



AIRASIA X BERHAD
(Company No. 734161-K)
(Incorporated in Malaysia under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 September 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 third quarter ended 30 September 2017.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Period Ended	Period Ended
		30/09/2017	30/09/2016	30/09/2017	30/09/2016
		RM'000	RM'000	RM'000	RM'000
Revenue	10	1,124,465	982,402	3,341,539	2,836,239
Operating Expenses					
- Staff costs	11	(111,554)	(92,944)	(308,534)	(246,010)
- Depreciation of property, plant and equipment		(27,586)	(27,985)	(81,962)	(85,973)
- Aircraft fuel expenses		(351,762)	(282,128)	(1,083,154)	(760,817)
- Maintenance and overhaul		(233,998)	(158,308)	(577,644)	(490,662)
- User charges		(129,999)	(120,229)	(375,441)	(328,849)
- Aircraft operating lease expenses		(234,586)	(222,240)	(715,022)	(640,961)
- Other operating expenses		(79,481)	(30,298)	(189,839)	(142,015)
Other income	12	9,511	2,502	22,387	34,969
Operating (loss)/profit		(34,990)	50,772	32,330	175,921
Finance income	13	2,990	1,579	10,463	3,637
Finance costs	13	(7,663)	(8,304)	(27,955)	(29,311)
Net operating (loss)/profit		(39,663)	44,047	14,838	150,247
Foreign exchange gain	13	14,707	(33,777)	46,596	57,689
Share of results of a joint venture	20	-	-	-	-
Other gain/(loss)		16,329	1,738	(10,206)	13,359
(Loss)/Profit before taxation		(8,627)	12,008	51,228	221,295
Taxation					
Current taxation	14	(717)	165	(3,693)	(329)
Deferred taxation	14	(33,958)	(1,148)	(33,063)	(29,433)
		(34,675)	(983)	(36,756)	(29,762)
(Loss)/Profit for the financial period		(43,302)	11,025	14,472	191,533
Attributable to:					
Equity holders of the Company		(43,302)	11,025	14,472	191,533
Non-controlling Interests		-	-	-	-
		(43,302)	11,025	14,472	191,533
(Loss)/Profit per share (sen)					
Basic	26	(1.0)	0.3	0.3	4.6
Diluted	26	(1.0)	0.3	0.3	4.6

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
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
Note	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the financial period	(43,302)	11,025	14,472	191,533
Other comprehensive income/(loss)				
Cash flow hedges	40,039	6,368	(78,706)	135,405
Foreign currency translation differences	5	160	55	30
Total comprehensive (loss)/income for the financial period	(3,258)	17,553	(64,179)	326,969
Total comprehensive (loss)/income attributable				
To equity holder of the company	(3,258)	17,553	(64,179)	326,969
Non-controlling interest	-	-	-	-
Total comprehensive (loss)/income for the financial period	(3,258)	17,553	(64,179)	326,969

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 30/09/2017 RM'000	Audited As At 31/12/2016 RM'000
NON-CURRENT ASSETS	Note		
Property, plant and equipment	16	1,507,504	1,568,493
Deferred tax assets	14	459,791	492,854
Deposits on aircraft purchases	17	135,557	136,791
Other deposits and prepayments	18	1,123,594	1,107,800
Amount due from a joint venture		53,045	-
Amount due from an associate		88,502	-
Investment in an associate	19	-	-
Investment in a joint venture	20	-	-
		3,367,993	3,305,938
CURRENT ASSETS			
Inventories		15,030	14,151
Receivables and prepayments	21	206,602	285,084
Amount due from related parties		76,883	51,561
Amount due from a joint venture		110,771	112,816
Amount due from an associate		72,057	69,590
Derivative financial instruments	23	45,824	134,735
Tax recoverable		-	1,613
Deposits, cash and bank balances	22	460,608	422,021
		987,776	1,091,571
Non-current assets held for sale		-	92,781
		987,776	1,184,352
CURRENT LIABILITIES			
Sales in advance		762,744	715,207
Trade and other payables	24	972,290	878,246
Provision for taxation		290	-
Amounts due to related parties		34,616	25,256
Borrowings	25	196,313	208,238
		1,966,253	1,826,947
Net Current Liabilities		(978,477)	(642,595)
Borrowings	25	750,335	952,088
Other payables and accruals	24	646,294	654,370
		1,396,628	1,606,458
		992,887	1,056,885
CAPITAL AND RESERVES			
Share capital		1,534,043	622,222
Share premium		-	911,821
Warrant reserve		62,222	62,222
Currency translation reserve		250	195
Accumulated losses		(634,243)	(648,715)
Other reserves		30,615	109,140
Shareholders' equity		992,887	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 30/09/2017 RM'000	Period Ended 30/09/2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	51,228	221,295
Adjustments:		
Property, plant and equipment		
- Depreciation	81,962	85,973
- Write-off	224	-
Finance cost	27,955	29,311
Interest income	(10,463)	(3,637)
(Write back)/Impairment of receivables	-	(124)
Fair value loss/(gain) on derivative financial instruments	10,206	(13,359)
Share option expense	181	363
Net unrealised foreign exchange gains	(73,312)	(59,261)
	87,981	260,561
Changes in working capital:		
Inventories	(878)	(8,557)
Receivables, prepayments and other deposits	32,457	(63,737)
Related parties balances	(30,163)	(45,943)
Trade and other payables	120,671	46,214
Sales in advance	47,537	43,572
Cash from operations	257,605	232,110
Interest paid	(28,864)	(31,819)
Interest received	2,903	3,637
Tax paid	(1,597)	(531)
Net cash generated from operating activities	230,047	203,397
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Additions	(24,375)	(1,556)
- Proceeds from disposal	-	412
Deposits placed on aircraft purchases	-	508
Net cash used in investing activities	(24,375)	(636)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of borrowings	(151,651)	(141,839)
Deposits pledged as securities	(1,762)	17,166
Net cash used in financing activities	(153,413)	(124,673)
NET INCREASE FOR THE FINANCIAL PERIOD	52,259	78,088
CURRENCY TRANSLATION DIFFERENCES	(15,434)	(4,620)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	382,406	252,347
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	419,231	325,815

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This unaudited condensed consolidated statement of cash flow should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 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
Transfer to no-par value regime		911,821	(911,821)								-
Net profit for the financial period	-	-	-	-	-	-	-	14,472	14,472	-	14,472
Other comprehensive income/(loss)	-	-	-	-	(78,706)	-	55	-	(78,651)	-	(78,651)
Total comprehensive income/(loss)	-	-	-	-	(78,706)	-	55	14,472	(64,179)	-	(64,179)
Employee Share Option Scheme ('ESOS')	-	-	-	-	-	181	-	-	181	-	181
At 30 September 2017	4,148,148	1,534,043	-	62,222	27,876	2,739	250	(634,243)	992,887	-	992,887
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	-	-	-	-	-	-	-	191,533	191,533	-	191,533
Other comprehensive income/(loss)	-	-	-	-	135,405	-	30	-	135,435	-	135,435
Total comprehensive income/(loss)	-	-	-	-	135,405	-	30	191,533	326,968	-	326,968
Employee Share Option Scheme ('ESOS')	-	-	-	-	-	363	-	-	363	-	363
At 30 September 2016	4,148,148	622,222	911,821	62,222	27,775	2,437	157	(667,496)	959,138	-	959,138

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 - 30 September 2017

Performance indicator for current quarter against the same quarter last year

Quarter Ended : 30 September	Jul - Sep 2017	Jul - Sep 2016	Changes Y-O-Y
Seat capacity	1,885,754	1,560,780	21%
Passengers carried	1,499,013	1,216,943	23%
Load factor	79%	78%	1%
RPK (millions)	7,241	6,034	20%
ASK (millions)	9,135	7,749	18%
Average passenger fare (RM)	496	501	-1%
Ancillary revenue per passenger (RM)	140	134	4%
Revenue per ASK (sen)	12.32	12.70	-3%
Revenue per ASK (USc)	2.89	3.17	-9%
Cost per ASK (sen)	12.80	12.06	6%
Cost per ASK (USc)	3.00	3.01	0%
Cost per ASK (sen) - excluding fuel	8.95	8.41	6%
Cost per ASK (USc) - excluding fuel	2.10	2.10	0%
Aircraft (end of period)	30	30	0%
Average sector length (km)	4,844	4,965	-2%
Sectors flown	5,002	4,140	21%
Fuel consumed (Barrels)	1,271,585	1,117,353	14%
Average fuel price (USD/ Barrel)	65	63	3%

Exchange Rate : RM/USD - 4.2634 for 3Q17 and 4.0017 for 3Q16

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 - 30 September 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 30 September 2017. Total issued and paid up share capital as at 30 September 2017 is RM1,534,043,000.

8. Dividend paid

No dividends were declared or approved in the quarter ended 30 September 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 30 September 2017					
<u>Segment results</u>					
Revenue	1,124,465	247,395	249,849	(116,643)	1,505,066
Operating expenses					-
- Staff costs	(111,554)	(29,588)	(8,908)	-	(150,050)
- Depreciation of property, plant and equipment	(27,586)	(1,178)	(530)	-	(29,294)
- Aircraft fuel expenses	(351,762)	(69,068)	(82,589)	-	(503,419)
- Maintenance and overhaul	(233,998)	(43,025)	(24,936)	41,470	(260,489)
- User charges and other related expenses	(129,999)	(35,673)	(23,897)	-	(189,569)
- Aircraft operating lease expenses	(234,586)	(64,709)	(34,939)	81,742	(252,492)
- Other operating expenses	(79,481)	(22,288)	(69,738)	(6,569)	(178,076)
Other income	9,511	4,945	1,102	-	15,558
Operating (loss)/profit	(34,990)	(13,189)	5,414	-	(42,765)
Finance income	2,990	81	35	-	3,106
Finance costs	(7,663)	(1,681)	(45)	-	(9,389)
Net operating (loss)/profit	(39,663)	(14,789)	5,404	-	(49,048)
Foreign exchange gain/(loss)	14,707	(1,945)	3,754	-	16,516
Other (loss)/gain	16,329	-	-	-	16,329
(Loss)/Profit before taxation	(8,627)	(16,734)	9,158	-	(16,203)



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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 30 September 2017					
<u>Segment results</u>					
Revenue	3,341,539	820,198	535,572	(359,924)	4,337,385
Operating expenses					
- Staff costs	(308,534)	(91,011)	(25,184)		(424,729)
- Depreciation of property, plant and equipment	(81,962)	(3,499)	(1,602)		(87,063)
- Aircraft fuel expenses	(1,083,154)	(233,853)	(168,891)		(1,485,898)
- Maintenance and overhaul	(577,644)	(120,093)	(70,693)	129,139	(639,291)
- User charges and other related expenses	(375,441)	(115,468)	(46,444)		(537,353)
- Aircraft operating lease expenses	(715,022)	(197,664)	(106,885)	237,140	(782,431)
- Other operating expenses	(189,839)	(64,805)	(162,637)	(6,355)	(423,636)
Other income	22,387	14,922	1,969		39,278
Operating profit/(loss)	32,330	8,727	(44,795)	-	(3,738)
Finance income	10,463	334	110		10,907
Finance costs	(27,955)	(2,880)	(45)		(30,880)
Net operating profit/(loss)	14,838	6,181	(44,730)	-	(23,711)
Foreign exchange gain/(loss)	46,596	(776)	2,443		48,263
Other (loss)/gain	(10,206)	-	-		(10,206)
Profit/(Loss) before taxation	51,228	5,405	(42,287)	-	14,346

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 30 September 2016					
<u>Segment results</u>					
Revenue	982,402	219,508	183,768	(113,558)	1,272,120
Operating expenses					
- Staff costs	(92,944)	(25,380)	(8,491)	-	(126,815)
- Depreciation of property, plant and equipment	(27,985)	(834)	(437)	-	(29,256)
- Aircraft fuel expenses	(282,128)	(70,118)	(52,437)	-	(404,683)
- Maintenance and overhaul	(158,308)	(39,377)	(16,692)	38,050	(176,327)
- User charges and other related expenses	(120,229)	(33,324)	(18,864)	-	(172,417)
- Aircraft operating lease expenses	(222,240)	(55,695)	(24,204)	71,682	(230,457)
- Other operating expenses	(30,298)	(16,496)	(66,609)	3,826	(109,577)
Other income	2,502	18,214	360	-	21,076
Operating profit/(loss)	50,772	(3,502)	(3,606)	-	43,664
Finance income	1,579	1	63	-	1,643
Finance costs	(8,304)	(2,073)	-	-	(10,377)
Net operating profit/(loss)	44,047	(5,574)	(3,543)	-	34,930
Foreign exchange gain/(loss)	(33,777)	(365)	77	-	(34,065)
Other gain/(loss)	1,738	-	-	-	1,738
Profit/(Loss) before taxation	12,008	(5,939)	(3,466)	-	2,603



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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 30 September 2016					
<u>Segment results</u>					
Revenue	2,836,239	664,566	488,889	(323,824)	3,665,870
Operating expenses					
- Staff costs	(246,010)	(71,099)	(30,621)		(347,730)
- Depreciation of property, plant and equipment	(85,973)	(2,307)	(1,277)		(89,557)
- Aircraft fuel expenses	(760,817)	(179,496)	(152,113)		(1,092,426)
- Maintenance and overhaul	(490,662)	(116,139)	(65,181)	116,892	(555,090)
- User charges and other related expenses	(328,849)	(93,277)	(62,908)		(485,034)
- Aircraft operating lease expenses	(640,961)	(160,633)	(100,187)	203,083	(698,698)
- Other operating expenses	(142,015)	(52,758)	(137,186)	3,849	(328,110)
Other income	34,969	21,060	1,090		57,119
Operating profit/(loss)	175,921	9,917	(59,494)	-	126,344
Finance income	3,637	189	217		4,043
Finance costs	(29,311)	(2,735)	(124)		(32,170)
Net operating profit/(loss)	150,247	7,371	(59,401)	-	98,217
Foreign exchange gain/(loss)	57,689	407	(2,935)		55,161
Other gain/(loss)	13,359	-	-		13,359
Profit/(Loss) before taxation	221,295	7,778	(62,336)	-	166,737

a) Reconciliation of segment revenue to reported revenue:

	Quarter ended 30/09/2017 RM'000	Quarter ended 30/09/2016 RM'000	Period ended 30/09/2017 RM'000	Period ended 30/09/2016 RM'000
Segment revenue	1,505,066	1,272,120	4,337,385	3,665,870
Add: Inter-segment revenue	116,643	113,558	359,924	323,824
Less: Revenue from associated companies which were not consolidated	(497,244)	(403,276)	(1,355,770)	(1,153,455)
	<u>1,124,465</u>	<u>982,402</u>	<u>3,341,539</u>	<u>2,836,239</u>

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

	Quarter ended 30/09/2017 RM'000	Quarter ended 30/09/2016 RM'000	Period ended 30/09/2017 RM'000	Period ended 30/09/2016 RM'000
Segment (loss)/profit before taxation	(16,203)	2,603	14,346	166,737
Add: Expenses from affiliates which were not consolidated	7,576	9,405	36,882	54,558
	<u>(8,627)</u>	<u>12,008</u>	<u>51,228</u>	<u>221,295</u>



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10. Revenue

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/09/2017 RM'000	Quarter ended 30/09/2016 RM'000	Period ended 30/09/2017 RM'000	Period ended 30/09/2016 RM'000
Scheduled flights	743,032	610,108	2,136,527	1,750,033
Charter flights	9,021	64,606	113,915	212,080
Freight services	46,049	32,308	117,990	94,017
Ancillary revenue	209,274	161,817	611,663	454,638
Aircraft operating lease income	116,643	113,558	359,924	323,824
Management fees	446	5	1,520	1,647
	<u>1,124,465</u>	<u>982,402</u>	<u>3,341,539</u>	<u>2,836,239</u>

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

11. Staff cost

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/09/2017 RM'000	Quarter ended 30/09/2016 RM'000	Period ended 30/09/2017 RM'000	Period ended 30/09/2016 RM'000
Wages, salaries, bonuses and allowances	99,207	86,231	273,914	225,242
Defined contribution retirement plan	12,264	6,350	34,394	20,142
Share option expense	83	363	226	626
	<u>111,554</u>	<u>92,944</u>	<u>308,534</u>	<u>246,010</u>

12. Other income

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/09/2017 RM'000	Quarter ended 30/09/2016 RM'000	Period ended 30/09/2017 RM'000	Period ended 30/09/2016 RM'000
Commission income from insurance	722	1,359	2,795	4,813
Others	8,789	1,143	19,592	30,156
	<u>9,511</u>	<u>2,502</u>	<u>22,387</u>	<u>34,969</u>



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13. Finance income/(costs)

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/09/2017 RM'000	Quarter ended 30/09/2016 RM'000	Period ended 30/09/2017 RM'000	Period ended 30/09/2016 RM'000
Finance income:				
Interest income on deposits with licensed banks	535	1,579	2,933	3,637
Other interest income	2,455	-	7,530	-
	<u>2,990</u>	<u>1,579</u>	<u>10,463</u>	<u>3,637</u>
Finance costs:				
Interest expense on bank borrowings	(7,435)	(8,072)	(26,051)	(28,564)
Bank facilities and other charges	(228)	(232)	(1,904)	(747)
	<u>(7,663)</u>	<u>(8,304)</u>	<u>(27,955)</u>	<u>(29,311)</u>
Foreign exchange gain/(loss)				
Unrealised foreign exchange gain/(loss) on:				
- Borrowings	15,044	(33,837)	62,084	57,238
- Deposits and bank balances	(337)	60	(15,488)	451
Net foreign exchange gain	<u>14,707</u>	<u>(33,777)</u>	<u>46,596</u>	<u>57,689</u>

14. Taxation

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/09/2017 RM'000	Quarter ended 30/09/2016 RM'000	Period ended 30/09/2017 RM'000	Period ended 30/09/2016 RM'000
(Loss)/Profit before tax	(8,627)	12,008	51,228	221,295
Tax calculated at Malaysian statutory tax rate of 24% (2016: 24%)	(2,070)	2,882	12,295	53,111
Tax effects:				
- Under-accrual of income tax in prior year	-	-	1,182	-
- expenses not deductible for tax purposes	20,115	22,493	23,279	21,577
- income not subject to tax	16,630	(24,392)	-	(44,926)
Taxation	<u>34,675</u>	<u>983</u>	<u>36,756</u>	<u>29,762</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 30/09/2017 RM'000	As at 31/12/2016 RM'000
Total accumulated gains/(losses) of AirAsia X Berhad and its subsidiaries		
- Realised	(812,923)	(720,745)
- Unrealised	252,586	145,936
	(560,337)	(574,809)
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	(634,243)	(648,715)

16. Property, plant and equipment

(a) Acquisition and disposal

During the quarter ended 30 September 2017, the Group acquired property, plant and equipment amounting to RM6.6 million (quarter ended 30 September 2016: RM95k).

During the quarter ended 30 September 2017, there is no disposal of property, plant and equipment (quarter ended 30 September 2016: RM Nil).

(b) Write-off

During the quarter ended 30 September 2017, the Group wrote off property, plant and equipment amounting to RM224k (quarter ended 30 September 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 30/09/2017 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
		30/09/2017 %	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 loss of TAAX for the current financial quarter, which have not been equity accounted for, amounted to RM7.7 million (30 September 2016: loss of RM2.0 million). As at 30 September 2017, the unrecognised amount of the Group's share of loss of TAAX which have not been equity accounted for amounted to RM36.5 million (30 September 2016: RM41.6 million).

20. Investment in a joint venture

	As at 30/09/2017 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
		30/09/2017 %	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 profit of IAAX for the current financial quarter, which have not been equity accounted for, amounted to RM4.5 million (30 September 2016: loss of RM7.9 million). As at 30 September 2017, the unrecognised amount of the Group's share of loss of IAAX which have not been equity accounted for amounted to RM48.1 million (30 September 2016: RM50.8 million).



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21. Receivables and prepayments

	As at 30/09/2017 RM'000	As at 31/12/2016 RM'000
Trade receivables	111,070	124,786
Less : Allowance for impairment of receivables	(50,949)	(746)
	60,121	124,040
Other receivables	56,493	73,791
Less : Allowance for impairment of receivables	(13,789)	(13,789)
	42,704	60,002
Deposits	28,594	28,008
Prepayments	75,183	73,034
	206,602	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 30/09/2017 RM'000	As at 31/12/2016 RM'000
Cash and bank balances	419,231	382,406
Deposits with licensed banks	41,377	39,615
	460,608	422,021
Deposit pledged as securities	(41,377)	(39,615)
Cash and cash equivalents	419,231	382,406

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 30 September 2017, outstanding number of barrels of Brent and fuel derivative contracts was 1,265,510 barrels (2016: 6,783,394 barrels).

24. Trade and other payables

	As at 30/09/2017 RM'000	As at 31/12/2016 RM'000
<u>Non-current:</u>		
Aircraft maintenance provision	571,385	591,574
Other deposits	74,909	62,796
	646,294	654,370
<u>Current:</u>		
Trade payables	314,475	251,253
Other payables and accruals	657,815	626,993
	972,290	878,246

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 30/09/2017 RM'000	As at 31/12/2016 RM'000
<u>Current</u>		
Secured:		
- Term loans	196,286	208,222
- Hire purchase	27	16
	196,313	208,238
<u>Non-current</u>		
Secured:		
- Term loans	750,283	952,072
- Hire purchase	52	16
	750,335	952,088
Total borrowings	946,648	1,160,326

The currency profile of borrowings is as follows:

	As at 30/09/2017 RM'000	As at 31/12/2016 RM'000
Ringgit Malaysia	79	32
US Dollar	946,569	1,160,294
	946,648	1,160,326

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

	As at 30/09/2017 RM'000	As at 31/12/2016 RM'000
Not later than 1 year	196,313	208,238
Later than 1 year and not later than 5 years	583,032	832,912
Later than 5 years	167,303	119,176
	946,648	1,160,326

26. (Loss)/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 30/09/2017	Quarter Ended 30/09/2016	Period ended 30/09/2017	Period ended 30/09/2016
Net (loss)/profit for the individual quarter/financial period (RM'000)	(43,302)	11,025	14,472	191,533
Weighted average number of ordinary shares in issue ('000)	4,148,148	4,148,148	4,148,148	4,148,148.00
(Loss)/Profit per share (sen)	(1.0)	0.3	0.3	4.6



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27. Post balance sheet events

There is no material subsequent event noted during the financial period ended 30 September 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 30/09/2017 RM'000	As at 31/12/2016 RM'000
Aircraft purchase	112,265,767	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 30/09/2017 RM'000	As at 31/12/2016 RM'000
Future minimum lease payments	7,772,086	9,013,136
Future minimum sublease receipts	2,163,631	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
Think Big Digital Sdn Bhd ("Think Big")	Common Directors and shareholders
Tune Insurance Malaysia Berhad ("TIMB")	Common Directors and shareholders
Yummy Kitchen Sdn Bhd ("Yummy Kitchen")	Common Directors and shareholders

These following items have been included in the income statement:

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/09/2017 RM'000	Quarter Ended 30/09/2016 RM'000	Period ended 30/09/2017 RM'000	Period ended 30/09/2016 RM'000
TAAX				
- Aircraft operating lease income for leased aircraft	88,150	83,218	271,561	241,188
IAAX				
- Aircraft operating lease income for leased aircraft	28,493	30,340	88,363	82,636
AAB				
- Operational service charges	(4,005)	(8,599)	(11,664)	(16,481)
- Brand license fee	-	(321)	(8,530)	(9,041)
- Charter air travel services	(279)	11,341	(279)	46,382
- Lounge services	1,072	-	1,072	-
CJG				
- Charter air travel services	-	-	(2,780)	(2,975)
TAA				
- Operational services charged to TAA	(331)	922	397	1,571
IAA				
- Operational services charged to IAA	1,599	314	18	1,061
AAJ				
- Operational services charged to AAJ	96	-	96	-
AAZ				
- Operational services charged to AAZ	(2,573)	771	874	3,157



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30. Significant related parties transactions (continued)

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/09/2017 RM'000	Quarter Ended 30/09/2016 RM'000	00/01/1900 30/09/2017 RM'000	00/01/1900 30/09/2016 RM'000
AACOE				
- Training services	(8,489)	(1,708)	(10,137)	(6,807)
AGSS				
- Provision of shared services	(599)	(826)	(2,578)	(3,795)
Rokki				
- In-flight entertainment system and software expenses	(921)	(567)	(2,940)	(2,206)
TIMB				
- Commission received/ receivable on travel insurance	307	973	1,654	3,706
- Premium collected on behalf of TIMB on travel insurance	(2,099)	(3,890)	(6,616)	(14,822)
Yummy Kitchen				
- Provision of food catering services	(682)	-	(958)	-

31. Review of performance

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

The Group recorded revenue of RM1,124.5 million for the quarter ended 30 September 2017 ("3Q17"), 15% higher than revenue of RM982.4 million for the quarter ended 30 September 2016 ("2Q16"). The revenue was supported by a 23% growth in passenger volume. Ancillary revenue per passenger increased by 4% to RM140 year-on-year. The seat load factor was at 79% which was 1 percentage point higher than the same period last year. Average fare was down by 1% at RM496 as compared to RM501 achieved in 3Q16.

Included in other operating expenses in 3Q17 was provision for doubtful debts of RM50.2 million.

The loss before tax for the period was RM8.6 million compared to a profit before tax of RM12.0 million in the same quarter of 2016; while the net loss for the period was RM43.3 million compared to a net profit of RM11.0 million in the same quarter of 2016.

32. Variance of results against preceding quarter

The Group recorded a net loss of RM43.3 million in 3Q17, compared to the net profit of RM47.4 million achieved in 2Q17.

33. Commentary on prospects

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

However, the depreciation 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.

34. 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.



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35. Corporate proposal

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

36. Material litigation

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

37. Proposed dividend

The Directors did not recommend any dividend for the quarter ended 30 September 2017.