



AIRASIA X BERHAD
(Company No. 734161-K)
(Incorporated in Malaysia under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 31 March 2016

ANNOUNCEMENT

The Board of Directors of AirAsia X Berhad ("AirAsia X" or "the Company") is pleased to announce the following unaudited consolidated results of AirAsia X and its subsidiaries (collectively known as "the Group") for the first quarter ended 31 March 2016.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

		INDIVIDUAL QUARTER		CUMULATIVE		
		Quarter ended	Quarter ended	Period Ended	Period Ended	
		31/03/2016	31/03/2015	31/03/2016	31/03/2015	
Note		RM'000	RM'000	RM'000	RM'000	
	Revenue	10	970,674	775,374	970,674	775,374
	Operating Expenses					
	- Staff costs	11	(74,805)	(74,188)	(74,805)	(74,188)
	- Depreciation of property, plant and equipment		(29,168)	(37,804)	(29,168)	(37,804)
	- Aircraft fuel expenses		(243,055)	(274,431)	(243,055)	(274,431)
	- Maintenance and overhaul		(162,486)	(114,284)	(162,486)	(114,284)
	- User charges		(117,442)	(91,308)	(117,442)	(91,308)
	- Aircraft operating lease expenses		(206,458)	(129,626)	(206,458)	(129,626)
	- Other operating expenses		(45,635)	(54,482)	(45,635)	(54,482)
	Other income	12	13,493	6,681	13,493	6,681
	Operating profit		105,118	5,932	105,118	5,932
	Finance income	13	1,559	246	1,559	246
	Finance costs	13	(11,121)	(20,791)	(11,121)	(20,791)
	Net operating profit/(loss)		95,556	(14,613)	95,556	(14,613)
	Foreign exchange (loss)/ gain	13	122,193	(87,234)	122,193	(87,234)
	Share of results of a joint venture	20	-	(15,431)	-	(15,431)
	Other (loss)/gain		768	-	768	-
	Profit/(loss) before taxation		218,517	(117,278)	218,517	(117,278)
	Taxation					
	Current taxation	14	(374)	(55)	(374)	(55)
	Deferred taxation	14	(38,654)	(8,583)	(38,654)	(8,583)
			(39,028)	(8,638)	(39,028)	(8,638)
	Profit/(loss) for the financial period		179,489	(125,916)	179,489	(125,916)
	Attributable to:					
	Equity holders of the Company		179,489	(125,916)	179,489	(125,916)
	Non-controlling Interests		-	-	-	-
			179,489	(125,916)	179,489	(125,916)
	Profit/(loss) per share (sen)					
	Basic	29	4.3	(5.3)	4.3	(5.3)
	Diluted	29	4.3	(5.3)	4.3	(5.3)

This unaudited condensed consolidated income statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2015 of the Company and the accompanying explanatory notes attached in this interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Period Ended	Period Ended
	31/03/2016 RM'000	31/03/2015 RM'000	31/03/2016 RM'000	31/03/2015 RM'000
Profit/(loss) for the financial period	179,489	(125,916)	179,489	(125,916)
Other comprehensive income/(loss)				
Cash flow hedges	27,075	-	27,075	-
Foreign currency translation differences	(139)	3	(139)	3
Total comprehensive income/(loss) for the financial period	206,425	(125,913)	206,425	(125,913)
Total comprehensive income/(losses) attributable				
To equity holder of the company	206,425	(125,913)	206,425	(125,913)
Non-controlling interest	-	-	-	-
Total comprehensive income/(loss) for the financial period	206,425	(125,913)	206,425	(125,913)

This unaudited condensed consolidated income statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2015 of the Company and the accompanying explanatory notes attached in this interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As At	Audited As At
	31/03/2016	31/12/2015
Note	RM'000	RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	1,649,228	1,677,613
Deferred tax assets	504,167	542,821
Deposits on aircraft purchases	240,421	243,601
Other deposits and prepayments	932,905	903,374
Investment in an associate	-	-
Investment in a joint venture	-	-
	3,326,721	3,367,409
CURRENT ASSETS		
Inventories	9,392	3,985
Receivables and prepayments	349,560	282,463
Amount due from related parties	67,529	30,103
Amount due from a joint venture	51,958	55,570
Amount due from an associate	43,680	26,150
Tax recoverable	692	712
Deposits, cash and bank balances	239,963	310,789
	762,774	709,772
Non-current assets held for sale	105,116	105,116
	867,890	814,888
CURRENT LIABILITIES		
Sales in advance	700,117	671,510
Derivative financial instruments	87,371	115,215
Trade and other payables	820,969	849,075
Amounts due to related parties	34,309	45,668
Borrowings	287,993	319,477
	1,930,759	2,000,945
Net Current Liabilities	(1,062,869)	(1,186,057)
NON-CURRENT LIABILITIES		
Borrowings	959,343	1,109,610
Other payables and accruals	466,156	439,935
	1,425,499	1,549,545
	838,353	631,807
CAPITAL AND RESERVES		
Share capital	622,222	622,222
Share premium	911,821	911,821
Warrant reserve	62,222	62,222
Currency translation reserve	(12)	127
Accumulated losses	(679,540)	(859,029)
Other reserves	(78,360)	(105,556)
Shareholders' equity	838,353	631,807

This unaudited condensed consolidated statement of financial position should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2015 of the Company and the accompanying explanatory notes attached in this interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Period Ended 31/03/2016 RM'000	Period Ended 31/03/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	218,517	(117,278)
Adjustments:		
Property, plant and equipment		
- Depreciation	29,168	37,804
- Gain on disposal	-	(3,238)
Interest expense	11,121	20,791
Interest income	(1,559)	(246)
(Write back)/Impairment of receivables	(124)	-
Fair value (gain)/ loss on derivative financial instruments	(768)	(26,394)
Share option expense	121	197
Share of results of a joint venture	-	15,431
Net unrealised foreign exchange losses	(124,873)	85,545
	131,603	12,612
Changes in working capital:		
Inventories	(5,407)	(568)
Receivables, prepayments and other deposits	(101,602)	(70,350)
Related parties balances	(68,025)	32,646
Trade and other payables	19,447	(44,587)
Sales in advance	28,607	(5,411)
Cash from/(used in) operations	4,623	(75,658)
Interest paid	(13,712)	(15,470)
Interest received	1,559	166
Tax recovered/(paid)	(354)	823
Net cash used in operating activities	(7,884)	(90,139)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Additions	(890)	(4,833)
- Proceeds from disposal	107	155,821
Deposits placed on aircraft purchases	1,166	(4,478)
Net cash generated from investing activities	383	146,510
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	211,500
Repayments of borrowings	(59,420)	(253,890)
Release/ (Placement) of restricted cash	21,274	2,145
Net cash used in financing activities	(38,146)	(40,245)
NET INCREASE/(DECREASE) FOR THE FINANCIAL PERIOD	(45,647)	16,126
CURRENCY TRANSLATION DIFFERENCES	(277)	(83)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	252,347	74,937
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	206,423	90,980

Note

This unaudited condensed consolidated statement of cash flow should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2015 of the Company and the accompanying explanatory notes attached in this interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>Issued and fully paid ordinary shares of RM0.15 each</u>										
	Number of shares '000	Nominal Value RM'000	Share Premium RM'000	Warrant Reserve RM'000	Cash Flow Hedge Reserve RM'000	Other Reserve	Currency Translation Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non- controlling interest RM'000	Total Equity RM'000
At 1 January 2016	4,148,148	622,222	911,821	62,222	(107,630)	2,074	127	(859,029)	631,807	-	631,807
Net profit for the financial period	-	-	-	-	-	-	-	179,489	179,489	-	179,489
Other comprehensive income/(loss)	-	-	-	-	27,075	-	(139)	-	26,936	-	26,936
Total comprehensive income/(loss)	-	-	-	-	27,075	-	(139)	179,489	206,425	-	206,425
Employee Share Option Scheme ('ESOS')	-	-	-	-	-	121	-	-	121	-	121
At 31 March 2016	4,148,148	622,222	911,821	62,222	(80,555)	2,195	(12)	(679,540)	838,353	-	838,353
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	-	-	-	-	-	-	-	(125,916)	(125,916)	-	(125,916)
Other comprehensive income	-	-	-	-	-	-	3	-	3	-	3
Total comprehensive income/(loss)	-	-	-	-	-	-	3	(125,916)	(125,913)	-	(125,913)
Employee Share Option Scheme ('ESOS')	-	-	-	-	-	197	-	-	197	-	197
At 31 March 2015	2,370,370	355,556	849,598	-	6,478	1,712	(101)	(635,329)	577,914	-	577,914

This unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2015 of the Company and the accompanying explanatory notes attached in this interim financial statements.



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KEY OPERATING STATISTICS - 31 March 2016

Performance indicator for current quarter against the same quarter last year

Quarter Ended : 31 March	Jan - Mar 2016	Jan - Mar 2015	Changes Y-O-Y
Seat capacity	1,296,880	1,234,298	5%
Passengers carried	1,055,123	914,970	15%
Load factor	82%	74%	8%
RPK (millions)	5,263	4,431	19%
ASK (millions)	6,438	6,020	7%
Average passenger fare (RM)	566	433	31%
Ancillary revenue per passenger (RM)	150	140	7%
Revenue per ASK (sen)	15.11	12.93	17%
Revenue per ASK (US¢)	3.59	3.58	0%
Cost per ASK (sen)	13.82	12.91	7%
Cost per ASK (US¢)	3.28	3.57	-8%
Cost per ASK (sen) - excluding fuel	10.05	8.35	20%
Cost per ASK (US¢) - excluding fuel	2.39	2.31	3%
Aircraft (end of period)	29	27	7%
Average sector length (km)	4,964	4,635	7%
Sectors flown	3,440	3,445	0%
Fuel consumed (Barrels)	1,012,357	904,010	12%
Average fuel price (USD/ Barrel)	57	84	-32%

Exchange Rate : RM/USD - 4.2095 for 1Q16 and 3.6198 for 1Q15

Definitions and calculation methodology

RPK (Revenue Passenger Kilometres)	Number of passengers carried multiplied by distance flown
ASK (Available Seat Kilometres)	Total available seats multiplied by the distance flown
Revenue per ASK	Total revenue divided by ASK
Cost per ASK	Total expenses before interest and tax divided by ASK
Cost per ASK - excluding fuel	Costs, as defined above, less fuel expenses, divided by ASK
Average passenger fare	Total schedule flight revenue, divided by number of passengers carried



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NOTES TO THE UNAUDITED ACCOUNTS - 31 March 2016

1. Basis of preparation

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

The interim financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the financial year ended 31 December 2015.

2. Summary of significant accounting policies

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited consolidated financial statements of the Group for the financial year ended 31 December 2015.

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

3. Auditors' report on preceding annual financial statements

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

4. Seasonality of operations

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

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

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

6. Changes in estimates

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

7. Capital and reserves

During quarter ended 31 March 2016, the total issued and paid-up share capital of the Company remained unchanged at RM622,222,226.55. There was no cancellation, repurchases, resale and repayment of debt and equity securities for the period ended 31 March 2016.

8. Dividend paid

No dividends were declared or approved in the quarter ended 31 March 2016.



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9. Segment reporting

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Period Ended	Period Ended
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	RM'000	RM'000	RM'000	RM'000
Revenue				
North Asia	492,872	361,818	492,872	361,818
Australia	341,813	246,172	341,813	246,172
Others	135,989	167,384	135,989	167,384
	<u>970,674</u>	<u>775,374</u>	<u>970,674</u>	<u>775,374</u>

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Period Ended	Period Ended
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	RM'000	RM'000	RM'000	RM'000
EBITDAR/ (LBITDAR) ¹				
North Asia	179,310	43,451	179,310	43,451
Australia	121,826	40,241	121,826	40,241
Others	39,608	89,670	39,608	89,670
	<u>340,744</u>	<u>173,362</u>	<u>340,744</u>	<u>173,362</u>

Note:

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Period Ended	Period Ended
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	RM'000	RM'000	RM'000	RM'000
Profit Before Tax ("PBT")/(Loss Before Tax) ("LBT")				
North Asia	118,075	(108,271)	118,075	(108,271)
Australia	81,793	(59,612)	81,793	(59,612)
Others	18,649	50,605	18,649	50,605
	<u>218,517</u>	<u>(117,278)</u>	<u>218,517</u>	<u>(117,278)</u>



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10. Revenue

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/03/2016	Quarter ended 31/03/2015	Period Ended 31/03/2016	Period Ended 31/03/2015
	RM'000	RM'000	RM'000	RM'000
Scheduled flights	597,593	396,196	597,593	396,196
Refunds	(6)	(5)	(6)	(5)
	<u>597,587</u>	<u>396,191</u>	<u>597,587</u>	<u>396,191</u>
Charter flights	81,593	113,373	81,593	113,373
Fuel surcharge	-	64,389	-	64,389
Freight and cargo	30,950	27,400	30,950	27,400
Ancillary revenue	155,926	126,604	155,926	126,604
Management fee	1,537	374	1,537	374
Aircraft operating lease income	103,081	47,043	103,081	47,043
	<u>970,674</u>	<u>775,374</u>	<u>970,674</u>	<u>775,374</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 31/03/2016	Quarter ended 31/03/2015	Period Ended 31/03/2016	Period Ended 31/03/2015
	RM'000	RM'000	RM'000	RM'000
Wages, salaries, bonuses and allowances	67,087	67,340	67,087	67,340
Defined contribution retirement plan	7,592	6,651	7,592	6,651
Share option expense	126	197	126	197
	<u>74,805</u>	<u>74,188</u>	<u>74,805</u>	<u>74,188</u>

12. Other income

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/03/2016	Quarter ended 31/03/2015	Period Ended 31/03/2016	Period Ended 31/03/2015
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of property, plant and equipment	-	3,238	-	3,238
Commission income from insurance	1,968	1,473	1,968	1,473
Others	11,525	1,970	11,525	1,970
	<u>13,493</u>	<u>6,681</u>	<u>13,493</u>	<u>6,681</u>



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13. Finance income/ (costs)

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/03/2016 RM'000	Quarter ended 31/03/2015 RM'000	Period Ended 31/03/2016 RM'000	Period Ended 31/03/2015 RM'000
Finance income:				
Interest income on deposits with licensed banks	1,559	246	1,559	246
Finance costs:				
Interest expense on bank borrowings	(11,118)	(20,147)	(11,118)	(20,147)
Bank facilities and other charges	(3)	(644)	(3)	(644)
	<u>(11,121)</u>	<u>(20,791)</u>	<u>(11,121)</u>	<u>(20,791)</u>
Foreign exchange gain/(loss)				
Unrealised foreign exchange gain/(loss) on:				
- Borrowings	122,331	(89,249)	122,331	(89,249)
- Deposits and bank balances	(138)	2,015	(138)	2,015
	<u>122,193</u>	<u>(87,234)</u>	<u>122,193</u>	<u>(87,234)</u>
Fair value movement recycled from cash flow hedge reserve and others	-	-	-	-
Net foreign exchange gain/(loss)	<u>122,193</u>	<u>(87,234)</u>	<u>122,193</u>	<u>(87,234)</u>

14. Taxation

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/03/2016 RM'000	Quarter ended 31/03/2015 RM'000	Period Ended 31/03/2016 RM'000	Period Ended 31/03/2015 RM'000
Profit/(loss) before tax	218,517	(117,278)	218,517	(117,278)
Tax calculated at Malaysian statutory tax rate of 24% (2015: 25%)	52,444	(29,320)	52,444	(29,320)
Tax effects:				
- Under/ (over) accrual in prior year	-	8,381	-	8,381
- expenses not deductible for tax purposes	7,135	14,020	7,135	14,020
- income not subject to tax	(20,551)	(809)	(20,551)	(809)
- Changes in statutory tax rate	-	16,366	-	16,366
Taxation	<u>39,028</u>	<u>8,638</u>	<u>39,028</u>	<u>8,638</u>



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

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

	As at 31/03/2016 RM'000	As at 31/12/2015 RM'000
Total accumulated gains/(losses) of AirAsia X Berhad and its subsidiaries		
- Realised	(912,318)	(975,661)
- Unrealised	290,362	174,216
	<u>(621,956)</u>	<u>(801,445)</u>
Total share of accumulated losses from associated company		
- Realised	(20,018)	(20,018)
Total share of accumulated losses from joint venture		
- Realised	(37,566)	(37,566)
Total accumulated losses	<u>(679,540)</u>	<u>(859,029)</u>

16. Property, plant and equipment

(a) Acquisition and disposal

During the quarter ended 31 March 2016, the Group acquired property, plant and equipment amounting to RM890k (quarter ended 31 March 2015: RM4.8 million).

During the quarter ended 31 March 2016, proceeds from disposal of property, plant and equipment totalled RM106k (quarter ended 31 March 2015: RM155.8 million).

(b) Write-off

There was no write-off of property, plant and equipment for the quarter ended 31 March 2016 (quarter ended 31 March 2015: RM Nil).



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17. Deposits on aircraft purchase

The deposits on aircraft purchase are denominated in US Dollars ("USD") and are in respect of pre-delivery payments on aircraft purchase, which will be delivered between 2018 to 2027. Pre-delivery payments constitute instalments made in respect of the price of the aircraft and are deducted from the final price upon delivery.

18. Other deposits and prepayments

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

19. Investment in an associate

	As at 31/03/2016 RM'000	As at 31/12/2015 RM'000
Unquoted investments, at cost	20,018	20,018
Group's share of post-acquisition losses	(20,018)	(20,018)
	<u>-</u>	<u>-</u>

The details of the associate is as follows:-

Name	Country of Incorporation	Group effective equity interest		Principal activity
		31/03/2016 %	31/12/2015 %	
Thai AAX Co., Ltd ("TAAX")	Thailand	49%	49%	Commercial air transport services

The Group has discontinued the recognition of its share of losses incurred by TAAX as the Group's interests had been reduced to zero. The Group's share of profit of TAAX for the current financial quarter, which have not been equity accounted for, amounted to RM11.3 million (31 March 2015: RM4.9 million). As at 31 March 2016, the unrecognised amount of the Group's share of loss of TAAX which have not been equity accounted for amounted to RM33.8 million (31 March 2015: RM12.9 million).



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20. Investment in a joint venture

	As at 31/03/2016 RM'000	As at 31/12/2015 RM'000
Unquoted investments, at cost	53,888	53,888
Group's share of post-acquisition losses	(53,888)	(53,888)
	-	-
	-	-

The details of the joint venture is as follows:-

Name	Country of Incorporation	Group effective equity interest		Principal activity
		31/03/2016 %	31/12/2015 %	
PT. Indonesia AirAsia Extra ("IAAX")	Indonesia	49%	49%	Commercial air transport services

The Group has discontinued the recognition of its share of losses incurred by IAAX as the Group's interests had been reduced to zero. The Group's share of loss of IAAX for the current financial quarter, which have not been equity accounted for, amounted to RM9.6 million (31 March 2015: RM Nil). As at 31 March 2016, the unrecognised amount of the Group's share of loss of IAAX which have not been equity accounted for amounted to RM25.3 million (31 March 2015: RM Nil).

21. Receivables and prepayments

	As at 31/03/2016 RM'000	As at 31/12/2015 RM'000
Trade receivables	187,869	115,454
Other receivables	66,641	79,093
Prepayments	68,355	61,541
Deposits	29,449	29,325
	352,314	285,413
Less : Allowance for impairment of receivables	(2,754)	(2,950)
	349,560	282,463



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22. Deposits, cash and bank balances

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

	As at 31/03/2016 RM'000	As at 31/12/2015 RM'000
Cash and bank balances	206,423	252,347
Deposits with licensed banks	33,540	58,442
	<u>239,963</u>	<u>310,789</u>
Deposit pledged as securities	(33,540)	(58,442)
Cash and cash equivalents	<u>206,423</u>	<u>252,347</u>

23. Non-current assets held for sale

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

24. Derivative Financial Instruments

The fair value of derivative financial instruments is determined in accordance with MFRS139 "Financial Instruments: Recognition and Measurement", and are measured by level 2 of the fair value measurement hierarchy. As at 31 March 2016, outstanding number of barrels of Brent and fuel derivative contracts was 4,458,310 barrels (2015: 2,377,903 barrels).

25. Trade and other payables

	As at 31/03/2016 RM'000	As at 31/12/2015 RM'000
Trade payables	401,948	401,618
Other payables and accruals	419,021	447,457
	<u>820,969</u>	<u>849,075</u>



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26. Borrowings

	As at 31/03/2016 RM'000	As at 31/12/2015 RM'000
<u>Current</u>		
Secured:		
- Revolving credit	106,393	120,120
- Term loans	181,584	199,341
- Hire purchase	16	16
	287,993	319,477
<u>Non-current</u>		
Secured:		
- Term loans	959,314	1,109,577
- Hire purchase	29	33
	959,343	1,109,610
Total borrowings	1,247,336	1,429,087

The currency profile of borrowings is as follows:

	As at 31/03/2016 RM'000	As at 31/12/2015 RM'000
Ringgit Malaysia	45	49
US Dollar	1,247,291	1,429,038
	1,247,336	1,429,087

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

	As at 31/03/2016 RM'000	As at 31/12/2015 RM'000
At beginning of financial period	1,429,087	1,579,345
Proceeds from borrowings	-	422,900
Repayment of borrowings	(59,420)	(886,048)
Unrealised foreign exchange (gain)/loss on borrowings	(122,331)	312,890
At end of financial period	1,247,336	1,429,087



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27. Other payables and accruals

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

28. Share capital

	As at 31/03/2016 RM'000	As at 31/12/2015 RM'000
<u>Authorised:</u>		
Ordinary shares of RM0.15 each:		
At beginning/end of financial period/year	1,000,000	1,000,000
<u>Issued and fully paid up:</u>		
Ordinary shares of RM0.15 each:		
At beginning/end of financial period/year	622,222	622,222

29. Profit/(Loss) per share

Basic profit/(loss) per share

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/03/2016	Quarter Ended 31/03/2015	Period Ended 31/03/2016	Period Ended 31/03/2015
Net profit/(loss) for the individual quarter/ financial period (RM'000)	179,489	(125,916)	179,489	(125,916)
Weighted average number of ordinary shares in issue ('000)	4,148,148	2,370,370	4,148,148	2,370,370
Profit/(loss) per share (sen)	4.3	(5.3)	4.3	(5.3)

Diluted profit/(loss) per share

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

30. Post balance sheet events

There is no material subsequent event noted during the financial period ended 31 March 2016.



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31. Contingent assets and contingent liabilities

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

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

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

	As at 31/03/2016 RM'000	As at 31/12/2015 RM'000
Aircraft purchase	103,856,854	113,906,660

(b) Non-cancellable operating leases

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

	As at 31/03/2016 RM'000	As at 31/12/2015 RM'000
Future minimum lease payments	8,533,063	9,607,797
Future minimum sublease receipts	2,414,142	2,715,271



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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 companies</u>	<u>Relationship</u>
Thai AirAsia X Co Ltd ("TAA")	Associate
PT Indonesia AirAsia Extra ("IAAX")	Joint Venture
AirAsia Berhad ("AAB")	Shareholder of the Company for which there is no control, significant influence or joint control, and common Directors and shareholders
Caterhamjet Global Ltd ("CJG")	Common Directors and shareholders
Thai AirAsia Co. Ltd ("TAA")	Common Directors and shareholders
PT Indonesia AirAsia ("IAA")	Common Directors and shareholders
Zest Airway Inc. ("AAZ")	Common Directors and shareholders
Asian Aviation Centre of Excellence Sdn Bhd ("AACOE")	Common Directors and shareholders
Tune Insurance Malaysia Berhad ("TIMB")	Common Directors and shareholders
Rokki Sdn Bhd (formerly known as Tune Box Sdn Bhd) ("Rokki")	Common Directors and shareholders
AirAsia Global Shared Services Sdn Bhd ("AGSS")	Common Directors and shareholders

These following items have been included in the income statement:

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/03/2016 RM'000	Quarter Ended 31/03/2015 RM'000	Period Ended 31/03/2016 RM'000	Period Ended 31/03/2015 RM'000
TAA				
- Aircraft operating lease income for leased aircraft	76,206	24,932	76,206	24,932
- Net operational services charged to TAA	1,313	1,845	1,313	1,845
IAAX				
- Aircraft operating lease income for leased aircraft	26,875	22,111	26,875	22,111
- Net operational services charged to IAAX	2,364	2,550	2,364	2,550
AAB				
- Operational service charges	(3,724)	(1,829)	(3,724)	(1,829)
- Brand license fee	(4,801)	(3,899)	(4,801)	(3,899)
- Charter air travel services	9,115	-	9,115	-
CJG				
- Charter air travel services	(1,467)	-	(1,467)	-
TAA				
- Net operational services charged from/(to) TAA	337	115	337	115
IAA				
- Net operational services charged to IAA	747	373	747	373
AAZ				
- Net operational services charged from/(to) AAZ	1,629	121	1,629	121
AACOE				
- Training services	(1,792)	(115)	(1,792)	(115)
TIMB				
- Commission received/ receivable on travel insurance	1,693	1,178	1,693	1,178
- Premium collected on behalf of TIMB on travel insurance	(6,772)	(4,712)	(6,772)	(4,712)
Rokki				
- In-flight entertainment system and software expenses	(887)	(738)	(887)	(738)
AGSS				
- Provision of shared services	(988)	-	(988)	-



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34. Review of performance

3 months ended 31 March 2016 compared to 3 months ended 31 March 2015

During the 3 months ended 31 March 2016 (1Q2016), the Group's revenue had increased by 25.2% from RM775.37 million to RM970.67 million in the comparative 3 months ended 31 March 2015 (1Q2015). RASK had also increased by 17% from 12.93 sen for 1Q2015 to 15.11 sen for the 1Q2016. The increase was mainly due to:-

(i) Scheduled flights revenue (net of refunds) increased by 50.8% from RM396.19 million in 1Q2015 to RM597.59 million in 1Q2016. This was a result of increase in Passengers Carried by 15% from 914,970 passengers in 1Q2015 to 1,055,123 passengers in 1Q2016. This was on the back of 5% increase in seat capacity from 1,234,298 seats in 1Q2015 to 1,296,880 seats in 1Q2016. The resultant load factor was an improvement of 8% from 74% load factor in 1Q2015 to 82% load factor in 1Q2016. Average Base Fare also increased by 31% from RM433 in 1Q2015 to RM566 in 1Q2016.

(ii) Ancillary revenue increased by 23% from RM126.6 million in 1Q2015 to RM155.93 million in 1Q2016. Average Ancillary Revenue per Passenger also increased by 7% from RM140 per passenger in 1Q2015 to RM150 per passenger in 1Q2016.

(iii) Aircraft Operating Lease Income increased by 119% from RM47 million in 1Q2015 to RM103 million in 1Q2016 arising from 3 new leased aircraft that increased total leased income aircrafts from 5 aircraft in 1Q2015 to 8 aircraft in 1Q2016.

(iv) Revenue from Charter flights decreased by 28% from RM113.4 million in 1Q2015 to RM81.6 million in 1Q2016 arising from Group's decision to reduce Charter activities.

(v) Freight and Cargo Revenue increased by 12.9% from RM27.4 million in 1Q2015 to RM30.9 million in 1Q2016, due to higher tonnage transported in the current period.

(vi) In 1Q2016, the Group did not collect any Fuel Surcharge where RM64.4 million was collected in 1Q2015.

The Group's operating expenses increased by 13% from RM776 million in 1Q2015 to RM879 million in 1Q2016. The increase was mainly due to:-

(i) Aircraft Operating Lease expenses increased by 59.3% from RM129.6 million in 1Q2015 to RM206.4 million 1Q2016, due to the increase in number of operating leased aircraft in 1Q2016 and also the depreciation of the Malaysian Ringgit against the US Dollar from RM3.6198:USD1.00 in 1Q2015 to RM4.2095:USD1.00 in 1Q2016.

(ii) Correspondingly from the increase in the total fleet size and depreciation of the Malaysian Ringgit during the comparative periods, Maintenance and Overhaul expenses increased by 42.2% from RM114.3 million in 1Q2015 to RM162.5 million in 1Q2016.

(iii) Arising from the overall depreciation of the Malaysian Ringgit, the User Charges payable to the airports increased by 28.6% from RM91.3 million in 1Q2015 to RM117.4 million in 1Q2016.

(iv) Aircraft Fuel expenses decreased by 11.4% from RM274.4 million in 1Q2015 to RM243.1 million in 1Q2016, attributed by lower fuel price which were offset by increased consumption and depreciation of the Malaysian Ringgit against US Dollar during the comparative periods. Average fuel price decreased by 32% from USD84/barrel in 1Q2015 to USD57/barrel in 1Q2016. Total fuel consumed increased by 12% from 904,010 barrels in 1Q2015 to 1,012,357 barrels in 1Q2016.

(iv) Depreciation decreased by 22.8% from RM37.8 million in 1Q2015 to RM29.2 million in 1Q2016 due to no depreciation charged on assets classified as non-current assets held for sale in 4Q15.

(v) Other operating expenses decreased 16.2% from RM54.5 million in 1Q2015 to RM45.6 million in 1Q2016 primarily due to decrease in administrative expenses.

As a result of improved revenue and better management of operating expenses, the Group increased Operating Profit by 1,681% from RM5.9 million in 1Q2015 to RM105.1 million in 1Q2016.

The Group's Profit Before Taxation (PBT) increased by 286.3% from a loss of RM117.3 million in 1Q2015 to a PBT of RM218.5 million in 1Q2016. Correspondingly, Taxation expense increased by 351.8% from RM8.6 million in 1Q2015 to RM39 million in 1Q2016, where RM38.6 million is attributable to deferred tax in 1Q2016.

In the current 3 months ended 31 March 2016, the Group recorded a Profit After Taxation of RM179.5 million as compared to a Loss After Taxation on RM125.9 million for the comparative 3 months ended 31 March 2015.



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34. Review of performance

3 months ended 31 March 2016 compared to 3 months ended 31 March 2015

Same as Note 34 above.

35. Operating profit and Profit Before Tax ("LBT") performance (quarter ended 31 March 2016 compared to quarter ended 31 December 2015)

The Group recorded an Operating Profit of RM105.1 million in 1Q16, whereas the Operating Profit was lower at RM102.4 million for the quarter ended 31 December 2015 ("4Q15"). This was due to the higher number of passengers carried in 1Q16, mainly contributed by the North Asian and Australian routes.

The Group recorded a Profit Before Tax (PBT) of RM218.5 million in 1Q16, an increase from the PBT of RM139.4 million achieved in the previous 4Q2015. As explained above, the strengthening of the Malaysian Ringgit currency led to unrealised foreign exchange gains recognised of RM122 million in 1Q16, in comparison to unrealised foreign exchange gain of RM50.6 million recognised in 4Q15.

36. Commentary on prospects

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

Barring any unforeseen circumstances, including but not limited to terrorist attacks, natural disasters, epidemics, economic downturn, fuel price hike and fluctuation in foreign currencies against the Malaysian Ringgit, the Company expects its prospects to remain positive.

37. Profit forecast

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

38. Corporate proposal

There is no corporate proposal which is announced but not completed as at 17 May 2016, being the latest practicable date of this report.

39. Material litigation

As at 17 May 2016, there was no material litigation taken or threatened against the Company and its subsidiaries.

40. Proposed dividend

The Directors did not recommend any dividend for the quarter ended 31 March 2016.