchange loss of RM241.3 million in 3Q15 as compared to an unrealised foreign exchange loss of RM48.2 million in 3Q14.

In 3Q15, the Group recognised a net tax allowance of RM3.2 million as compared to the comparative quarter 3Q14 of RM13.6 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 3Q14.

In the current quarter ended 30 September, the Group recorded a lower operating loss of RM31.1 million (2014: RM132.6 million), as attributed by higher revenue and lower fuel costs. However, net loss after tax increased in the current period to RM288.2 million (2014: RM210.9 million) due to higher foreign exchange losses recognised from the depreciation of the Malaysian Ringgit against major foreign currencies.



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33. Operating loss and Loss Before Tax ("LBT") performance (quarter ended 30 September 2015 compared to quarter ended 30 June 2015)

The Group's operating loss had decreased from RM99.9 million in the quarter ended 30 June 2015 ("2Q15") to RM31.1 million in the current 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 RM415.91 in the previous quarter 2Q15 to RM481.49 in the current quarter 3Q15.

However, LBT had increased from RM132.9 million in 2Q15 to RM291.4 million in 3Q15. The additional loss was mainly due to the weakening Ringgit currency, which led to higher foreign exchange losses recognised of RM241.3 million in 3Q15, as compared to RM28.2 million in 2Q15.

34. Commentary on prospects

Operationally, the Company expects improved operational performance in the 4Q15 and to continue into the year 2016 as seen in the forward loads which are higher than in the prior year 4Q14. Average fare for the 4Q15 is higher than in the prior year and passenger numbers are expected to be particularly strong in November and December during the year end holiday period.

However, the depreciation of the Malaysian Ringgit remains a key concern as a large portion of AAX's borrowings and operating costs are denominated in US Dollars.

35. Profit forecast

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

36. Corporate proposal

There is no corporate proposal which is announced but not completed as at 18 November 2015, being the latest practicable date of this report.

37. Material litigation

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

38. Proposed dividend

The Directors did not recommend any dividend for the quarter ended 30 September 2015.