



AIRASIA X BERHAD
(Company No. 734161-K)
(Incorporated in Malaysia under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 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 fourth quarter ended 31 December 2017.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Period Ended	Period Ended
		31/12/2017	31/12/2016	31/12/2017	31/12/2016
		RM'000	RM'000	RM'000	Restated RM'000
Revenue	10	1,220,466	1,170,295	4,562,005	3,900,782
Operating Expenses					
- Staff costs	11	(112,725)	(123,584)	(421,259)	(369,594)
- Depreciation of property, plant and equipment		(27,376)	(27,558)	(109,338)	(113,531)
- Aircraft fuel expenses		(383,527)	(355,293)	(1,466,681)	(1,116,110)
- Maintenance and overhaul		(75,278)	(137,583)	(652,922)	(619,331)
- User charges		(133,066)	(132,836)	(508,507)	(479,799)
- Aircraft operating lease expenses		(229,577)	(205,043)	(944,599)	(846,004)
- Other operating expenses		(149,726)	(109,321)	(339,565)	(305,270)
Other income	12	1,466	21,031	23,853	56,000
Operating profit		110,657	100,108	142,987	107,143
Finance income	13	46,163	21,138	56,626	24,775
Finance costs	13	(56,691)	(20,563)	(84,646)	(49,874)
Net operating profit		100,129	100,683	114,967	82,044
Foreign exchange gains/(losses)	13	29,506	(93,178)	76,102	(35,489)
Share of results of a joint venture	20	-	-	-	-
Other gains/(losses)		5,941	22,379	(4,265)	35,738
Profit before taxation		135,576	29,884	186,804	82,293
Taxation					
Current taxation	14	(2,712)	517	(6,405)	188
Deferred taxation	14	(48,450)	8,605	(81,513)	(37,644)
		(51,162)	9,122	(87,918)	(37,456)
Profit for the financial period		84,414	39,006	98,886	44,837
Attributable to:					
Equity holders of the Company		84,414	39,006	98,886	44,837
Non-controlling Interests		-	-	-	-
		84,414	39,006	98,886	44,837
Profit per share (sen)					
Basic	26	2.0	0.9	2.4	1.1
Diluted	26	2.0	0.9	2.4	1.1

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
	31/12/2017	31/12/2016	31/12/2017	31/12/2016 Restated
Note	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	84,414	39,006	98,886	44,837
Other comprehensive (loss)/income				
Cash flow hedges	(28,671)	78,806	(107,377)	214,212
Foreign currency translation differences	(72)	38	(17)	68
Total comprehensive income/(loss) for the financial period	55,671	117,850	(8,508)	259,117
Total comprehensive income/(loss) attributable				
To equity holder of the company	55,671	117,850	(8,508)	259,117
Non-controlling interest	-	-	-	-
Total comprehensive income/(loss) for the financial period	55,671	117,850	(8,508)	259,117

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	Restated As At
	Note	31/12/2017 RM'000	31/12/2016 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	1,480,625	1,568,493
Deferred tax assets	14	423,993	505,177
Deposits on aircraft purchases	17	139,943	136,791
Other deposits and prepayments	18	1,445,638	1,124,700
Amount due from a joint venture		44,010	-
Amount due from an associate		81,305	-
Investment in an associate	19	-	-
Investment in a joint venture	20	-	-
		3,615,514	3,335,161
CURRENT ASSETS			
Inventories		8,518	14,151
Receivables and prepayments	21	230,569	286,746
Amount due from related parties		75,305	51,561
Amount due from a joint venture		136,930	112,816
Amount due from an associate		28,969	69,590
Derivative financial instruments	23	23,094	134,735
Tax recoverable		-	1,613
Deposits, cash and bank balances	22	432,675	422,021
		936,061	1,093,233
Non-current assets held for sale		-	92,781
		936,061	1,186,014
CURRENT LIABILITIES			
Sales in advance		714,586	725,766
Trade and other payables	24	1,118,347	958,584
Provision for taxation		782	-
Amounts due to related parties		28,963	25,256
Borrowings	25	188,528	208,238
		2,051,206	1,917,844
Net Current Liabilities		(1,115,145)	(731,830)
NON-CURRENT LIABILITIES			
Borrowings	25	673,442	952,088
Other payables and accruals	24	838,321	654,370
		1,511,762	1,606,458
		988,606	996,873
CAPITAL AND RESERVES			
Share capital		1,534,043	622,222
Share premium		-	911,821
Warrant reserve		62,222	62,222
Currency translation reserve		178	195
Accumulated losses		(609,841)	(708,727)
Other reserves		2,004	109,140
Shareholders' equity		988,606	996,873

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 31/12/2017 RM'000	Period Ended 31/12/2016 Restated RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	186,804	82,293
Adjustments:		
Property, plant and equipment		
- Depreciation	109,338	113,531
- Loss on disposal	93	-
- Write-off	431	15,189
Non-current assets held for sale		
- Write-off	-	12,335
Impairment of receivables	61,980	11,585
Bad debts written off	19	-
Finance cost	38,581	40,260
Discounting effect of deposits	46,065	9,614
Interest income	(20,344)	(5,193)
Discounting/accretion of interest on deposits	(36,282)	(19,582)
Fair value loss/(gain) on derivative financial instruments	4,265	(35,738)
Fair value gain on shareholders' benefits scheme	-	(2,944)
Share option expense	241	484
Net unrealised foreign exchange (gains)/losses	(73,005)	16,435
	318,186	238,269
Changes in working capital:		
Inventories	5,633	(10,166)
Receivables, prepayments and other deposits	(402,856)	(19,060)
Related parties balances	(7,883)	(129,333)
Trade and other payables	400,346	140,277
Sales in advance	(11,181)	164,083
Cash from operations	302,245	384,070
Interest paid	(39,426)	(47,815)
Interest received	4,527	5,193
Tax paid	(4,079)	(712)
Net cash generated from operating activities	263,267	340,736
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Additions	(29,733)	(30,420)
- Proceeds from disposal of aircraft and engine pursuant to sales and leaseback arrangement	-	10,408
- Proceeds from disposal of property, plant and equipment	4,635	412
Placement of deposits on aircraft purchases	(5,190)	508
Net cash used in investing activities	(30,288)	(19,092)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of borrowings	(199,868)	(212,553)
Deposits pledged as securities	(1,613)	18,827
Net cash used in financing activities	(201,481)	(193,726)



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Period Ended	Period Ended
	31/12/2017	31/12/2016
		Restated
Note	RM'000	RM'000
NET INCREASE FOR THE FINANCIAL PERIOD	31,498	127,918
CURRENCY TRANSLATION DIFFERENCES	(22,457)	2,141
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	382,406	252,347
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	22 391,447	382,406

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 (as previously stated)	4,148,148	622,222	911,821	62,222	106,582	2,558	195	(648,715)	1,056,885	-	1,056,885
Prior year adjustments (Note 31)	-	-	-	-	-	-	-	(60,012)	(60,012)	-	(60,012)
At 1 January 2017 (restated)	4,148,148	622,222	911,821	62,222	106,582	2,558	195	(708,727)	996,873	-	996,873
Transfer to no-par value regime	-	911,821	(911,821)	-	-	-	-	-	-	-	-
Net profit for the financial period	-	-	-	-	-	-	-	98,886	98,886	-	98,886
Other comprehensive loss	-	-	-	-	(107,377)	-	(17)	-	(107,394)	-	(107,394)
Total comprehensive (loss)/income	-	-	-	-	(107,377)	-	(17)	98,886	(8,508)	-	(8,508)
Employee Share Option Scheme ('ESOS')	-	-	-	-	-	241	-	-	241	-	241
At 31 December 2017	4,148,148	622,222	911,821	62,222	(795)	2,799	178	(609,841)	988,606	-	988,606
At 1 January 2016 (as previously stated)	4,148,148	622,222	911,821	62,222	(107,630)	2,074	127	(859,029)	631,807	-	631,807
Prior year adjustments (Note 31)	-	-	-	-	-	-	-	105,465	105,465	-	105,465
At 1 January 2016 (restated)	4,148,148	622,222	911,821	62,222	(107,630)	2,074	127	(753,564)	737,272	-	737,272
Net profit for the financial period (restated)	-	-	-	-	-	-	-	44,837	44,837	-	44,837
Other comprehensive income	-	-	-	-	214,212	-	68	-	214,280	-	214,280
Total comprehensive income	-	-	-	-	214,212	-	68	44,837	259,117	-	259,117
Employee Share Option Scheme ('ESOS')	-	-	-	-	-	484	-	-	484	-	484
At 31 December 2016 (as restated)	4,148,148	622,222	911,821	62,222	106,582	2,558	195	(708,727)	996,873	-	996,873

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 December 2017

Performance indicator for current quarter against the same quarter last year

Quarter Ended : 31 December	Oct - Dec 2017	Oct - Dec 2016	Changes Y-O-Y
Seat capacity	1,878,968	1,705,925	10%
Passengers carried	1,549,048	1,383,761	12%
Load factor	83%	81%	2%
RPK (millions)	7,553	6,858	10%
ASK (millions)	9,146	8,474	8%
Average passenger fare (RM)	519	565	-8%
Ancillary revenue per passenger (RM)	142	137	4%
Revenue per ASK (sen)	13.36	13.83	-3%
Revenue per ASK (USc)	3.21	3.20	0%
Cost per ASK (sen)	12.15	12.88	-6%
Cost per ASK (USc)	2.92	2.98	-2%
Cost per ASK (sen) - excluding fuel	7.96	8.68	-8%
Cost per ASK (USc) - excluding fuel	1.91	2.01	-5%
Aircraft (end of period)	30	30	0%
Average sector length (km)	4,868	4,968	-2%
Sectors flown	4,984	4,525	10%
Fuel consumed (Barrels)	1,330,999	1,288,036	3%
Average fuel price (USD/ Barrel)	69	64	9%

Exchange Rate : RM/USD - 4.1584 for 4Q17 and 4.3209 for 4Q16

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 December 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

There was no issuance of shares during the quarter/financial period ended 31 December 2017. Total issued and paid up share capital as at 31 December 2017 is RM1,534,043,000.

8. Dividend paid

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



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NOTES TO THE UNAUDITED ACCOUNTS - 31 December 2017

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 December 2017					
<u>Segment results</u>					
Revenue	1,220,466	333,831	190,901	(92,803)	1,652,395
Operating expenses					-
- Staff costs	(112,725)	(32,131)	(8,739)	-	(153,595)
- Depreciation of property, plant and equipment	(27,376)	(1,242)	(517)	-	(29,135)
- Aircraft fuel expenses	(383,527)	(84,861)	(75,326)	-	(543,714)
- Maintenance and overhaul	(75,278)	(48,204)	(26,476)	19,080	(130,878)
- User charges and other related expenses	(133,066)	(40,876)	(16,305)	-	(190,247)
- Aircraft operating lease expenses	(229,577)	(62,834)	(34,079)	79,447	(247,043)
- Other operating expenses	(149,726)	(37,024)	(37,695)	(5,724)	(230,169)
Other income	1,466	5,666	(1,485)	-	5,647
Operating (loss)/profit	110,657	32,325	(9,721)	-	133,261
Finance income	46,163	279	19	-	46,461
Finance costs	(56,691)	(1,448)	-	-	(58,139)
Net operating profit/(loss)	100,129	31,156	(9,702)	-	121,583
Foreign exchange gains/(losses)	29,506	(1,315)	5,882	-	34,073
Other gains	5,941	-	-	-	5,941
Profit/(loss) before taxation	135,576	29,841	(3,820)	-	161,597



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NOTES TO THE UNAUDITED ACCOUNTS - 31 December 2017

9. Segment reporting (continued)

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination Adjustments RM'000	Total RM'000
Period ended 31 December 2017					
<u>Segment results</u>					
Revenue	4,562,005	1,154,029	726,473	(452,727)	5,989,780
Operating expenses					
- Staff costs	(421,259)	(123,142)	(33,923)		(578,324)
- Depreciation of property, plant and equipment	(109,338)	(4,741)	(2,119)		(116,198)
- Aircraft fuel expenses	(1,466,681)	(318,714)	(244,217)		(2,029,612)
- Maintenance and overhaul	(652,922)	(168,297)	(97,169)	148,219	(770,169)
- User charges and other related expenses	(508,507)	(156,344)	(62,749)		(727,600)
- Aircraft operating lease expenses	(944,599)	(260,498)	(140,964)	316,587	(1,029,474)
- Other operating expenses	(339,565)	(101,829)	(200,332)	(12,079)	(653,805)
Other income	23,853	20,588	484		44,925
Operating profit/(loss)	142,987	41,052	(54,516)	-	129,523
Finance income	56,626	613	129		57,368
Finance costs	(84,646)	(4,328)	(45)		(89,019)
Net operating profit/(loss)	114,967	37,337	(54,432)	-	97,872
Foreign exchange gains/(losses)	76,102	(2,091)	8,325		82,336
Other losses	(4,265)	-	-		(4,265)
Profit/(Loss) before taxation	186,804	35,246	(46,107)	-	175,943

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

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination Adjustments RM'000	Total RM'000
Quarter ended 31 December 2016					
<u>Segment results</u>					
Revenue	1,170,295	237,403	131,452	(116,310)	1,422,840
Operating expenses					
- Staff costs	(123,584)	(34,460)	(8,151)	-	(166,195)
- Depreciation of property, plant and equipment	(27,558)	(972)	(524)	-	(29,054)
- Aircraft fuel expenses	(355,293)	(73,692)	(34,386)	-	(463,371)
- Maintenance and overhaul	(137,583)	(24,397)	(21,713)	43,432	(140,261)
- User charges and other related expenses	(132,836)	(35,611)	(7,530)	-	(175,977)
- Aircraft operating lease expenses	(205,043)	(58,546)	(35,410)	75,808	(223,191)
- Other operating expenses	(109,321)	(18,849)	(30,792)	(2,930)	(161,892)
Other income	21,031	6,544	1,664	-	29,239
Operating profit/(loss)	100,108	(2,580)	(5,390)	-	92,138
Finance income	21,138	164	37	-	21,339
Finance costs	(20,563)	(2,126)	-	-	(22,689)
Net operating profit/(loss)	100,683	(4,542)	(5,353)	-	90,788
Foreign exchange (losses)/gains	(93,178)	(3,558)	4,146	-	(92,590)
Other gains	22,379	-	-	-	22,379
Profit/(Loss) before taxation	29,884	(8,100)	(1,207)	-	20,577



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9. Segment reporting (continued)

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination Adjustments RM'000	Total RM'000
Period ended 31 December 2016 (Restated)					
<u>Segment results</u>					
Revenue	3,900,782	901,969	620,341	(440,134)	4,982,958
Operating expenses					
- Staff costs	(369,594)	(105,559)	(38,772)		(513,925)
- Depreciation of property, plant and equipment	(113,531)	(3,279)	(1,801)		(118,611)
- Aircraft fuel expenses	(1,116,110)	(253,188)	(186,499)		(1,555,797)
- Maintenance and overhaul	(619,331)	(140,536)	(86,894)	160,324	(686,437)
- User charges and other related expenses	(479,799)	(128,888)	(70,438)		(679,125)
- Aircraft operating lease expenses	(846,004)	(219,179)	(135,597)	278,892	(921,888)
- Other operating expenses	(305,270)	(71,607)	(167,978)	918	(543,937)
Other income	56,000	27,604	2,754		86,358
Operating profit/(loss)	107,143	7,337	(64,884)	-	49,596
Finance income	24,775	353	254		25,382
Finance costs	(49,874)	(4,861)	(124)		(54,859)
Net operating profit/(loss)	82,044	2,829	(64,754)	-	20,119
Foreign exchange (losses)/gains	(35,489)	(3,151)	1,211		(37,429)
Other gains	35,738	-	-		35,738
Profit/(Loss) before taxation	82,293	(322)	(63,543)	-	18,428

a) Reconciliation of segment revenue to reported revenue:

	Quarter ended 31/12/2017 RM'000	Quarter ended 31/12/2016 RM'000	Period ended 31/12/2017 RM'000	Period ended 31/12/2016 RM'000
Segment revenue	1,652,395	1,422,840	5,989,780	4,982,958
Add: Inter-segment revenue	92,803	116,310	452,727	440,134
Less: Revenue from associated companies which were not consolidated	(524,732)	(368,855)	(1,880,502)	(1,522,310)
	<u>1,220,466</u>	<u>1,170,295</u>	<u>4,562,005</u>	<u>3,900,782</u>

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

	Quarter ended 31/12/2017 RM'000	Quarter ended 31/12/2016 RM'000	Period ended 31/12/2017 RM'000	Period ended 31/12/2016 RM'000
Segment profit before taxation	161,597	20,577	175,943	18,428
Add: (Revenue)/Expenses from affiliates which were not consolidated	(26,021)	9,307	10,861	63,865
	<u>135,576</u>	<u>29,884</u>	<u>186,804</u>	<u>82,293</u>



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10. Revenue

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/12/2017	Quarter ended 31/12/2016	Period ended 31/12/2017	Period ended 31/12/2016 Restated
	RM'000	RM'000	RM'000	RM'000
Scheduled flights	803,827	782,510	2,940,354	2,430,034
Charter flights	51,391	42,640	165,306	254,720
Freight services	53,018	40,896	171,008	134,913
Ancillary revenue	218,831	188,077	830,494	639,472
Aircraft operating lease income	92,803	116,310	452,727	440,134
Management fees	596	(138)	2,116	1,509
	<u>1,220,466</u>	<u>1,170,295</u>	<u>4,562,005</u>	<u>3,900,782</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 31/12/2017	Quarter ended 31/12/2016	Period ended 31/12/2017	Period ended 31/12/2016
	RM'000	RM'000	RM'000	RM'000
Wages, salaries, bonuses and allowances	102,640	115,772	376,554	341,776
Defined contribution retirement plan	9,486	7,192	43,880	27,334
Share option expense	599	620	825	484
	<u>112,725</u>	<u>123,584</u>	<u>421,259</u>	<u>369,594</u>

12. Other income

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/12/2017	Quarter ended 31/12/2016	Period ended 31/12/2017	Period ended 31/12/2016
	RM'000	RM'000	RM'000	RM'000
Commission income from insurance	1,006	1,852	3,801	6,665
Others	460	19,179	20,052	49,335
	<u>1,466</u>	<u>21,031</u>	<u>23,853</u>	<u>56,000</u>



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13. Finance income/(costs)

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/12/2017 RM'000	Quarter ended 31/12/2016 RM'000	Period ended 31/12/2017 RM'000	Period ended 31/12/2016 RM'000
Finance income:				
Interest income on deposits with licensed banks	2,590	1,556	5,523	5,193
Discounting and accretion of interest on deposits	36,282	19,582	36,282	19,582
Other interest income	7,291	-	14,821	-
	<u>46,163</u>	<u>21,138</u>	<u>56,626</u>	<u>24,775</u>
Finance costs:				
Interest expense on bank borrowings	(10,425)	(9,152)	(36,476)	(37,716)
Discounting effect of deposits	(46,065)	(9,614)	(46,065)	(9,614)
Bank facilities and other charges	(201)	(1,797)	(2,105)	(2,544)
	<u>(56,691)</u>	<u>(20,563)</u>	<u>(84,646)</u>	<u>(49,874)</u>
Foreign exchange gains/(losses)				
Unrealised foreign exchange gains/(losses) on:				
- Borrowings	36,458	(94,800)	98,542	(37,562)
- Deposits and bank balances	(6,952)	1,622	(22,440)	2,073
Net foreign exchange gains/(losses)	<u>29,506</u>	<u>(93,178)</u>	<u>76,102</u>	<u>(35,489)</u>

14. Taxation

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/12/2017 RM'000	Quarter ended 31/12/2016 RM'000	Period ended 31/12/2017 RM'000	Period ended 31/12/2016 Restated RM'000
Profit before tax	135,576	29,884	186,804	82,293
Tax calculated at Malaysian statutory tax rate of 24% (2016: 24%)	32,538	7,172	44,833	19,750
Tax effects:				
- Under/(over) accrual of prior year tax	54	(169)	1,236	(169)
- expenses not deductible for tax purposes	27,278	(14,877)	50,557	31,945
- income not subject to tax	(8,708)	(1,248)	(8,708)	(14,070)
Taxation	<u>51,162</u>	<u>(9,122)</u>	<u>87,918</u>	<u>37,456</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 31/12/2017	As at 31/12/2016 Restated
	RM'000	RM'000
Total accumulated gains/(losses) of AirAsia X Berhad and its subsidiaries		
- Realised	(798,332)	(793,080)
- Unrealised	262,397	158,259
	<u>(535,935)</u>	<u>(634,821)</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>(609,841)</u>	<u>(708,727)</u>

16. Property, plant and equipment

(a) Acquisition and disposal

During the quarter ended 31 December 2017, the Group acquired property, plant and equipment amounting to RM5.4 million (quarter ended 31 December 2016: RM18.5 million).

During the quarter ended 31 December 2017, proceeds from disposal of property, plant and equipment amounted to RM4.6 million (quarter ended 31 December 2016: RM Nil).

(b) Write-off

During the quarter ended 31 December 2017, the Group wrote off property, plant and equipment amounting to RM207k (quarter ended 31 December 2016: RM27.5 million).

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 31/12/2017 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
		31/12/2017 %	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 RM15.0 million (31 December 2016: loss of RM4.2 million). As at 31 December 2017, the unrecognised amount of the Group's share of loss of TAAX which have not been equity accounted for amounted to RM21.5 million (31 December 2016: RM45.8 million).

20. Investment in a joint venture

	As at 31/12/2017 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
		31/12/2017 %	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 RM1.9 million (31 December 2016: loss of RM591k). As at 31 December 2017, the unrecognised amount of the Group's share of loss of IAAX which have not been equity accounted for amounted to RM50.0 million (31 December 2016: RM51.4 million).



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21. Receivables and prepayments

	As at 31/12/2017	As at 31/12/2016 Restated
	RM'000	RM'000
Trade receivables	133,792	126,448
Less : Allowance for impairment of receivables	(57,089)	(746)
	<u>76,703</u>	<u>125,702</u>
Other receivables	71,581	73,791
Less : Allowance for impairment of receivables	(17,495)	(13,789)
	<u>54,086</u>	<u>60,002</u>
Deposits	26,804	28,008
Prepayments	72,976	73,034
	<u>230,569</u>	<u>286,746</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 31/12/2017	As at 31/12/2016
	RM'000	RM'000
Cash and bank balances	391,447	382,406
Deposits with licensed banks	41,228	39,615
	<u>432,675</u>	<u>422,021</u>
Deposit pledged as securities	(41,228)	(39,615)
Cash and cash equivalents	<u>391,447</u>	<u>382,406</u>

23. Derivative Financial Instruments

The fair value of derivative financial instruments is determined in accordance with MFRS139 "Financial Instruments: Recognition and Measurement", and are measured by level 2 of the fair value measurement hierarchy. As at 31 December 2017, outstanding number of barrels of Brent and fuel derivative contracts was 364,862 barrels (2016: 4,012,809 barrels).

24. Trade and other payables

	As at 31/12/2017	As at 31/12/2016 Restated
	RM'000	RM'000
<u>Non-current:</u>		
Aircraft maintenance provision	761,457	591,574
Other deposits	76,864	62,796
	<u>838,321</u>	<u>654,370</u>
<u>Current:</u>		
Trade payables	205,870	251,253
Other payables and accruals	912,477	707,331
	<u>1,118,347</u>	<u>958,584</u>

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



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25. Borrowings

	As at 31/12/2017 RM'000	As at 31/12/2016 RM'000
<u>Current</u>		
Secured:		
- Term loans	188,501	208,222
- Hire purchase	27	16
	188,528	208,238
<u>Non-current</u>		
Secured:		
- Term loans	673,392	952,072
- Hire purchase	50	16
	673,442	952,088
Total borrowings	861,970	1,160,326

The currency profile of borrowings is as follows:

	As at 31/12/2017 RM'000	As at 31/12/2016 RM'000
Ringgit Malaysia	77	32
US Dollar	861,893	1,160,294
	861,970	1,160,326

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

	As at 31/12/2017 RM'000	As at 31/12/2016 RM'000
Not later than 1 year	188,528	208,238
Later than 1 year and not later than 5 years	526,744	832,912
Later than 5 years	146,698	119,176
	861,970	1,160,326

26. 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 31/12/2017	Quarter Ended 31/12/2016	Period ended 31/12/2017	Period ended 31/12/2016 Restated
Net profit for the individual quarter/financial period (RM'000)	84,414	39,006	98,886	44,837
Weighted average number of ordinary shares in issue ('000)	4,148,148	4,148,148	4,148,148	4,148,148.00
Profit per share (sen)	2.0	0.9	2.4	1.1



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27. Post balance sheet events

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

28. Contingent assets and contingent liabilities

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

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

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

	As at 31/12/2017 RM'000	As at 31/12/2016 RM'000
Aircraft purchase	107,873,854	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 31/12/2017 RM'000	As at 31/12/2016 RM'000
Future minimum lease payments	7,591,532	9,013,136
Future minimum sublease receipts	2,006,436	2,531,740



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30. 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
AirAsia Japan Co., Ltd ("AAJ")	Common Directors and shareholders
Philippines AirAsia Inc. (formerly known as "Zest Airway Inc.") ("AAZ")	Common Directors and shareholders
Asian Aviation Centre of Excellence Sdn Bhd ("AACOE")	Common Directors and shareholders
AirAsia Global Shared Services Sdn Bhd ("AGSS")	Common Directors and shareholders
Rokki Sdn Bhd (formerly known as Tune Box Sdn Bhd) ("Rokki")	Common Directors and shareholders
Tune Insurance Malaysia Berhad ("TIMB")	Common Directors and shareholders
Yummy Kitchen Sdn Bhd ("Yummy Kitchen")	Common Directors and shareholders
Ground Team Red Sdn Bhd ("GTR")	Common Directors and shareholders

These following items have been included in the income statement:

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/12/2017 RM'000	Quarter Ended 31/12/2016 RM'000	Period ended 31/12/2017 RM'000	Period ended 31/12/2016 RM'000
TAAX				
- Aircraft operating lease income for leased aircraft	67,292	88,203	338,853	329,402
IAAX				
- Aircraft operating lease income for leased aircraft	25,511	28,107	113,874	110,732
AAB				
- Operational service charges	(4,138)	(26,237)	(15,802)	(65,640)
- Brand license fee	-	-	(8,530)	(8,530)
- Charter air travel services	-	(12,589)	(279)	42,867
- Lounge services	816	-	1,888	-
CJG				
- Charter air travel services	-	(3,631)	(2,780)	(6,606)
TAA				
- Operational services charged to/(from) TAA	122	(1,126)	519	979
IAA				
- Operational services charged to/(from) IAA	1	(2)	19	1,271
AAJ				
- Operational services charged to AAJ	169	-	265	-
AAZ				
- Operational services charged to AAZ	375	627	1,249	3,784



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30. Significant related parties transactions (continued)

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/12/2017 RM'000	Quarter Ended 31/12/2016 RM'000	Period ended 31/12/2017 RM'000	Period ended 31/12/2016 RM'000
AACOE				
- Training services	(2,714)	(4,225)	(12,851)	(11,032)
AGSS				
- Provision of shared services	(767)	(1,331)	(3,345)	(5,126)
Rokki				
- In-flight entertainment system and software expenses	(966)	(1,836)	(3,906)	(3,827)
TIMB				
- Commission received/ receivable on travel insurance	612	214	2,266	3,920
- Premium collected on behalf of TIMB on travel insurance	(2,448)	(859)	(9,064)	(15,681)
Yummy Kitchen				
- Provision of food catering services	(89)	-	(1,047)	-
GTR				
- Sale of ramp equipment	4,630	-	4,630	-
- Ground handling services	(5,917)	-	(5,917)	-

31. | Prior year adjustments

During the financial period, the Group instituted additional controls resulting in identification of accounting errors, for which prior year adjustments were made in the following areas:

- (a) charter business and lease rental;
- (b) inter-company revenue, cancellation fees and related foreign exchange;
- (c) passenger service charges in China; and
- (d) deferred tax assets.



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31. Prior year adjustments (continued)

Period ended 31 December 2016

Consolidated statement of comprehensive income

	Revenue RM'000	Operating expenses - User charges RM'000	Operating expenses - Other operating expenses RM'000	Deferred taxation RM'000
As previously stated for the period ended 31/12/2016	4,006,534	(461,685)	(251,336)	(49,967)
Note (a)	(15,356)			
Note (b)	(90,396)		(53,934)	
Note (c)		(18,114)		
Note (d)				12,323
Restated for the period ended 31/12/2016	<u>3,900,782</u>	<u>(479,799)</u>	<u>(305,270)</u>	<u>(37,644)</u>

At 31 December 2016

Consolidated Statement of Financial Position

	Other deposits and prepayments RM'000	Deferred tax assets RM'000	Receivables and prepayments RM'000	Sales in advance RM'000	Trade and other payables RM'000	Accumulated losses RM'000
As previously stated as at 31/12/2016	1,107,800	492,854	285,084	715,207	878,246	(648,715)
Note (a)			25,606		62,224	(19,718)
Note (b)	16,900		(23,944)	10,559		(34,503)
Note (c)					18,114	(18,114)
Note (d)		12,323				12,323
Restated as at 31/12/2016	<u>1,124,700</u>	<u>505,177</u>	<u>286,746</u>	<u>725,766</u>	<u>958,584</u>	<u>(708,727)</u>

At 1 January 2016

Consolidated Statement of Financial Position

	Other deposits and prepayments RM'000	Sales in advance RM'000	Trade and other payables RM'000	Accumulated losses RM'000
As previously stated as at 1/1/2016	903,374	671,510	849,075	(859,029)
Note (a)			21,262	(21,262)
Note (b)	16,900	(109,827)		126,727
Restated as at 1/1/2016	<u>920,274</u>	<u>561,683</u>	<u>870,337</u>	<u>(753,564)</u>



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32. Review of performance

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

The Group recorded revenue of RM1,220.5 million for the quarter ended 31 December 2017 ("4Q17"), 4% higher than revenue of RM1,170.3 million for the quarter ended 31 December 2016 ("4Q16"). The revenue was supported by a 12% growth in passenger volume. Ancillary revenue per passenger increased by 4% to RM142 year-on-year. The seat load factor was at 83% which was 2 percentage point higher than the same period last year. Average fare was down by 8% at RM519 as compared to RM565 achieved in 4Q16.

Included in other operating expenses in 4Q17 was provision for doubtful debts of RM11.8 million.

The profit before tax for the period was RM135.6 million compared to a profit before tax of RM29.9 million in the same quarter of 2016; while the net profit for the period was RM84.4 million compared to a net profit of RM39.0 million in the same quarter of 2016.

33. Variance of results against preceding quarter

The Group recorded a net profit of RM84.4 million in 4Q17, compared to the net loss of RM43.3 million in 3Q17.

34. Commentary on prospects

Based on the current forward booking trend, forward loads and average fares are trending 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.

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 14 February 2018, being the latest practicable date of this report.

37. Material litigation

As at 14 February 2018, 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 31 December 2017.

39. Reclassification of comparative figures

Certain accounts were being reclassified to conform with current year's presentation.