



AIRASIA X BERHAD
(Company No. 734161-K)
(Incorporated in Malaysia under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 30 June 2015

ANNOUNCEMENT

The Board of Directors of AirAsia X Berhad ("AirAsia X" or "the Company") is pleased to announce the following unaudited consolidated results of AirAsia X and its subsidiaries (collectively known as "the Group") for the second quarter ended 30 June 2015.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Period Ended	Period Ended
		30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
Revenue	10	653,028	671,612	1,428,402	1,421,091
Operating Expenses					
- Staff costs	11	(75,887)	(72,785)	(150,075)	(144,373)
- Depreciation of property, plant and equipment		(38,157)	(48,663)	(75,961)	(93,250)
- Aircraft fuel expenses		(218,860)	(390,610)	(493,291)	(791,598)
- Maintenance, overhaul, user charges and other related expenses		(207,947)	(157,373)	(413,539)	(302,291)
- Aircraft operating lease expenses		(186,972)	(68,856)	(316,598)	(128,770)
- Other operating expenses		(30,402)	(69,041)	(84,884)	(132,785)
Other income	12	5,275	19,287	11,956	22,450
Operating loss		(99,922)	(116,429)	(93,990)	(149,526)
Finance income	13	467	248	713	367
Finance costs	13	(18,554)	(22,219)	(39,345)	(42,518)
Net operating loss		(118,009)	(138,400)	(132,622)	(191,677)
Foreign exchange (loss)/ gain	13	(28,181)	20,023	(115,415)	30,122
Share of results of an associate	19	-	(13,120)	-	(18,069)
Share of results of a joint venture	20	(16,195)	(877)	(31,626)	(877)
Loss before taxation		(162,385)	(132,374)	(279,663)	(180,501)
Taxation					
Current taxation	14	(114)	2,024	(169)	(92)
Deferred taxation	14	29,560	1,565	20,977	40,527
		29,446	3,589	20,808	40,435
Loss for the financial period		(132,939)	(128,785)	(258,855)	(140,066)
Attributable to:					
Equity holders of the Company		(132,939)	(128,785)	(258,855)	(140,066)
Non-controlling Interests		-	-	-	-
		(132,939)	(128,785)	(258,855)	(140,066)
Loss per share (sen)					
Basic	27	(6.1)	(5.4)	(11.4)	(5.9)
Diluted	27	(6.1)	(5.4)	(11.4)	(5.9)

This unaudited condensed consolidated income statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2014 of the Company and the accompanying explanatory notes attached in this interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Period Ended	Period Ended
	30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
Note				
Loss for the financial period	(132,939)	(128,785)	(258,855)	(140,066)
Other comprehensive income/ (loss)				
Cash flow hedges	-	3,590	-	(6,043)
Foreign currency translation differences	(30)	9	(27)	75
Total comprehensive loss for the financial period	(132,969)	(125,186)	(258,882)	(146,034)
Total comprehensive losses attributable				
To equity holder of the company	(132,969)	(125,186)	(258,882)	(146,034)
Non-controlling interest	-	-	-	-
Total comprehensive loss for the financial period	(132,969)	(125,186)	(258,882)	(146,034)

This unaudited condensed consolidated income statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2014 of the Company and the accompanying explanatory notes attached in this interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited As At	Audited As At
		30/06/2015	31/12/2014
	Note	RM'000	RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	1,833,019	1,934,588
Deferred tax assets	14	466,770	445,793
Deposits on aircraft purchases	17	352,038	469,526
Other deposits and prepayments	18	512,564	474,387
Investment in an associate	19	-	-
Investment in a joint venture	20	5,940	37,566
		3,170,331	3,361,860
CURRENT ASSETS			
Inventories		2,804	1,362
Receivables and prepayments	21	204,330	180,927
Amount due from related parties		65,636	38,769
Amount due from an associate		-	5,314
Amount due from a joint venture		43,173	19,499
Deposits, cash and bank balances	22	370,491	127,198
Tax recoverable		226	1,065
		686,660	374,134
CURRENT LIABILITIES			
Derivative financial instruments	25	28,958	102,993
Trade and other payables	23	722,688	605,712
Amounts due to related parties		48,740	23,173
Amounts due to an associate		14,070	196
Sales in advance		567,206	590,978
Borrowings	24	422,506	513,245
		1,804,168	1,836,297
Net Current Liabilities		(1,117,508)	(1,462,163)
NON-CURRENT LIABILITIES			
Borrowings	24	1,067,305	1,066,100
Other payables		149,341	129,967
		1,216,646	1,196,067
		836,177	703,630
CAPITAL AND RESERVES			
Share capital	26	622,222	355,556
Share premium		911,821	849,598
Warrant reserve		62,222	-
Other reserves		8,311	7,993
Accumulated losses		(768,268)	(509,413)
Currency translation reserve		(131)	(104)
Shareholders' equity		836,177	703,630

This unaudited condensed consolidated statement of financial position should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2014 of the Company and the accompanying explanatory notes attached in this interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Period Ended 30/06/2015 RM'000	Period Ended 30/06/2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(279,663)	(180,501)
Adjustments:		
Property, plant and equipment		
- Depreciation	75,961	93,250
- Gain on disposal	(6,571)	(14,427)
Interest expense	39,345	42,518
Interest income	(713)	(367)
Fair value (gain)/ loss on derivative financial instruments	(74,035)	5,500
Share option expense	318	496
Share of results of an associate	-	18,069
Share of results of a joint venture	31,626	877
Net unrealised foreign exchange losses/ (gain)	107,780	(23,608)
	(105,952)	(58,193)
Changes in working capital:		
Inventories	(1,442)	(3,647)
Receivables, prepayments and other deposits	(15,253)	(26,056)
Related parties balances	(6,094)	4,155
Trade and other payables	(3,340)	246,813
Sales in advance	69,350	87,649
Cash (used in)/ from operations	(62,731)	250,721
Interest paid	(32,517)	(37,704)
Interest received	613	220
Tax recovered	1,001	-
Tax paid	(355)	(418)
Net cash (used in)/ from operating activities	(93,989)	212,819
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Additions	(11,029)	(404,159)
- Proceeds from disposal	171,104	14,427
Deposits placed on aircraft purchases	(8,928)	65,320
Investment in a joint venture	-	(53,888)
Net cash generated from/ (used in) investing activities	151,147	(378,300)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from rights issue with warrants	391,111	-
Proceeds from borrowings	338,300	244,215
Repayments of borrowings	(547,967)	(196,186)
Release/ (Placement) of restricted cash	2,084	(6,510)
Net cash (used in)/ from financing activities	183,528	41,519
NET INCREASE/ (DECREASE) FOR THE FINANCIAL PERIOD	240,686	(123,962)
CURRENCY TRANSLATION DIFFERENCES	1,718	(736)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	74,937	212,089
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	317,341	87,391

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This unaudited condensed consolidated statement of cash flow should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2014 of the Company and the accompanying explanatory notes attached in this interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Issued and fully paid
ordinary shares
of RM0.15 each

	Number of shares '000	Nominal Value RM'000	Share Premium RM'000	Warrant Reserve RM'000	Cash Flow Hedge Reserve RM'000	Other Reserve RM'000	Currency Translation Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non-controlling interest RM'000	Total Equity RM'000
At 1 January 2015	2,370,370	355,556	849,598	-	6,478	1,515	(104)	(509,413)	703,630	-	703,630
Net loss for the financial period	-	-	-	-	-	-	-	(258,855)	(258,855)	-	(258,855)
Other comprehensive loss	-	-	-	-	-	-	(27)	-	(27)	-	(27)
Total comprehensive loss	-	-	-	-	-	-	(27)	(258,855)	(258,882)	-	(258,882)
Rights issue with warrants	1,777,778	266,666	62,223	62,222	-	-	-	-	391,111	-	391,111
Employee Share Option Scheme ('ESOS')	-	-	-	-	-	318	-	-	318	-	318
At 30 June 2015	4,148,148	622,222	911,821	62,222	6,478	1,833	(131)	(768,268)	836,177	-	836,177
At 1 January 2014	2,370,370	355,556	849,598	-	20,527	522	(78)	10,030	1,236,155	-	1,236,155
Net loss for the financial period	-	-	-	-	-	-	-	(140,066)	(140,066)	-	(140,066)
Other comprehensive (loss)/ income	-	-	-	-	(6,043)	-	75	-	(5,968)	-	(5,968)
Total comprehensive (loss)/ income	-	-	-	-	(6,043)	-	75	(140,066)	(146,034)	-	(146,034)
Employee Share Option Scheme ('ESOS')	-	-	-	-	-	496	-	-	496	-	496
At 30 June 2014	2,370,370	355,556	849,598	-	14,484	1,018	(3)	(130,036)	1,090,617	-	1,090,617

This unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2014 of the Company and the accompanying explanatory notes attached in this interim financial statements.



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KEY OPERATING STATISTICS - 30 June 2015

Performance indicator for current quarter against the same quarter last year

Quarter Ended : 30 June	Apr - Jun 2015	Apr - Jun 2014	Changes Y-O-Y
Seat capacity	1,211,301	1,262,196	-4.0%
Passengers carried	810,944	1,019,271	-20.4%
Load Factor (%)	68.4%	80.4%	-12.0%
RPK (millions)	3,893	5,036	-22.7%
ASK (millions)	5,693	6,265	-9.1%
Average passenger fare (RM)	415.91	388.07	7.2%
Ancillary revenue per passenger (RM)	130.27	138.07	-5.6%
Revenue per ASK (sen)	11.51	10.79	6.7%
Revenue per ASK (US¢)	3.15	3.33	-5.4%
Cost per ASK (sen)	13.43	12.77	5.2%
Cost per ASK (US¢)	3.67	3.95	-7.1%
Cost per ASK (sen) - excluding fuel	9.58	6.53	46.7%
Cost per ASK (US¢) - excluding fuel	2.62	2.02	29.7%
Aircraft (end of period)	26	23	13.0%
Average sector length (km)	4,700	4,964	-5.3%
Sectors flown	3,213	3,348	-4.0%
Fuel consumed (Barrels)	833,459	930,653	-10.4%
Average fuel price (USD/ Barrel)	71.80	129.75	-44.7%

Exchange Rate : RM/USD - 3.6574 for 2Q15 and 3.2347 for 2Q14

Definitions and calculation methodology

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



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NOTES TO THE UNAUDITED ACCOUNTS - 30 June 2015

1. Basis of preparation

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

The interim financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the financial year ended 31 December 2014.

2. Summary of significant accounting policies

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited consolidated financial statements of the Company for the financial year ended 31 December 2014, except for the adoption of the following MFRS and amendments to MFRS during the financial period:

Amendment to MFRS 11	Joint arrangements
Amendment to MFRS 116	Property, plant and equipment
Amendment to MFRS 138	Intangible assets
Amendment to MFRS 10	Consolidated financial statements
Amendment to MFRS 128	Investments in associates and joint ventures
Amendment to MFRS 9	Financial instruments
Amendment to MFRS 15	Revenue from contracts with customers

The adoption of the above MFRS and amendments to MFRS did not have any material financial impact to the Group.

3. Auditors' report on preceding annual financial statements

The auditors have expressed an unqualified opinion on the audited consolidated financial statements of the Company for the financial year ended 31 December 2014.

4. Seasonality of operations

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

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

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

6. Changes in estimates

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



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7. Capital and reserves

The Company was listed on the Main Market of Bursa Malaysia on 10 July 2013 and has successfully issued 593 million new ordinary shares of RM 0.15 each at RM1.25 per share for capital expenditure, repayment of bank borrowings, general working capital and listing expenses purposes. Upon completion, the issued and fully paid ordinary shares of the Company is amounted to 2,370 million ordinary shares of RM0.15 each and share premium of RM651.9 million has been included in the share premium account.

On 11 June 2015, the renounceable rights issue of new ordinary shares ("Rights Shares") of RM0.15 each in AAX ("AAX Shares") together with free detachable warrants ("Warrants") has been completed. Upon completion, the issued and fully paid ordinary shares of the Company is amounted to 4,148 million ordinary shares of RM0.15 each, share premium of RM62.2 million and warrant reserve of RM62.2 million have been included in the respective accounts.

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

8. Dividend paid

No dividends were declared or approved in the quarter ended 30 June 2015.

9. Segment reporting

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/06/2015 RM'000	Quarter ended 30/06/2014 RM'000	Period Ended 30/06/2015 RM'000	Period Ended 30/06/2014 RM'000
Revenue				
North Asia	307,533	315,797	669,351	673,736
Australia	176,497	234,659	422,669	524,105
Others	168,998	121,156	336,382	223,250
	<u>653,028</u>	<u>671,612</u>	<u>1,428,402</u>	<u>1,421,091</u>

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/06/2015 RM'000	Quarter ended 30/06/2014 RM'000	Period Ended 30/06/2015 RM'000	Period Ended 30/06/2014 RM'000
EBITDAR/ (LBITDAR) ¹				
North Asia	12,284	9,887	55,735	76,821
Australia	9,035	(50,328)	49,276	(52,622)
Others	103,888	41,531	193,558	48,295
	<u>125,207</u>	<u>1,090</u>	<u>298,569</u>	<u>72,494</u>

Note:

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/06/2015 RM'000	Quarter ended 30/06/2014 RM'000	Period Ended 30/06/2015 RM'000	Period Ended 30/06/2014 RM'000
(Loss Before Tax) ("LBT")/ Profit Before Tax ("PBT")				
North Asia	(161,040)	(49,960)	(269,311)	(35,052)
Australia	(71,147)	(104,457)	(130,759)	(157,079)
Others	69,802	22,043	120,407	11,630
	<u>(162,385)</u>	<u>(132,374)</u>	<u>(279,663)</u>	<u>(180,501)</u>



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10. Revenue

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/06/2015 RM'000	Quarter ended 30/06/2014 RM'000	Period Ended 30/06/2015 RM'000	Period Ended 30/06/2014 RM'000
Scheduled flights	318,316	316,121	714,512	739,151
Refund	(3,911)	(1,006)	(3,916)	(1,892)
	314,405	315,115	710,596	737,259
Charter flights	119,302	85,700	232,675	148,576
Fuel surcharge	18,965	79,424	83,354	161,225
Freight and cargo	29,749	33,989	57,149	59,283
Ancillary revenue	104,626	139,845	231,230	288,284
Management fee	570	588	944	1,167
Aircraft operating lease income	65,411	16,951	112,454	25,297
	653,028	671,612	1,428,402	1,421,091

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 30/06/2015 RM'000	Quarter ended 30/06/2014 RM'000	Period Ended 30/06/2015 RM'000	Period Ended 30/06/2014 RM'000
Wages, salaries, bonuses and allowances	69,805	66,906	137,145	133,031
Defined contribution retirement plan	5,954	5,631	12,605	10,846
Share option expense	128	248	325	496
	75,887	72,785	150,075	144,373

12. Other income

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/06/2015 RM'000	Quarter ended 30/06/2014 RM'000	Period Ended 30/06/2015 RM'000	Period Ended 30/06/2014 RM'000
Gain on disposal of property, plant and equipment	3,333	14,428	6,571	14,428
Commission income from insurance	1,939	886	3,412	2,550
Others	3	3,973	1,973	5,472
	5,275	19,287	11,956	22,450



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13. Finance income/ (costs)

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/06/2015 RM'000	Quarter ended 30/06/2014 RM'000	Period Ended 30/06/2015 RM'000	Period Ended 30/06/2014 RM'000
Finance income:				
Interest income on deposits with licensed banks	467	248	713	367
Finance costs:				
Interest expense on bank borrowings	(17,993)	(21,653)	(38,140)	(41,930)
Bank facilities and other charges	(561)	(566)	(1,205)	(588)
	<u>(18,554)</u>	<u>(22,219)</u>	<u>(39,345)</u>	<u>(42,518)</u>
Foreign exchange (loss)/ gain				
Unrealised foreign exchange (loss)/ gain on:				
- Borrowings	(30,884)	31,932	(120,133)	8,048
- Deposits and bank balances	2,703	(539)	4,718	(785)
	<u>(28,181)</u>	<u>31,393</u>	<u>(115,415)</u>	<u>7,263</u>
Fair value movement recycled from cash flow hedge reserve and others	-	(11,370)	-	22,859
Net foreign exchange (loss)/ gain	<u>(28,181)</u>	<u>20,023</u>	<u>(115,415)</u>	<u>30,122</u>



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14. Taxation

Current taxation

The current taxation charge comprises tax payable on interest income.

Deferred taxation

In the 6 months ended 30 June 2015, the Group recognised a net tax allowance of RM20.8 million as compared to the 6 months ended 30 June 2014 of RM40.4 million. The lower recognition of net tax allowance in the 6 months ended 30 June 2015 due primarily to income tax exemptions recognised for certain qualifying expenditures as provided by the Malaysian Ministry of Finance which was recognised in the 6 months ended 30 June 2014.

The following table sets forth the reconciliation between the Malaysian statutory and actual tax credit earned by the Group for the financial period indicated.

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/06/2015 RM'000	Quarter ended 30/06/2014 RM'000	Period Ended 30/06/2015 RM'000	Period Ended 30/06/2014 RM'000
LBT	(162,385)	(132,374)	(279,663)	(180,501)
Tax calculated at Malaysian statutory tax rate of 25%	(40,596)	(33,093)	(69,916)	(45,125)
Tax effects:				
- Under/ (over) accrual in prior year	-	1,879	8,381	(2,173)
- tax incentives	-	-	-	(18,591)
- expenses not deductible for tax purposes	10,949	11,999	24,969	20,000
- income not subject to tax	(834)	(7,343)	(1,643)	(7,343)
- Changes in statutory tax rate	1,035	22,969	17,401	12,797
Taxation	<u>(29,446)</u>	<u>(3,589)</u>	<u>(20,808)</u>	<u>(40,435)</u>

15. Disclosure of realised and unrealised accumulated losses

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

	As at 30/06/2015 RM'000	As at 31/12/2014 RM'000
Total accumulated losses of AirAsia X Berhad and its subsidiaries		
- Realised	(410,378)	(212,800)
- Unrealised	(326,264)	(260,775)
	<u>(736,642)</u>	<u>(473,575)</u>
Total share of accumulated losses from associated company		
- Realised	-	(19,516)
Total share of accumulated losses from joint venture		
- Realised	(31,626)	(16,322)
Total accumulated losses	<u>(768,268)</u>	<u>(509,413)</u>



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16. Property, plant and equipment

(a) Acquisition and disposal

During the quarter ended 30 June 2015, the Group acquired property, plant and equipment amounting to RM6.2 million (quarter ended 30 June 2014: RM404.2 million).

During the quarter ended 30 June 2015, proceeds from disposal of property, plant and equipment totalled RM15.3 million (quarter ended 30 June 2014: RM nil).

(b) Revaluation

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

(c) Write-off

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

17. Deposits on aircraft purchase

The deposits on aircraft purchase are denominated in US Dollars ("USD") and are in respect of pre-delivery payments on aircraft purchase, which will be delivered between August 2015 to May 2025. Pre-delivery payments constitute instalments made in respect of the price of the aircraft and are deducted from the final price on 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 US Dollar.



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19. Investment in an associate

	As at 30/06/2015 RM'000	As at 31/12/2014 RM'000
Unquoted investments, at cost	20,018	20,018
Group's share of post-acquisition losses	(20,018)	(20,018)
	-	-

The details of the associate is as follows:-

Name	Country of Incorporation	Group effective equity interest		Principal activity
		30/06/2015 %	31/12/2014 %	
Thai AAX Co., Ltd ("TAAX")	Thailand	49%	49%	Commercial air transport services

TAAX is an associate company which is incorporated in Thailand and is 49% owned by the Group. For the financial period ended 30 June 2015, TAAX recorded a net loss of RM1.1 million (30 June 2014: RM36.9 million) and RM Nil (30 June 2014: RM18.1 million) is equited amount in the Group's Income Statement. As the Group's interest in TAAX has been reduced to zero, in accordance with MFRS128, any profits will only be recognised when a total of RM21.1 million of unrecognised losses have been reversed.

20. Investment in a joint venture

	As at 30/06/2015 RM'000	As at 31/12/2014 RM'000
Unquoted investments, at cost	37,566	53,888
Group's share of post-acquisition losses	(31,626)	(16,322)
	5,940	37,566

The details of the joint venture is as follows:-

Name	Country of Incorporation	Group effective equity interest		Principal activity
		30/06/2015 %	31/12/2014 %	
PT. Indonesia AirAsia Extra ("IAAX")	Indonesia	49%	49%	Commercial air transport services

IAAX is a joint venture company which is incorporated in Indonesia and is 49% owned by the Group. For the financial period ended 30 June 2015, IAAX recorded a net loss of RM64.5 million (30 June 2014: RM1.8 million) and RM31.6 million (30 June 2014: RM0.9 million) is equited amount in the Group's Income Statement.



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21. Receivables and prepayments

	As at 30/06/2015 RM'000	As at 31/12/2014 RM'000
Trade receivables	80,697	43,176
Other receivables	51,433	51,102
Prepayments	43,719	78,350
Deposits	31,431	11,249
	<u>207,280</u>	<u>183,877</u>
Less : Allowance for impairment of receivables	(2,950)	(2,950)
	<u>204,330</u>	<u>180,927</u>

22. Deposits, cash and bank balances

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

	As at 30/06/2015 RM'000	As at 31/12/2014 RM'000
Cash and bank balances	317,341	74,937
Deposits with licensed banks	53,150	52,261
	<u>370,491</u>	<u>127,198</u>
Deposit pledged as securities	(53,150)	(52,261)
Cash and cash equivalents	<u>317,341</u>	<u>74,937</u>

23. Trade and other payables

	As at 30/06/2015 RM'000	As at 31/12/2014 RM'000
Trade payables	429,890	379,634
Other payables and accruals	292,798	226,078
	<u>722,688</u>	<u>605,712</u>



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24. Borrowings

	As at 30/06/2015 RM'000	As at 31/12/2014 RM'000
<u>Current</u>		
Secured:		
- Revolving credit	234,732	316,026
- Term loans	175,758	162,202
- Hire purchase	16	17
Unsecured:		
- Commodity structured trade finance	12,000	35,000
	422,506	513,245
<u>Non-current</u>		
Secured:		
- Term loans	1,067,264	1,066,051
- Hire purchase	41	49
	1,067,305	1,066,100
Total borrowings	1,489,811	1,579,345

The currency profile of borrowings is as follows:

	As at 30/06/2015 RM'000	As at 31/12/2014 RM'000
Ringgit Malaysia	12,057	75,066
US Dollar	1,477,754	1,504,279
	1,489,811	1,579,345

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

	As at 30/06/2015 RM'000	As at 30/06/2014 RM'000
At beginning of financial period	1,579,345	1,996,253
Proceeds from borrowings	338,300	237,691
Repayment of borrowings	(547,967)	(100,899)
Unrealised foreign exchange loss on borrowings	120,133	(17,044)
At end of financial period	1,489,811	2,116,001



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25. Derivative Financial Instruments

The full fair value of a hedging derivative is classified as a non-current asset if the remaining maturity of the hedge item is more than 12 months and, as a current asset, if the maturity of the hedged item is less than 12 months. Derivatives held for trading are those which do not qualify for hedge accounting.

The level 2 hedging derivatives comprise fuel contracts. The Group entered into Singapore Jet Kerosene fixed swap contracts with a related party during the financial quarter/period 30 June 2015, where the contracts are classified as derivatives held for trading.

26. Share capital

	As at 30/06/2015 RM'000	As at 31/12/2014 RM'000
<u>Authorised:</u>		
Ordinary shares of RM0.15 each:		
At beginning of financial period/year	500,000	500,000
Increase during the financial period/year	500,000	-
At the end of the financial period/year	1,000,000	500,000
<u>Issued and fully paid up:</u>		
Ordinary shares of RM0.15 each:		
At beginning of financial period/year	355,556	355,556
Rights issue of shares	266,666	-
At the end of the financial period/year	622,222	355,556

27. Loss per share

Basic loss per share

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/06/2015	Quarter Ended 30/06/2014	Period Ended 30/06/2015	Period Ended 30/06/2014
Net loss for the individual quarter/ financial period (RM'000)	(132,939)	(128,785)	(258,855)	(140,066)
Weighted average number of ordinary shares in issue ('000)	2,172,839	2,370,370	2,271,605	2,370,370
Loss per share (sen)	(6.1)	(5.4)	(11.4)	(5.9)

Diluted loss per share

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



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28. Post balance sheet events

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

29. Contingent assets and contingent liabilities

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

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

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

	As at 30/06/2015 RM'000	As at 31/12/2014 RM'000
Aircraft purchase	79,759,958	74,963,361

(b) Non-cancellable operating leases

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

	As at 30/06/2015 RM'000	As at 31/12/2014 RM'000
Future minimum lease payments	9,363,065	8,957,585
Future minimum sublease receipts	1,485,169	978,782



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31. Significant related parties transactions

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

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

These following items have been included in the income statement:

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/06/2015 RM'000	Quarter Ended 30/06/2014 RM'000	Period Ended 30/06/2015 RM'000	Period Ended 30/06/2014 RM'000
TAAX				
- Aircraft operating lease income for leased aircraft	39,969	-	64,901	-
IAAX				
- Aircraft operating lease income for leased aircraft	25,442	-	47,553	-
AAB				
- Operational service charges	(1,780)	(1,775)	(3,600)	(3,791)
- Brand license fee	(3,127)	(3,295)	(7,026)	(7,014)
CJG				
- Charter air travel services	-	-	-	(2,472)
TAA				
- Net Operational services charged from/(to) TAA	2,105	(1,027)	2,220	(1,177)
IAA				
- Net operational services charged to IAA	571	588	944	1,167
AAZ				
- Net operational services charged to IAA	2,004	-	2,125	-
AACOE				
- Training services	(3,208)	(1,085)	(3,323)	(4,976)
TIMB				
- Commission received/ receivable on travel insurance	1,850	759	3,028	1,317
- Premium collected on behalf of TIMB on travel insurance	(7,401)	(2,065)	(12,113)	(5,268)
Tune Box Sdn Bhd				
- In-flight entertainment system and software expenses	(379)	(586)	(1,117)	(1,296)
ACC				
- Telecommunication and operational expenses	(3,750)	(2,673)	(7,596)	(6,984)



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32. Review of performance

6 months Ended 30 June 2015 Compared to 6 months Ended 30 June 2014

During the 6 months ended 30 June 2015, the Group's revenue has increased by 0.5% to RM1,428.4 million from RM1,421.1 million as compared to the 6 months ended 30 June 2014. RASK has increased by 7.0% from 11.44 sen on 30 June 2014 to 12.24 sen on 30 June 2015. The increased was mainly due to:-

(i) Scheduled flights including fuel surcharges, decreased by 11.6% to RM794.0 million for the 6 months ended 30 June 2015 comparing to RM898.5 million for the 6 months ended 30 June 2014, due mainly to lower passenger flown. Despite the decreased in load factor of 14.5%, average passenger fare has improved by 7.8% to RM462.29 for the 6 months ended 30 June 2015 from RM428.74 for the 6 months ended 30 June 2014.

(ii) Charters revenue increased to RM232.7 million in the 6 months ended 30 June 2015 from RM148.6 million for the 6 months ended 30 June 2014 as the Group had more charter contracts secured.

(iii) Ancillary revenue including AirAsia Insure, decreased 19.3% to RM234.6 million in the 6 months ended 30 June 2015 against RM290.8 million in the 6 months ended 30 June 2014, due mainly to the lower number of passengers flown.

(iv) Aircraft operating lease income increased from RM25.3 million for the 6 months ended 30 June 2014 to RM112.5 for the 6 months ended 30 June 2015, due mainly to additional aircraft being sub-leased to TAAX and IAAX.

The Group's operating expenses decreased 3.7% from RM1,593.1 million in the 6 months ended 30 June 2014 to RM1,534.3 million in the 6 months ended 30 June 2015, due mainly to the net impact of the following expenses:-

(i) Aircraft fuel expenses decreased by 37.7% to RM493.3 million in the 6 months ended 30 June 2015 as compared to RM791.6 million in the 6 months ended 30 June 2014, attributed by lower fuel price.

(ii) Maintenance, overhaul, user charges and other related expenses has increased by 36.8% from RM302.3 million in the 6 months ended 30 June 2014 to RM413.5 million in the 6 months ended 30 June 2015 is due mainly to higher maintenance and service costs for the additional aircraft taken after quarter ended 30 June 2014.

(iii) Aircraft operating lease expenses has increased by 145.9% to RM316.6 million in the 6 months ended 30 June 2015 as compared to RM128.8 million in the 6 months ended 30 June 2014. This is due to the increase in number of operating lease aircraft taken in after quarter ended 30 June 2014.

(iv) Other operating expenses decreased 36.1% from RM132.8 million in the 6 months ended 30 June 2014 to RM84.9 million in the 6 months ended 30 June 2015 primarily due to unrealised foreign exchange gain in operations resulted from the weakening of RM.

As a result of the weakening RM, the Group recognised unrealised foreign exchange loss on borrowings of RM120.1 million in the 6 months ended 30 June 2015 as compared to an unrealised foreign exchange gain of RM8.0 million in the 6 months ended 30 June 2014.

In the 6 months ended 30 June 2015, the Group recognised a net tax allowance of RM20.8 million as compared to the 6 months ended 30 June 2014 of RM40.4 million. The lower recognition of net tax allowance in the 6 months ended 30 June 2015 due primarily to income tax exemptions recognised for certain qualifying expenditures as provided by the Malaysian Ministry of Finance which was recognised in the 6 months ended 30 June 2014.

As a result of the factors set forth above, the Group recognised a loss after tax of RM258.9 million in the 6 months ended 30 June 2015 as compare to RM140.1 million in the 6 months ended 30 June 2014.



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32. Review of performance

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

The Group's revenue has decreased 2.8% or RM18.6 million for the second quarter of 2015 ("2Q15") as compared to second quarter of 2014 ("2Q14"). RASK increased 6.7% to 11.51 sen for the quarter as compared to 10.79 sen in 2Q14. The decreased was due mainly to:-

(i) Scheduled flights including fuel surcharges, decreased by 15.5% to RM333.4 million in 2Q15 versus RM394.5 million in 2Q14, due mainly to lower passenger flown. Despite the decreased in load factor of 12.0%, average passenger fare has improved by 7.2% to RM415.91 in 2Q15 from RM388.07 in 2Q14.

(ii) Charters revenue increased to RM119.3 million in 2Q15 from RM85.7 million in 2Q14 as the Group had more charter contracts secured in the 3 months ended 30 June 2015.

(iii) Ancillary revenue including AirAsia Insure, decreased 24.3% to RM106.6 million in 2Q15 against RM140.7 million in 2Q14, due mainly to the lower number of passengers flown.

(iv) Aircraft operating lease income increased from RM17.0 million in 2Q14 to RM65.4 in 2Q15, due mainly to additional aircraft being sub-leased to TAAX and IAAX.

The Group's operating expenses for the current quarter decreased 6.1% or RM49.1 million to RM758.2 million, due mainly to:-

(i) Aircraft fuel expenses decreased by 44.0% to RM218.9 million in 2Q15 as compared to RM390.6 million in 2Q14, attributed by lower fuel price.

(ii) Maintenance, overhaul, user charges and other related expenses has increased by 32.1% from RM157.4 million in 2Q14 to RM207.9 million in 2Q15 is due mainly to higher maintenance and service costs for the additional aircrafts taken after 2Q14.

(iii) Aircraft operating lease expenses has increased by 171.5% to RM187.0 million in 2Q15 as compared to RM68.9 million in 2Q14. This is due to the increase in number of operating lease aircraft taken in after 2Q14.

(iv) Other operating expenses decreased 56.0% from RM69.0 million in the 3 months ended 30 June 2014 to RM30.4 million in the 3 months ended 30 June 2015 primarily due to the recognition of unrealised foreign exchange gain in operations resulted from the weakening of RM.

As a result of the weakening RM, the Group recognised unrealised foreign exchange loss on borrowings of RM30.9 million in 2Q15 as compared gain of RM31.9 million in 2Q14.

In the 3 months ended 30 June 2015 the Company recognised a net tax allowance of RM29.4 million, as compared to RM3.6million in the 3 months ended 30 June 2014. This is primarily due to the impact between income tax allowance recognised for certain qualifying expenditures and change in statutory tax rate in year assessment 2016.

As a result of the factors set forth above, the Group recognised a loss after tax of RM132.9 million in the 3 months ended 30 June 2015 as compare to RM128.8 million in the 3 months ended 30 June 2014.



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33. Loss Before Tax ("LBT") performance (quarter ended 30 June 2015 compared to quarter ended 31 March 2015)

The Group's LBT has increased by RM45.1 million from RM117.3 million in the quarter ended 31 March 2015 to RM162.4 million in the quarter ended 30 June 2015. The additional loss was as a result of the seasonally lower demand for air travel in the 2nd quarter of the year following the peak season in the previous quarter.

34. Other profit and loss items

In the current quarter and financial period, there has been no interest income, other income including investment income, interest expense, depreciation and amortisation, provision for and write off of receivables and inventories, gain or loss on disposal of quoted and unquoted investments or properties, impairment of assets, foreign exchange gain or loss, gain or loss on derivatives and/or exceptional items except as disclosed either in the consolidated income statements and/or notes to the unaudited financial statements.

35. Commentary on prospects

Advance bookings indicate that recovery in passenger and yields evident in the 2Q15 quarter will hold up for the rest of 2015. Average fares are expected to be higher than in the prior quarter as marketing activities are resumed and better price discipline returns to the market. The Company remains on track with its turnaround plan with a focus on optimising fleet size and improve yields and loads.

The severe weakening of ringgit will adversely impact the Company's financial performance. However, yields and loads are expected to be stronger as a result of a more rational pricing environment.

Taking into account the recently completed Rights Issue with Warrants and the initiatives intended as mentioned above, we believe that we have taken the necessary steps to rationalise our operations and improve financial performance. Barring any unforeseen circumstances, including but not limited to terrorist attacks, natural disasters, epidemics, economic downturn, fuel price hike, 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.



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37. Corporate proposal

There is no corporate proposal which is announced but not completed as at 13 August 2015, being the latest practicable date of this report.

38. Material litigation

As at 13 August 2015, 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 30 June 2015.

40. Utilisation of proceeds

The status of the utilisation of listing proceeds of RM740.7 million raised from the Public Issue as at 13 August 2015 is as follows:-

	Proposed utilisation RM'mil	Actual utilisation as at 13 August 2015 RM'mil	Balance at 13 August 2015 RM'mil	Intended timeframe for utilisation from date of listing
Capital expenditure	280.0	(196.7)	83.3	Within 24 months
Repayment of bank borrowings	285.8	(285.8)	-	Within 3 months
General working capital	136.9	(136.9)	-	Within 12 months
Estimated listing expenses	38.0	(38.0)	-	Within 6 months
Total	740.7	(657.4)	83.3	