



AIRASIA X BERHAD
(Company No. 734161-K)
(Incorporated in Malaysia under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 31 March 2017

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 2017.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Period Ended	Period Ended
		31/03/2017	31/03/2016	31/03/2017	31/03/2016
		RM'000	RM'000	RM'000	RM'000
Revenue	10	1,180,727	970,674	1,180,727	970,674
Operating Expenses					
- Staff costs	11	(104,976)	(74,805)	(104,976)	(74,805)
- Depreciation of property, plant and equipment		(27,013)	(29,168)	(27,013)	(29,168)
- Aircraft fuel expenses		(377,691)	(243,055)	(377,691)	(243,055)
- Maintenance and overhaul		(174,580)	(162,486)	(174,580)	(162,486)
- User charges		(123,919)	(117,442)	(123,919)	(117,442)
- Aircraft operating lease expenses		(242,931)	(206,458)	(242,931)	(206,458)
- Other operating expenses		(70,818)	(45,635)	(70,818)	(45,635)
Other income	12	1,538	13,493	1,538	13,493
Operating profit		60,337	105,118	60,337	105,118
Finance income	13	1,099	1,559	1,099	1,559
Finance costs	13	(10,691)	(11,121)	(10,691)	(11,121)
Net operating profit		50,745	95,556	50,745	95,556
Foreign exchange gain	13	3,414	122,193	3,414	122,193
Share of results of a joint venture	20	-	-	-	-
Other (loss)/gain		(22,251)	768	(22,251)	768
Profit before taxation		31,908	218,517	31,908	218,517
Taxation					
Current taxation	14	(1,446)	(374)	(1,446)	(374)
Operating segments are reported in a manner	14	(20,126)	(38,654)	(20,126)	(38,654)
		(21,572)	(39,028)	(21,572)	(39,028)
Profit for the financial period		10,336	179,489	10,336	179,489
Attributable to:					
Equity holders of the Company		10,336	179,489	10,336	179,489
Non-controlling Interests		-	-	-	-
		10,336	179,489	10,336	179,489
Profit per share (sen)					
Basic	28	0.2	5.3	0.2	5.3
Diluted	28	0.2	5.3	0.2	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 2016 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
	31/03/2017 RM'000	31/03/2016 RM'000	31/03/2017 RM'000	31/03/2016 RM'000
Profit for the financial period	10,336	179,489	10,336	179,489
Other comprehensive income/(loss)				
Cash flow hedges	(80,032)	27,075	(80,032)	27,075
Foreign currency translation differences	128	(139)	128	(139)
Total comprehensive income/(loss) for the financial period	(69,568)	206,425	(69,568)	206,425
Total comprehensive income/(losses) attributable				
To equity holder of the company	(69,568)	206,425	(69,568)	206,425
Non-controlling interest	-	-	-	-
Total comprehensive income/(loss) for the financial period	(69,568)	206,425	(69,568)	206,425

This unaudited condensed consolidated income statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2016 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	31/03/2017 RM'000	31/12/2016 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	1,554,680	1,568,493
Deferred tax assets	472,728	492,854
Deposits on aircraft purchases	136,503	136,791
Other deposits and prepayments	1,112,507	1,107,800
Investment in an associate	-	-
Investment in a joint venture	-	-
	3,276,418	3,305,938
CURRENT ASSETS		
Inventories	9,552	14,151
Receivables and prepayments	270,602	285,084
Amount due from related parties	81,708	51,561
Amount due from a joint venture	107,786	112,816
Amount due from an associate	70,705	69,590
Derivative financial instruments	32,452	134,735
Tax recoverable	726	1,613
Deposits, cash and bank balances	370,693	422,021
	944,224	1,091,571
Non-current assets held for sale	92,781	92,781
	1,037,005	1,184,352
CURRENT LIABILITIES		
Sales in advance	680,731	715,207
Derivative financial instruments	-	-
Trade and other payables	877,224	878,246
Amounts due to related parties	17,161	25,256
Borrowings	206,325	208,238
	1,781,441	1,826,947
Net Current Liabilities	(744,436)	(642,595)
Operating segments are reported in a manner consistent with the internal		
Borrowings	887,091	952,088
Other payables and accruals	657,514	654,370
	1,544,605	1,606,458
	987,377	1,056,885
CAPITAL AND RESERVES		
Share capital	622,222	622,222
Share premium	911,821	911,821
Warrant reserve	62,222	62,222
Currency translation reserve	323	195
Accumulated losses	(638,379)	(648,715)
Other reserves	29,168	109,140
Shareholders' equity	987,377	1,056,885

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 2016 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 31/03/2017 RM'000	Period Ended 31/03/2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	31,908	218,517
Adjustments:		
Property, plant and equipment		
- Depreciation	27,013	29,168
Write back of receivables	-	(124)
Finance cost	10,691	11,121
Interest income	(1,099)	(1,559)
Fair value loss/(gain) on derivative financial instruments	22,251	(768)
Share option expense	60	121
Net unrealised foreign exchange gains	(6,152)	(124,873)
	84,672	131,603
Changes in working capital:		
Inventories	4,599	(5,407)
Receivables, prepayments and other deposits	(7,706)	(101,602)
Related parties balances	(39,151)	(68,025)
Trade and other payables	27,746	19,447
Sales in advance	(34,476)	28,607
Cash from operations	35,684	4,623
Interest paid	(10,989)	(13,712)
Interest received	1,099	1,559
Tax paid	(559)	(354)
Net cash generated from/(used in) operating activities	25,235	(7,884)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Additions	(13,200)	(890)
- Proceeds from disposal	-	107
Deposits placed on aircraft purchases	-	1,166
Net cash (used in)/generated from investing activities	(13,200)	383
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of borrowings	(51,768)	(59,420)
Deposits pledged as securities	5,343	21,274
Net cash used in financing activities	(46,425)	(38,146)
NET DECREASE FOR THE FINANCIAL PERIOD	(34,390)	(45,647)
CURRENCY TRANSLATION DIFFERENCES	(11,595)	(277)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	382,406	252,347
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	336,421	206,423

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 2016 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 2017	4,148,148	622,222	911,821	62,222	106,582	2,558	195	(648,715)	1,056,885	-	1,056,885
Net profit for the financial period	-	-	-	-	-	-	-	10,336	10,336	-	10,336
Other comprehensive income/(loss)	-	-	-	-	(80,032)	-	128	-	(79,904)	-	(79,904)
Total comprehensive income/(loss)	-	-	-	-	(80,032)	-	128	10,336	(69,568)	-	(69,568)
Employee Share Option Scheme ('ESOS')	-	-	-	-	-	60	-	-	60	-	60
At 31 March 2017	4,148,148	622,222	911,821	62,222	26,550	2,618	323	(638,379)	987,377	-	987,377
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 loss 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

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 2016 of the Company and the accompanying explanatory notes attached in this interim financial statements.



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KEY OPERATING STATISTICS - 31 March 2017

Performance indicator for current quarter against the same quarter last year

Quarter Ended : 31 March	Jan - Mar 2017	Jan - Mar 2016	Changes Y-O-Y
Seat capacity	1,664,832	1,296,880	28%
Passengers carried	1,402,212	1,055,123	33%
Load factor	84%	82%	2%
RPK (millions)	6,994	5,263	33%
ASK (millions)	8,324	6,438	29%
Average passenger fare (RM)	544	566	-4%
Ancillary revenue per passenger (RM)	150	150	0%
Revenue per ASK (sen)	14.20	15.11	-6%
Revenue per ASK (US¢)	3.19	3.59	-11%
Cost per ASK (sen)	13.48	13.65	-1%
Cost per ASK (US¢)	3.03	3.24	-7%
Cost per ASK (sen) - excluding fuel	8.94	9.88	-9%
Cost per ASK (US¢) - excluding fuel	2.01	2.35	-14%
Aircraft (end of period)	30	29	3%
Average sector length (km)	5,000	4,964	1%
Sectors flown	4,416	3,440	28%
Fuel consumed (Barrels)	1,292,231	1,012,357	28%
Average fuel price (USD/ Barrel)	66	57	15%

Exchange Rate : RM/USD - 4.4472 for 1Q17 and 4.2095 for 1Q16

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
Operating segments are reported in a manner consistent	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 2017

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 2016.

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 2016.

Details of standards, amendments to published standards and interpretations to existing standards that are applicable to the Group with effect from 1 January 2017 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 2016. The adoption of the standards applicable to the Group that came into effect on 1 January 2017 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 2016.

4. Seasonality of operations

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

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

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

6. Changes in estimates

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

7. Capital and reserves

During quarter ended 31 March 2017, 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 2017.

8. Dividend paid

No dividends were declared or approved in the quarter ended 31 March 2017.



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9. Segment reporting

Operating segments are reported in a manner consistent with the internal management reporting provided to the chief operating decision maker, which is the Group's Chief Executive Officer ("GCEO") effective 1 January 2017. The GCEO considers the business from a geographical perspective. The operating segments have been identified by each Air Operator Certificate ("AOC") held under the AirAsia brand, and are categorised as Malaysia, Thailand and Indonesia.

The GCEO assesses the performance of the operating segments based on revenue and net operating profit.

Reconciliation to the reportable segments relates to the elimination of the associate companies.

The segment information provided to the GCEO for the reportable segments are as follows:

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination Adjustments RM'000	Total RM'000
Quarter ended 31 March 2017					
<u>Segment results</u>					
Revenue	1,180,727	301,284	112,589	(120,286)	1,474,314
Operating expenses					-
- Staff costs	(104,976)	(31,747)	(8,705)	-	(145,428)
- Depreciation of property, plant and equipment	(27,013)	(1,042)	(525)	-	(28,580)
- Aircraft fuel expenses	(377,691)	(87,461)	(36,368)	-	(501,520)
- Maintenance and overhaul	(174,580)	(39,213)	(25,380)	41,877	(197,296)
- User charges and other related expenses	(123,919)	(42,634)	(10,711)	-	(177,264)
- Aircraft operating lease expenses	(242,931)	(61,017)	(36,445)	78,784	(261,609)
- Other operating expenses	(70,818)	(22,307)	(27,631)	(375)	(121,131)
Other income	1,538	4,711	669	-	6,918
Operating profit/(loss)	60,337	20,574	(32,507)	-	48,404
Finance income	1,099	74	38	-	1,211
Finance costs	(10,691)	(1,959)	-	-	(12,650)
Net operating profit/(loss)	50,745	18,689	(32,469)	-	36,965
Foreign exchange gain/(loss)	3,414	1,757	(2,375)	-	2,796
Other loss/gain	(22,251)	(23,057)	(14,625)	-	(59,933)
Profit/(Loss) before taxation	31,908	(2,611)	(49,469)	-	(20,172)



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9. Segment reporting (continued)

Following the change in operating segments during the financial year, comparatives have been re-presented to align with the current year's presentation.

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination Adjustments RM'000	Total RM'000
Quarter ended 31 March 2016					
<u>Segment results</u>					
Revenue	970,674	246,134	153,021	(103,081)	1,266,748
Operating expenses					
- Staff costs	(74,805)	(21,969)	(11,764)	-	(108,537)
- Depreciation of property, plant and equipment	(29,168)	(768)	(408)	-	(30,343)
- Aircraft fuel expenses	(243,055)	(60,523)	(40,330)	-	(343,908)
- Maintenance and overhaul	(162,486)	(32,540)	(27,725)	42,257	(180,495)
- User charges and other related expenses	(117,442)	(33,465)	(17,887)	-	(168,794)
- Aircraft operating lease expenses	(206,458)	(50,379)	(38,918)	60,824	(234,930)
- Other operating expenses	(45,635)	(17,891)	(34,116)	-	(97,642)
Other income	13,493	1,970	20	-	15,483
Operating profit/(loss)	105,118	30,570	(18,107)	-	117,582
Finance income	1,559	83	60	-	1,702
Finance costs	(11,121)	(340)	(28)	-	(11,490)
Net operating profit/(loss)	95,556	30,313	(18,075)	-	107,794
Foreign exchange gain/(loss)	122,193	(4,946)	(1,474)	-	115,773
Other loss/gain	768	(18,923)	(15,004)	-	(33,159)
Profit/(Loss) before taxation	218,517	6,444	(34,553)	-	190,408

a) Reconciliation of segment revenue to reported revenue:

	Quarter ended 31/03/2017 RM'000	Quarter ended 31/03/2016 RM'000
Segment revenue	1,474,314	1,266,748
Add: Inter-segment revenue	120,286	103,081
Less: Revenue from associated companies which were not consolidated	(413,873)	(399,155)
	<u>1,180,727</u>	<u>970,674</u>

b) Reconciliation of segment profit before taxation to reported profit before taxation:

	Quarter ended 31/03/2017 RM'000	Quarter ended 31/03/2016 RM'000
Segment (loss)/profit before taxation	(20,172)	190,408
Add: Expenses from affiliates which were not consolidated	52,080	28,109
	<u>31,908</u>	<u>218,517</u>



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10. Revenue

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/03/2017 RM'000	Quarter ended 31/03/2016 RM'000	Period ended 31/03/2017 RM'000	Period ended 31/03/2016 RM'000
Scheduled flights	762,183	597,587	762,183	597,587
Charter flights	56,014	81,593	56,014	81,593
Freight services	32,782	30,950	32,782	30,950
Ancillary revenue	208,874	155,926	208,874	155,926
Aircraft operating lease income	120,286	103,081	120,286	103,081
Management fees	588	1,537	588	1,537
	<u>1,180,727</u>	<u>970,674</u>	<u>1,180,727</u>	<u>970,674</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 31/03/2017 RM'000	Quarter ended 31/03/2016 RM'000	Period ended 31/03/2017 RM'000	Period ended 31/03/2016 RM'000
Wages, salaries, bonuses and allowances	92,333	67,087	92,333	67,087
Defined contribution retirement plan	12,564	7,592	12,564	7,592
Share option expense	79	126	79	126
	<u>104,976</u>	<u>74,805</u>	<u>104,976</u>	<u>74,805</u>

12. Other income

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/03/2017 RM'000	Quarter ended 31/03/2016 RM'000	Period ended 31/03/2017 RM'000	Period ended 31/03/2016 RM'000
Commission income from insurance	1,190	1,968	1,190	1,968
Others	348	11,525	348	11,525
	<u>1,538</u>	<u>13,493</u>	<u>1,538</u>	<u>13,493</u>



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13. Finance income/ (costs)

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/03/2017 RM'000	Quarter ended 31/03/2016 RM'000	Period ended 31/03/2017 RM'000	Period ended 31/03/2016 RM'000
Finance income:				
Interest income on deposits with licensed banks	1,099	1,559	1,099	1,559
	<u>1,099</u>	<u>1,559</u>	<u>1,099</u>	<u>1,559</u>
Finance costs:				
Interest expense on bank borrowings	(9,444)	(11,118)	(9,444)	(11,118)
Bank facilities and other charges	(1,247)	(3)	(1,247)	(3)
	<u>(10,691)</u>	<u>(11,121)</u>	<u>(10,691)</u>	<u>(11,121)</u>
Foreign exchange gain/(loss)				
Unrealised foreign exchange gain/(loss) on:				
- Borrowings	15,137	122,331	15,137	122,331
- Deposits and bank balances	(11,723)	(138)	(11,723)	(138)
Net foreign exchange gain	<u>3,414</u>	<u>122,193</u>	<u>3,414</u>	<u>122,193</u>

14. Taxation

The explanation of the relationship between taxation and profit before taxation is as follows:

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/03/2017 RM'000	Quarter ended 31/03/2016 RM'000	Period ended 31/03/2017 RM'000	Period ended 31/03/2016 RM'000
Profit before tax	31,908	218,517	31,908	218,517
Tax calculated at Malaysian statutory tax rate of 24% (2016: 24%)	7,658	52,444	7,658	52,444
Tax effects:				
- Under-accrual in prior year	1,182	-	1,182	-
- expenses not deductible for tax purposes	14,565	7,135	14,565	7,135
- income not subject to tax	(1,833)	(20,551)	(1,833)	(20,551)
Taxation	<u>21,572</u>	<u>39,028</u>	<u>21,572</u>	<u>39,028</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 31/03/2017 RM'000	As at 31/12/2016 RM'000
Total accumulated gains/(losses) of AirAsia X Berhad and its subsidiaries		
- Realised	(754,974)	(720,745)
- Unrealised	190,501	145,936
	<u>(564,473)</u>	<u>(574,809)</u>
Total share of accumulated losses from associated company		
- Realised	(20,018)	(20,018)
Total share of accumulated losses from joint venture		
- Realised	(53,888)	(53,888)
Total accumulated losses	<u>(638,379)</u>	<u>(648,715)</u>

16. Property, plant and equipment

(a) Acquisition and disposal

During the quarter ended 31 March 2017, the Group acquired property, plant and equipment amounting to RM13.2 million (quarter ended 31 March 2016: RM890k).

During the quarter ended 31 March 2017, there is no disposal of property, plant and equipment (quarter ended 31 March 2016: RM107 million).

(b) Write-off

During the quarter ended 31 March 2017, there was no write-off of property, plant and equipment (quarter ended 31 March 2016: 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 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.



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19. Investment in an associate

	As at 31/03/2017 RM'000	As at 31/12/2016 RM'000
Unquoted investments, at cost	20,018	20,018
Group's share of post-acquisition losses	(20,018)	(20,018)
	-	-

The details of the associate is as follows:-

Name	Country of Incorporation	Group effective equity interest		Principal activity
		31/03/2017 %	31/12/2016 %	
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 RM12.1 million (31 March 2016: RM11.3 million). As at 31 March 2017, the unrecognised amount of the Group's share of loss of TAAX which have not been equity accounted for amounted to RM28.9 million (31 March 2016: RM33.8 million).

20. Investment in a joint venture

	As at 31/03/2017 RM'000	As at 31/12/2016 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
		31/03/2017 %	31/12/2016 %	
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 RM16.9 million (31 March 2016: RM9.6 million). As at 31 March 2017, the unrecognised amount of the Group's share of loss of IAAX which have not been equity accounted for amounted to RM44.5 million (31 March 2016: RM25.3 million).



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21. Receivables and prepayments

	As at 31/03/2017 RM'000	As at 31/12/2016 RM'000
Trade receivables	114,132	124,786
Less : Allowance for impairment of receivables	(746)	(746)
	113,386	124,040
Other receivables	59,094	73,791
Less : Allowance for impairment of receivables	(13,789)	(13,789)
	45,305	60,002
Deposits	28,060	28,008
Prepayments	83,851	73,034
	270,602	285,084

22. Deposits, cash and bank balances

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

	As at 31/03/2017 RM'000	As at 31/12/2016 RM'000
Cash and bank balances	336,421	382,406
Deposits with licensed banks	34,272	39,615
	370,693	422,021
Deposit pledged as securities	(34,272)	(39,615)
Cash and cash equivalents	336,421	382,406

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 2017, outstanding number of barrels of Brent and fuel derivative contracts was 2,613,274 barrels (2016: 4,012,809 barrels).



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25. Trade and other payables

	As at 31/03/2017 RM'000	As at 31/12/2016 RM'000
<u>Non-current:</u>		
Aircraft maintenance provision	586,855	591,574
Other deposits	70,659	62,796
	657,514	654,370
<u>Current:</u>		
Trade payables	295,713	251,253
Other payables and accruals	581,511	626,993
	877,224	878,246

Included in other payables and accruals are operational expenses and passenger service charges payable to airport authorities.

26. Borrowings

	As at 31/03/2017 RM'000	As at 31/12/2016 RM'000
<u>Current</u>		
Secured:		
- Term loans	206,309	208,222
- Hire purchase	16	16
	206,325	208,238
<u>Non-current</u>		
Secured:		
- Term loans	887,079	952,072
- Hire purchase	12	16
	887,091	952,088
Total borrowings	1,093,416	1,160,326

The currency profile of borrowings is as follows:

	As at 31/03/2017 RM'000	As at 31/12/2016 RM'000
Ringgit Malaysia	28	32
US Dollar	1,093,388	1,160,294
	1,093,416	1,160,326

The Group's and Company's borrowings are repayable as follows:

	As at 31/03/2017 RM'000	As at 31/12/2016 RM'000
Not later than 1 year	206,325	208,238
Later than 1 year and not later than 5 years	825,248	832,912
Later than 5 years	61,843	119,176
	1,093,416	1,160,326



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27. Share capital

	As at 31/03/2017 RM'000	As at 31/12/2016 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

28. Profit per share

Basic profit per share

Basic profit 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 31/03/2017	Quarter Ended 31/03/2016	Period ended 31/03/2017	Period ended 31/03/2016
Net profit for the individual quarter/ financial period (RM'000)	10,336	179,489	10,336	179,489
Weighted average number of ordinary shares in issue ('000)	4,148,148	3,359,107	4,148,148	3,359,107.00
Profit per share (sen)	0.2	5.3	0.2	5.3

29. Post balance sheet events

There is no material subsequent event noted during the financial period ended 31 March 2017.

30. Contingent assets and contingent liabilities

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

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

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

	As at 31/03/2017 RM'000	As at 31/12/2016 RM'000
Aircraft purchase	117,496,446	119,092,201

(b) Non-cancellable operating leases

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

	As at 31/03/2017 RM'000	As at 31/12/2016 RM'000
Future minimum lease payments	8,639,645	9,013,136
Future minimum sublease receipts	2,420,024	2,531,740



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32. Significant related parties transactions

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

<u>Name of companies</u>	<u>Relationship</u>
Thai AirAsia X Co Ltd ("TAAX")	Associate
PT Indonesia AirAsia Extra ("IAAX")	Joint Venture
AirAsia Berhad ("AAB")	Shareholder of the Company for which there is no control, significant influence or joint control, and common Directors and shareholders
Caterhamjet Global Ltd ("CJG")	Common Directors and shareholders
Thai AirAsia Co. Ltd ("TAA")	Common Directors and shareholders
PT Indonesia AirAsia ("IAA")	Common Directors and shareholders
Zest Airway Inc. ("AAZ")	Common Directors and shareholders
Asian Aviation Centre of Excellence Sdn Bhd ("AACOE")	Common Directors and shareholders
Tune Insurance Malaysia Berhad ("TIMB")	Common Directors and shareholders
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 31/03/2017 RM'000	Quarter Ended 31/03/2016 RM'000	Period ended 31/03/2017 RM'000	Period ended 31/03/2016 RM'000
TAAX				
- Aircraft operating lease income for leased aircraft	102,413	76,206	102,413	76,206
- Net operational services charged to TAAX	7,226	1,313	7,226	1,313
IAAX				
- Aircraft operating lease income for leased aircraft	26,414	26,875	26,414	26,875
- Net operational services charged to IAAX	1,212	2,364	1,212	2,364
AAB				
- Operational service charges	(29,574)	(3,724)	(29,574)	(3,724)
- Brand license fee	(5,410)	(4,801)	(5,410)	(4,801)
- Charter air travel services	-	9,115	-	9,115
CJG				
- Charter air travel services	(2,780)	(1,467)	(2,780)	(1,467)
TAA				
- Net operational services charged (from)/to TAA	309	337	309	337
IAA				
- Net operational services charged (from)/to IAA	2,800	747	2,800	747
AAZ				
- Net operational services charged (from)/to AAZ	1,590	1,629	1,590	1,629
AACOE				
- Training services	(494)	(1,792)	(494)	(1,792)
TIMB				
- Commission received/ receivable on travel insurance	477	1,693	477	1,693
- Premium collected on behalf of TIMB on travel insurance	(1,907)	(6,772)	(1,907)	(6,772)
Rokki				
- In-flight entertainment system and software expenses	(1,039)	(887)	(1,039)	(887)
AGSS				
- Provision of shared services	(1,063)	(988)	(1,063)	(988)



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33. Review of performance

Performance of current quarter against the same quarter last year for Malaysia

The Group recorded revenue of RM1,180.7 million for the quarter ended 31 March 2017 ("1Q17"), 22% higher than revenue of RM970.7 million for the quarter ended 31 March 2016 ("1Q16"). The higher revenue in 1Q17 is due to the increase in passengers carried by 33%, driven on the back of 28% increase in seat capacity. Load factors are 2 basis points higher from 82% in 1Q16 to 84% in 1Q17. Average Base Fare decreased slightly by 4% from RM566 in 1Q16 to RM544 in 1Q17, whereas Ancillary Revenue per Passenger remained constant at RM150 for both 1Q17 and 1Q16. Freight and Cargo Revenue also increased by 5.9% from RM31.0 million in 1Q16 to RM32.8 million in 1Q17, due to higher tonnage transported in the current period, as well as the introduction of RedBox courier services in May 2016. Aircraft Operating Lease Income increased by 16.7% from RM103.1 million in 1Q16 to RM120.3 million in 1Q17 due to additional aircraft leased to an associated company in March 2016. However, this was cushioned by the decrease of revenue from Charter flights by 31.3% from RM81.6 million in 1Q16 to RM56.0 million in 1Q17.

The profit before tax for the period was RM31.9 million compared to a profit before tax of RM218.5 million in the same quarter of 2016; while the net profit for the period was RM10.3 million compared to a net profit of RM179.5 million in the same quarter of 2016.

34. Operating profit and Profit Before Tax ("PBT") performance (quarter ended 31 March 2017 compared to quarter ended 31 December 2016)

The Group recorded an Operating Profit of RM60.3 million in 1Q17, whereas the Operating Profit was higher at RM109.0 million for the quarter ended 31 December 2016 ("4Q16"). This was mainly due to overall depreciation of Ringgit against the US Dollar, where most expenses such as aircraft fuel expenses, aircraft operating lease expenses are denominated in US Dollar. Furthermore, fuel prices were slightly higher in 1Q17 at USD66/bbl in comparison with fuel prices of USD64/bbl in 4Q16.

The Group recorded a PBT of RM31.9 million in 1Q17, an improvement from the PBT previously recorded in 4Q16 of RM29.9 million.

35. Commentary on prospects

Based on the current forward booking trend, forward loads and average fares are trending better than the previous year.

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

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

36. Profit forecast

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

37. Corporate proposal

There is no corporate proposal which is announced but not completed as at 16 May 2017, being the latest practicable date of this report.

38. Material litigation

As at 16 May 2017, there was no material litigation taken or threatened against the Company and its subsidiaries.

39. Proposed dividend

The Directors did not recommend any dividend for the quarter ended 31 March 2017.