



**AIRASIA X BERHAD**  
**(Company No. 734161-K)**  
**(Incorporated in Malaysia under the Companies Act, 1965)**  
**THIRD QUARTER REPORT ENDED 30 September 2013**

**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 2013.

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS**

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Period Ended	Period Ended
		30/09/2013	30/09/2012	30/09/2013	30/09/2012
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	<b>10</b>	601,491	486,554	1,627,904	1,428,466
Operating Expenses:					
- Staff costs	<b>11</b>	(57,755)	(44,261)	(160,815)	(132,049)
- Depreciation of property, plant and equipment		(40,662)	(26,540)	(98,995)	(79,319)
- Aircraft fuel expenses		(291,081)	(213,226)	(748,853)	(696,353)
- Maintenance, overhaul, user charges and other related expenses		(115,392)	(104,804)	(311,354)	(290,500)
- Aircraft operating lease expenses		(39,316)	(38,525)	(118,521)	(114,620)
- Other operating expenses	<b>12</b>	(44,666)	(48,761)	(136,609)	(113,878)
Total operating expenses		(588,872)	(476,117)	(1,575,147)	(1,426,719)
Other income	<b>13</b>	12,333	3,021	18,176	7,068
<b>Operating profit</b>		24,952	13,458	70,933	8,815
Finance income	<b>14</b>	1,885	141	2,494	1,006
Finance cost	<b>14</b>	(21,799)	(12,618)	(52,219)	(39,124)
Foreign exchange (loss)/gain on borrowings	<b>14</b>	(23,983)	48,048	(63,797)	42,376
<b>(Loss)/ Profit before taxation</b>		(18,945)	49,029	(42,589)	13,073
Taxation					
Current taxation	<b>15</b>	(870)	(269)	(1,134)	(344)
Deferred taxation	<b>15</b>	46,256	96	88,059	7,021
		45,386	(173)	86,925	6,677
<b>Profit after taxation for the financial period</b>		26,441	48,856	44,336	19,750
Attributable to:					
Equity holders of the Company		26,441	48,856	44,336	19,750
Non-controlling Interest		-	-	-	-
		26,441	48,856	44,336	19,750
Basic earnings per share attributable to ordinary equity holders of the Company (sen)	<b>27</b>	7.4	18.3	15.0	7.4
Diluted earnings per share attributable to ordinary equity holders of the Company (sen)	<b>27</b>	7.4	18.3	15.0	7.4

This unaudited condensed consolidated income statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2012 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
	30/09/2013 RM'000	30/09/2012 RM'000	30/09/2013 RM'000	30/09/2012 RM'000
<b>Profit for the period</b>	26,441	48,856	44,336	19,750
Other comprehensive income				
Cash flow hedges	4,934	-	(3,219)	-
Foreign currency translation differences	78	12	17	18
<b>Total comprehensive income for the period</b>	<b>31,453</b>	<b>48,868</b>	<b>41,134</b>	<b>19,768</b>
Total comprehensive income attributable to				
Equity holder of the company	31,453	48,868	41,134	19,768
Non-controlling interest	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>31,453</b>	<b>48,868</b>	<b>41,134</b>	<b>19,768</b>

This unaudited condensed consolidated income statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2012 of the Company and the accompanying explanatory notes attached in this interim financial statements.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		Unaudited As At	Audited As At
	Note	30/09/2013 RM'000	31/12/2012 RM'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	17	2,240,969	1,325,822
Deferred tax assets	15	322,899	234,840
Deposits on aircraft purchases	16	479,275	418,395
Other deposits	19	148,586	126,058
Investment in associate	20	20,018	-
Derivative financial instruments	25	30,449	-
		3,242,196	2,105,115
<b>CURRENT ASSETS</b>			
Inventories		1,525	806
Receivables and prepayments	21	234,575	130,786
Amounts due from related parties		34,682	15,738
Deposits, cash and bank balances	22	175,782	173,951
Tax recoverable		1,889	1,711
		448,453	322,992
<b>CURRENT LIABILITIES</b>			
Trade and other payables	23	352,779	254,004
Amounts due to related parties		977	5,929
Sales in advance		210,270	195,188
Borrowings	24	334,883	521,045
		898,909	976,166
<b>Net Current Liabilities</b>		(450,456)	(653,174)
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	24	1,451,219	871,211
		1,340,521	580,730
<b>CAPITAL AND RESERVES</b>			
Share capital	26	355,556	266,667
Share premium		845,391	215,832
Hedge reserve		(3,219)	-
Capital reserve		209	-
Retained earnings		142,633	98,297
Currency translation reserve		(49)	(66)
<b>Shareholders' equity</b>		1,340,521	580,730

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 2012 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 30/09/2013 RM'000	Period Ended 30/09/2012 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/ Profit before taxation	(42,589)	13,073
Adjustments:		
Property, plant and equipment		
- Depreciation	98,995	79,319
- Gain on disposal	(53)	(2,421)
Interest expense	52,219	39,124
Interest income	(2,494)	(649)
Impairment on receivables	(2)	1,545
Fair value gain on derivative financial instruments	1,086	-
Fair value on ESOS granted	209	-
Fair value on shareholders' benefits scheme	9,531	-
Interest income on deposits for leased aircraft	-	(357)
Recognition of present value on deposits for leased aircraft	583	-
Net unrealised foreign exchange loss/ (gain)	50,932	(37,427)
	168,417	92,207
<b>Changes in working capital</b>		
Inventories	(719)	244
Receivable, prepayments and other deposits	(115,205)	(32,503)
Related parties balances	(23,864)	(12,522)
Trade and other payables	86,291	23,849
Sales in advance	15,082	(199,570)
<b>Cash generated from/(used in) operations</b>	130,002	(128,295)
Interest paid	(49,879)	(38,542)
Interest received	2,334	610
Tax paid	(1,312)	(1,277)
<b>Net cash generated from/(used in) operating activities</b>	81,145	(167,504)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment		
- Additions	(1,014,141)	(20,620)
- Proceeds from disposal	53	2,421
Deposits on aircraft purchase	(59,729)	(56,031)
Investment in an associate company	(20,018)	-
<b>Net cash used in investing activities</b>	(1,093,835)	(74,230)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from allotment of shares	718,447	-
Proceeds from borrowings	862,292	314,771
Repayment of borrowings	(568,177)	(125,003)
Placement of restricted cash	(24,742)	-
<b>Net cash generated from financing activities</b>	987,820	189,768
<b>NET DECREASE FOR THE FINANCIAL PERIOD</b>	(24,870)	(51,966)
<b>CURRENCY TRANSLATION DIFFERENCES</b>	1,959	2,845
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	173,951	113,980
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	151,040	64,859

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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 2012 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 RM1.00 each</u>		<u>Issued and fully paid ordinary shares of RM0.15 each</u>		<u>Issued and fully paid redeemable convertible preference shares ("RCPS") of RM1.00 each</u>		Cash Flow Hedge Reserve RM'000	Capital Reserve RM'000	Currency Translation Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000	
	Number of shares '000	Nominal Value RM'000	Number of shares '000	Nominal Value RM'000	Number of shares '000	Nominal Value RM'000						Share Premium RM'000
At 1 January 2013	224,000	224,000	-	-	42,667	42,667	215,832	-	-	(66)	98,297	580,730
Net profit for the period	-	-	-	-	-	-	-	-	-	-	44,336	44,336
Fair value gains during the year	-	-	-	-	-	-	-	(34,754)	-	-	-	(34,754)
Amount transferred to income statement	-	-	-	-	-	-	-	31,535	-	-	-	31,535
Foreign currency translation differences	-	-	-	-	-	-	-	-	17	-	-	17
Total comprehensive income	-	-	-	-	-	-	-	(3,219)	-	17	-	(3,202)
Conversion of shares	42,667	42,667	-	-	(42,667)	(42,667)	-	-	-	-	-	-
Subdivision of shares	(266,667)	(266,667)	1,777,778	266,667	-	-	-	-	-	-	-	-
Issuance of ordinary shares	-	-	592,592	88,889	-	-	651,852	-	-	-	-	740,741
Share issuance expenses	-	-	-	-	-	-	(22,293)	-	-	-	-	(22,293)
Employee Share Option Scheme ('ESOS')	-	-	-	-	-	-	-	-	209	-	-	209
At 30 September 2013	-	-	2,370,370	355,556	-	-	845,391	(3,219)	209	(49)	142,633	1,340,521
At 1 January 2012												
- as previously reported	224,000	224,000	-	-	42,667	42,667	215,832	-	-	(65)	20,744	503,178
- effects of restatements	-	-	-	-	-	-	-	-	-	-	43,703	43,703
- as restated	224,000	224,000	-	-	42,667	42,667	215,832	-	-	(65)	64,447	546,881
Net profit for the period	-	-	-	-	-	-	-	-	-	-	19,750	19,750
Other comprehensive income	-	-	-	-	-	-	-	-	-	18	-	18
At 30 September 2012	224,000	224,000	-	-	42,667	42,667	215,832	-	-	(47)	84,197	566,649

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 2012 of the Company and the accompanying explanatory notes attached in this interim financial statements.



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**KEY OPERATING STATISTICS - 30 September 2013**

Performance indicator for current quarter against the same quarter last year

Quarter Ended : 30 September	Jul - Sep 2013	Jul - Sep 2012	Changes Y-O-Y
Seat capacity	1,028,456	766,441	34.2%
Passengers carried	843,693	637,441	32.4%
Load Factor (%)	82.3%	83.3%	-0.1%
RPK (millions)	4,227	3,243	30.3%
ASK (millions)	5,137	3,895	31.9%
Average passenger fare (RM)	501.07	526.32	-4.8%
Ancillary revenue per passenger (RM)	144.34	139.17	3.7%
Revenue per ASK (sen)	11.95	12.15	-1.6%
Revenue per ASK (USc)	3.75	3.89	-3.7%
Cost per ASK (sen)	11.64	11.50	1.2%
Cost per ASK (USc)	3.65	3.68	-0.9%
Cost per ASK (sen) - excluding fuel	5.98	6.03	-0.8%
Cost per ASK (USc) - excluding fuel	1.87	1.93	-2.9%
Aircraft (end of period)	14	9	55.6%
Average sector length (km)	4,995	5,082	-1.7%
Sectors flown	2,728	2,033	34.2%
Fuel consumed (Barrels)	698,522	547,166	27.7%
Average fuel price (USD/ Barrel)	130.67	124.79	4.7%

**Definitions and calculation methodology**

RPK (Revenue Passenger Kilometres)	Represents revenue passenger kilometres, which is the number of paying passengers carried on scheduled flights multiplied by the number of kilometres those passengers were flown.
ASK (Available Seat Kilometres)	Represents available seat kilometres, which is the total number of seats available on scheduled flights multiplied by the number of kilometres those seats were flown.
Revenue per ASK	Calculated as (i) total revenue (including charter flights), as adjusted for certain revenue and expense items that are contained in the line item "Other income" relating to the operation of our airline services, including, but not limited to, airport taxes, revenue from the sale of the AirAsia Insure products and insurance claims, (ii) divided by ASK.
Cost per ASK	Calculated as (i) total operating expenses (including charter flights), as adjusted for airport taxes and to exclude unrealised foreign exchange gain / (loss) and other expenses not directly related to the operation of our airline services, and to include certain finance income items, including realised foreign exchange gain / (loss), (ii) divided by ASK.
Cost per ASK - excluding fuel	Calculated as (i) total operating expenses (including charter flights) excluding aircraft fuel expenses, as adjusted for airport taxes and to exclude unrealised foreign exchange gain / (loss) and other expenses not directly related to the operation of our airline services, and to include certain finance income items, including realised foreign exchange gain / (loss), (ii) divided by ASK.



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**NOTES TO THE UNAUDITED ACCOUNTS - 30 September 2013**

**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 2012.

**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 2012, except for the adoption of the following MFRS and amendments to MFRS during the financial period:

MFRS 10	Consolidated Financial Statements
MFRS 13	Fair Value Measurement
Revised MFRS 127	Separate Financial Statements
Amendment to MFRS 101	Presentation of Items of Other Comprehensive Income
Amendment to MFRS 119	Employee Benefits
Amendment to MFRS 7	Financial Instruments: Disclosures
Amendment to MFRS 132	Financial Instruments: Presentation

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 2012.

**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 periods, 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-to-date.

**6. Changes in estimates**

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

**8. Dividend paid**

No dividends were declared or approved in the quarter ended 30 September 2013.

**9. Segment reporting**

The reportable operating segments of the Group have been identified as North Asia, Australia, Europe, India, New Zealand and Others. The Group has completely withdrawn from the Europe, India and New Zealand segments since the quarter ended 30 June 2012.

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/09/2013 RM'000	Quarter ended 30/09/2012 RM'000	Period Ended 30/09/2013 RM'000	Period Ended 30/09/2012 RM'000
<b>Revenue</b>				
North Asia	313,152	231,890	825,714	623,227
Australia	213,471	180,556	625,015	512,612
Others <sup>1</sup>	74,868	64,273	177,175	108,951
<b>Sub-total</b>	<b>601,491</b>	<b>476,719</b>	<b>1,627,904</b>	<b>1,244,790</b>
Europe	-	9,560	-	102,788
India	-	193	-	32,746
New Zealand	-	82	-	48,142
<b>Sub-total</b>	<b>-</b>	<b>9,835</b>	<b>-</b>	<b>183,676</b>
<b>Total</b>	<b>601,491</b>	<b>486,554</b>	<b>1,627,904</b>	<b>1,428,466</b>

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/09/2013 RM'000	Quarter ended 30/09/2012 RM'000	Period Ended 30/09/2013 RM'000	Period Ended 30/09/2012 RM'000
<b>EBITDAR/(LBITDAR) <sup>2</sup></b>				
North Asia	59,330	39,150	137,075	103,014
Australia	14,450	17,129	85,043	92,646
Others <sup>1</sup>	31,150	26,887	66,331	39,869
<b>Sub-total</b>	<b>104,930</b>	<b>83,166</b>	<b>288,449</b>	<b>235,529</b>
Europe	-	(5,116)	-	(33,236)
India	-	789	-	4,332
New Zealand	-	(316)	-	(3,871)
<b>Sub-total</b>	<b>-</b>	<b>(4,643)</b>	<b>-</b>	<b>(32,775)</b>
<b>Total</b>	<b>104,930</b>	<b>78,523</b>	<b>288,449</b>	<b>202,754</b>





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**NOTES TO THE UNAUDITED ACCOUNTS - 30 September 2013**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/09/2013 RM'000	Quarter ended 30/09/2012 RM'000	Period Ended 30/09/2013 RM'000	Period Ended 30/09/2012 RM'000
<b>(Loss Before Tax) ("LBT") / Profit Before Tax ("PBT")</b>				
North Asia	(735)	26,652	(21,937)	25,849
Australia	(30,487)	6,682	(34,924)	32,811
Others <sup>1</sup>	12,277	18,851	14,272	23,050
<b>Sub-total</b>	<b>(18,945)</b>	<b>52,185</b>	<b>(42,589)</b>	<b>81,710</b>
Europe	-	(7,913)	-	(56,122)
India	-	2,686	-	9
New Zealand	-	2,071	-	(12,524)
<b>Sub-total</b>	<b>-</b>	<b>(3,156)</b>	<b>-</b>	<b>(68,637)</b>
<b>Total</b>	<b>(18,945)</b>	<b>49,029</b>	<b>(42,589)</b>	<b>13,073</b>

Notes:

- <sup>1</sup> Includes the Tehran route which was subsequently terminated on 15 October 2012, of which the contribution to the revenue during the quarter ended 30 June 2012 is immaterial (i.e. less than 5%).
- <sup>2</sup> EBITDAR/ (LBITDAR) represents earnings/ (loss) before finance cost, taxation, depreciation, amortisation and aircraft rental expenses.

**10. Revenue**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/09/2013 RM'000	Quarter ended 30/09/2012 RM'000	Period Ended 30/09/2013 RM'000	Period Ended 30/09/2012 RM'000
Scheduled flights	353,401	298,782	1,005,441	939,167
Refund	(519)	(276)	(961)	(1,645)
	352,882	298,506	1,004,480	937,522
Charter flights	35,822	34,441	68,867	46,071
Fuel surcharge	69,348	36,718	175,678	102,497
Freight and cargo	22,978	19,188	64,209	63,265
Ancillary revenue	120,377	87,923	314,408	253,412
Management fee	84	92	262	274
Other revenue	-	9,686	-	25,425
	601,491	486,554	1,627,904	1,428,466

Ancillary revenue includes administrative and other fees, seat fees, change fees, convenience fees, excess baggage fees, inflight sales, and other items and services.

**11. Staff cost**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/09/2013 RM'000	Quarter ended 30/09/2012 RM'000	Period Ended 30/09/2013 RM'000	Period Ended 30/09/2012 RM'000
Wages, salaries, bonus and allowances	53,195	40,874	147,068	121,151
Defined contribution retirement plan	4,351	3,387	13,538	10,898
ESOS	209	-	209	-
	57,755	44,261	160,815	132,049



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**12. Other operating expenses**

Other operating expenses mainly consist of advertising expenses, unrealised foreign exchange gains on operation, fees and other costs that attributable to the course of business. Included also in other operating expenses are an upfront recognition of a non-recurring, non-cash expense of RM7.6 million and RM9.5 million for shareholders' inaugural benefit and RM4.5 million and RM6.1 million of IPO related expenses respectively in the current quarter and cumulative period ended 30 September 2013.

**13. Other income**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/09/2013 RM'000	Quarter ended 30/09/2012 RM'000	Period Ended 30/09/2013 RM'000	Period Ended 30/09/2012 RM'000
Gain on disposal of property, plant and equipment	45	2,091	53	2,421
Income from insurance	1,356	790	3,616	2,518
Others	10,932	140	14,507	2,129
	12,333	3,021	18,176	7,068

Other income ('others') includes incentives received/receivable by the Group from certain airport authorities and sales and lease back of engines.

**14. Finance income/(costs)**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/09/2013 RM'000	Quarter ended 30/09/2012 RM'000	Period Ended 30/09/2013 RM'000	Period Ended 30/09/2012 RM'000
<b>Finance income:</b>				
Interest income on deposits with licensed banks	1,885	141	2,494	649
Interest income on deposits for leased aircraft	-	-	-	357
	1,885	141	2,494	1,006

**Finance costs:**

Interest expense on bank borrowings	(21,798)	(12,447)	(51,676)	(37,684)
Bank facilities and other charges	(1)	(171)	(543)	(1,440)
	(21,799)	(12,618)	(52,219)	(39,124)

**Foreign exchange (loss)/gain**

Unrealised foreign exchange (loss)/gain on borrowings	(43,237)	48,093	(99,732)	39,401
Fair value movement recycled from cash flow hedge reserve	18,234	-	34,754	-
Unrealised foreign exchange gain/(loss) on deposits and bank balances	1,703	(193)	1,943	2,827
	(23,300)	47,900	(63,035)	42,228
Realised foreign exchange (loss)/gain on upliftment of fixed deposits	(683)	148	(762)	148
Net foreign exchange (losses)/gains	(23,983)	48,048	(63,797)	42,376



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**15. Taxation**

**Current taxation**

The current taxation charge comprises tax payable on interest income.

**Deferred taxation**

In the 9 months ended 30 September 2013 the Company recognised a net tax allowance of RM86.9 million, as compared to RM6.7 million in the 9 months ended 30 September 2012, due primarily to income tax exemptions recognised for certain qualifying expenditures as provided by the Malaysian Ministry of Finance.

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/09/2013 RM'000	Quarter ended 30/09/2012 RM'000	Period Ended 30/09/2013 RM'000	Period Ended 30/09/2012 RM'000
(LBT)/PBT	(18,945)	49,029	(42,589)	13,073
Tax calculated at Malaysian statutory tax rate of 25%	(5,543)	12,257	(11,454)	3,268
Tax effects:				
- tax incentives	(40,937)	-	(83,808)	-
- expenses not deductible for tax purposes	5,624	1,350	20,876	3,495
- income not subject to tax	(4,530)	(13,434)	(12,539)	(13,440)
<b>Taxation</b>	<b>(45,386)</b>	<b>173</b>	<b>(86,925)</b>	<b>(6,677)</b>

**16. Disclosure of Realised and Unrealised Profits**

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

	As at 30/09/2013 RM'000	As at 31/12/2012 RM'000
Total retained profit of AirAsia X Berhad and its subsidiaries		
Realised	88,491	59,811
Unrealised	54,142	38,486
	<b>142,633</b>	<b>98,297</b>

**17. Property, plant and equipment**

**(a) Acquisition and disposal**

During the quarter ended 30 September 2013, the Group acquired property, plant and equipment amounting to RM1,015.5 million (quarter ended 30 September 2012: RM20.6 million) primarily in relation to the acquisition of new aircraft.

**(b) Revaluation**

There was no revaluation of property, plant and equipment for the quarter ended 30 September 2013 (quarter ended 30 September 2012: RM Nil).

**(c) Impairment**

There was no impairment of property, plant and equipment for the quarter ended 30 September 2013 (quarter ended 30 September 2012: RM Nil).



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**18. 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 Oct 2013 to May 2025. Pre-delivery payments constitute an instalment in respect of the price of the aircraft and are deducted from the final price on delivery.

**19. Other deposits**

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

**20. Investment in associate**

The investment in associate represents the unquoted investment, at cost.

The details of the associate is a follows:-

Name	Country of Incorporation	Group effective equity interest		Principal activity
		30/09/2013	31/12/2012	
		%	%	
Thai AAX Co., Ltd ("TAAX")	Thailand	49%	-	Commercial air transport services

On 18 September 2013, the Company entered into a shareholders' agreement with Mr. Tassapon Bijleveld and Mr. Julpas Kruesopon for the purpose of establishing a joint venture co-operation to set up a long-haul low cost airline in Thailand which will operate through a Thailand incorporated entity, Thai AAX Co., Ltd.

The paid up capital of TAAX is THB1,125 million comprising 112,534,563 ordinary shares of THB10 each.

**21. Receivables and prepayments**

	As at 30/09/2013 RM'000	As at 31/12/2012 RM'000
Trade receivables	62,139	31,091
Other receivables	72,613	33,935
Prepayment	47,406	24,255
Deposits	53,306	42,394
	235,464	131,675
Less : Impairment of receivables	(889)	(889)
	234,575	130,786

**22. Deposits, cash and bank balances**

For the purpose of the cash flow statements, cash and cash equivalents include the following:

	As at 30/09/2013 RM'000	As at 31/12/2012 RM'000
Cash and bank balances	81,271	113,553
Deposits with licensed bank	94,511	60,398
	175,782	173,951
Less: Restricted cash	(24,742)	-
Cash and cash equivalents	151,040	173,951



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**23. Trade and other payables**

	As at 30/09/2013 RM'000	As at 31/12/2012 RM'000
Trade payables	203,717	170,164
Other payables and accruals	149,062	83,840
	352,779	254,004

Other payables and accruals include operational expenses payable to airport authorities and passenger service charges.

**24. Borrowings**

	As at 30/09/2013 RM'000	As at 31/12/2012 RM'000
<u>Current</u>		
- Revolving credit (unsecured)	151,952	351,705
- Term loans (secured)	182,931	100,027
- Time loan (secured)	-	48,000
- Commodity Murabahah Term Financing (unsecured)	-	21,313
	334,883	521,045
<u>Non-current</u>		
- Revolving credit (unsecured)	47,794	131,875
- Term loans (secured)	1,403,425	739,336
	1,451,219	871,211
<b>Total borrowings</b>	1,786,102	1,392,256

The currency profile of borrowings is as follows:

	As at 30/09/2013 RM'000	As at 31/12/2012 RM'000
Ringgit Malaysia	-	309,309
US Dollar	1,786,102	1,082,947
	1,786,102	1,392,256

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

	As at 30/09/2013 RM'000	As at 30/09/2012 RM'000
At beginning of financial period	1,392,256	1,278,547
Proceeds from borrowings	862,292	314,771
Repayment of borrowings	(568,178)	(125,004)
Unrealised forex loss on borrowings	99,732	(39,401)
At end of financial period	1,786,102	1,428,913



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### **25. Derivative Financial Instruments**

The Group has entered into 3 cross currency interest rate contracts ("CCIRS") to hedge against fluctuation in the foreign exchange currency and interest rates on its 3 newly delivered aircrafts during the financial period under review. Gains and losses recognised in the cash flow hedge reserve in equity will be continuously released to the income statement within finance cost until the full repayment of the aircraft loans (Note 23).

Under the CCIRS facilities, the Company converted the aircraft loans whereby:

(i) The USD principal repayments throughout the tenor of 10 and 12 years will be paid in RM at an exchange rate of USD1 to RM3.0260, RM3.0895 and RM3.1875 respectively; and

(ii) The USD interests of 3 months London Interbank Offered Rate ("LIBOR") plus a margin ranging between 0.80% and 3.75% will be paid at a RM fixed rates between 3.83% and 7.03% per annum for the entire tenor of the 3 loans.

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.

The derivative financial instrument is classified as level 2 in the fair value hierarchy model.

The Group's level 2 hedging derivatives comprise the 3 abovementioned CCIRS contracts. These contracts have been fair valued using forward interest rates extracted from observable yield curves. The effects of discounting are generally insignificant for level 2 derivatives.

The derivative financial assets carry a notional and fair value of RM716.5million (31.12.12: nil) and RM30.5million (31.12.12: nil) respectively.



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**26. Share capital**

	As at 30/09/2013 RM'000	As at 31/12/2012 RM'000
<u>Authorised:</u>		
Ordinary shares of RM1.00 each:		
At beginning of financial period/ year	270,000	270,000
Subdivision of shares	(270,000)	-
At the end of the financial period/ year	<u>-</u>	<u>270,000</u>
Ordinary shares of RM0.15 each:		
At beginning of financial period/ year	-	-
Subdivision of shares	270,000	-
Increase during the financial period	230,000	-
At the end of the financial period/ year	<u>500,000</u>	<u>-</u>
RCPS of RM1.00 each:		
At beginning of financial period/ year	50,000	50,000
Cancellation of RCPS	(50,000)	-
At the end of the financial period/ year	<u>-</u>	<u>50,000</u>
<b>Total authorised</b>	<u><u>500,000</u></u>	<u><u>320,000</u></u>
<u>Issued and fully paid up:</u>		
Ordinary shares of RM1.00 each:		
At beginning of financial period/ year	224,000	224,000
Conversion of RCPS	42,667	-
Subdivision of shares	(266,667)	-
At the end of the financial period/ year	<u>-</u>	<u>224,000</u>
Ordinary shares of RM0.15 each:		
At beginning of financial period/ year	-	-
Subdivision of shares	266,667	-
Issuance of shares	88,889	-
At the end of the financial period/ year	<u>355,556</u>	<u>-</u>
RCPS of RM1.00 each:		
At beginning of financial period/ year	42,667	42,667
Conversion of RCPS	(42,667)	-
At the end of the financial period/ year	<u>-</u>	<u>42,667</u>
<b>Total issued and fully paid up</b>	<u><u>355,556</u></u>	<u><u>266,667</u></u>

The terms of the RCPS are as follows:

- (a) The RCPS are convertible in whole at the holder's option at any time into ordinary shares of RM1.00 each in the capital of the Company in the proportion of one ordinary share for every one RCPS. Notwithstanding this, the RCPS holder shall convert all into ordinary shares of RM1.00 each in the capital of the Company upon receipt of written notice from the Company as part of the Company's bona fide scheme for the listing of the Company's shares on any recognised stock exchange.
- (b) The RCPS has the same entitlement to dividend and all other forms of distributions out of income of the Company at the same rate as that of ordinary shares.
- (c) The RCPS can be redeemed in part or in whole at the Company's option at any time, but only with prior written approval of the holder and redemption can only be effected at par value.
- (d) On 10 May 2013, all the outstanding RCPS are converted into ordinary shares of RM1.00 each, and on 13 May 2013, all the authorised RCPS has been cancelled and ordinary shares for both issued and authorised of RM1.00 each are sub-divided into ordinary shares of RM0.15 each.



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**27. Earnings per share**

Basic earnings per share

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/09/2013	Quarter Ended 30/09/2012	Period Ended 30/09/2013	Period Ended 30/09/2012
Net profit for the individual quarter/ financial period (RM'000)	26,441	48,856	44,336	19,750
Weighted average number of ordinary/preference shares in issue ('000)	355,556	266,667	296,297	266,667
Earnings per share (sen)	7.4	18.3	15.0	7.4

Diluted earnings per share

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

**28. Post balance sheet events**

There was no material event after the period end that has not been reflected in the financial statements for the financial period ended 30 September 2013.

**29. Contingent assets and contingent liabilities**

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

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

	As at 30/09/2013 RM'000	As at 31/12/2012 RM'000
Approved and contracted for		
Aircraft purchase	20,331,958	21,243,950
Non-cancellable operating leases	2,622,582	2,464,111
	<u>22,954,540</u>	<u>23,708,061</u>





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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 company</u>	<u>Relationship</u>
AirAsia Berhad ("AAB")	Related party (common Directors and shareholders)
Asian Aviation Centre of Excellence Sdn Bhd ("AACOE")	Related party (common Directors and shareholders)
Asian Contact Centres Sdn Bhd ("ACC")	Related party (common Directors and shareholders)
PT Indonesia AirAsia ("IAA")	Related party (common Directors and shareholders)
Thai AirAsia Co. Ltd ("TAA")	Related party (common Directors and shareholders)
Tune Box Sdn Bhd	Related party (common Directors and shareholders)
AirAsia Japan Co. Ltd ("JAA")	Related party (common Directors and shareholders)

These following items have been included in the Income Statement:

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/09/2013 RM'000	Quarter Ended 30/09/2012 RM'000	Quarter Ended 30/09/2013 RM'000	Quarter Ended 30/09/2012 RM'000
AAB				
- Operational service charges	1,623	1,325	4,774	4,100
- Brand license fee charged by AAB	2,967	2,413	8,098	7,140
AACOE				
- Net expense on training services	1,847	1,054	4,026	1,019
ACC				
- Telecommunication and operational expenses	1,977	3,669	6,642	8,919
IAA				
- Operational services charged to IAA	(84)	(93)	(262)	(274)
TAA				
- Operational services charged to TAA	(66)	-	(245)	(132)
Tune Box Sdn Bhd				
- In-flight entertainment system and software expenses	368	-	1,100	1,780
JAA				
- Operational services charged to JAA	(217)	-	(807)	(144)



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### 32. Review of performance

#### 9 Months Ended 30 September 2013 Compared to 9 Months Ended 30 September 2012

##### Revenue

During the 9 months ended 30 September 2013, the Group's revenue has increased by 14.0% to RM1,627.9 million from RM1,428.5 million as compared to the 9 months ended 30 September 2012. RASK has improved by 7.3% from 11.54 sen in the 30 September 2012 to 12.38 sen in 30 September 2013 as a result of the route network consolidation exercise undertaken.

*Scheduled flights*. Scheduled flights. Revenue from passenger seat sales on scheduled flights increased by RM66.3 million, or approximately 7.1%, to RM1,005.4 million for the 9 months ended 30 September 2013 as compared to RM939.2 million for the 9 months ended 30 September 2012. This increase was due primarily to an improvement on ASKs and RPKs by 9.0% and 7.2% respectively from 12.2 billion and 10.3 billion in the 9 months ended 30 September 2012 to 13.3 billion and 11.0 billion respectively in the 9 months ended 30 September 2013. Our passenger load factor decreased from 84.1% in the 9 months ended 30 September 2012 to 82.7% for the 9 months ended 30 September 2013 primarily due to increases in our daily flight frequencies on certain of our mature routes. Average passenger fares decreased 1.0% to RM539.77 in the 9 months ended 30 September 2013 as compared to RM545.11 during the 9 months ended 30 September 2012 primarily due to the discontinuance of our longer stage length routes in UK and Paris which had higher average base fare as compared to other routes and promotional fares on our newly launched routes which include Busan and Shanghai during the 9 months ended 30 September 2013.

*Charter flights*. Charter flights revenue increased from RM46.1 million for the 9 months ended 30 September 2012 to RM68.9 million for the 9 months ended 30 September 2013 due to revenue generated from the wet leases of our 2 A340-300s which previously serviced our now discontinued Europe routes and new contracts that were secured during the quarter ended 30 September 2013.

*Fuel surcharge*. Revenue from fuel surcharges increased to RM175.7 million in the 9 months ended 30 September 2013 as compared to RM102.5 million in the 9 months ended 30 September 2012. This increase in fuel surcharge revenue is primarily a result of an increased number of passengers flown from 1.9 million in the 9 months ended 30 September 2012 to 2.2 million in the 9 months ended 30 September 2013.

*Freight and cargo*. Revenue from freight and cargo has increased 1.5% to RM64.2 million for the 9 months ended 30 September 2013 as compared to RM63.3 million for the 9 months ended 30 September 2012. Despite the decrease in both available tonne per kilometre (ATK) and freight tonne per kilometre (FTK) by 11.6% each in the 9 months ended 30 September 2013, revenue per FTK has increased to 0.60 sen in the 9 months ended 30 September 2013 as compared to 0.55 sen in the 9 months ended 30 September 2012. Cargo load factor remained relatively constant at 56% in the 9 months ended 30 September 2013 and the 9 months ended 30 September 2012.

*Ancillary revenue*. Ancillary revenue including AirAsia Insure increased to RM318.0 million, or by approximately 24.3%, for the 9 months ended 30 September 2013 as compared to RM255.9 million for the 9 months ended 30 September 2012. This increase was due primarily to price revisions and higher take-up rates, especially for Fly-Thru connecting transfer services and the introduction of new ancillary products during the period such as portable power rentals, Red Carpet Service and Blanket Rental. This has resulted in an 8.5% improvement in ancillary revenue per passenger from RM133.93 to RM145.34 for the 9 months ended 30 September 2013 as compared to the 9 months ended 30 September 2012.

*Others*. Others consists of revenue recognised for scheduled flights on our discontinued routes to London, Paris, Mumbai and Delhi amounting to RM25.4 million during the 9 months ended 30 September 2012, for which such passengers were re-accommodated to flights provided by other airlines. The Company did not have any form of other revenue for the 9 months ended 30 September 2013.



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### Operating Expenses

Operating expenses increased 10.4% from RM1,426.7 million in the 9 months ended 30 September 2012 to RM1,575.2 million in the 9 months ended 30 September 2013 mainly due to increased staff costs, aircraft fuel expenses, maintenance, overhaul, user charges and other operating expenses, as well as other related expenses.

*Staff costs.* Staff costs increased 23.1% to RM136.6 million in the 9 months ended 30 September 2013 from RM110.9 million during the 9 months ended 30 September 2012, due mainly to an increase in the number of our employees.

*Aircraft fuel expenses.* Fuel costs increased 7.5% to RM748.9 million in the 9 months ended 30 September 2013 from RM696.4 million in the 9 months ended 30 June 2012 due primarily to increase in fuel consumed which resulted from increase in sectors flown and higher average fuel price in the 9 months ended 30 September 2013 as compared to the 9 months ended 30 September 2012.

*Maintenance, overhaul, user charges and other related expenses.* Maintenance, overhaul, user charges and other related expenses increased by 7.2% to RM311.4 million in the 9 months ended 30 September 2013 from RM290.5 million in the 9 months ended 30 September 2012. The increase mainly resulted from the increase in maintenance and service costs for the new aircraft delivered and increase in charter flights rendered during the 9 months ended 30 September 2013.

*Other operating expenses.* Other operating expenses increased 20.0% to RM136.6 million in the 9 months ended 30 September 2013 from RM113.9 million in the 9 months ended 30 September 2012 due primarily to an upfront recognition of a non-recurring shareholders' inaugural benefit program expenses of RM9.5 million and IPO related expenses of RM6.1 million as well we an increase in marketing and promotional expenditures during the 9 months ended 30 September 2013.

### Foreign Exchange Loss on Borrowings

Primarily as a result of the strengthening of the USD against the RM in the 9 months ended 30 September 2013, the Company recognised unrealised foreign exchange losses on borrowings of RM63.8 million, which consists primarily of unfavourable fair value movements from cash flow hedges of RM34.8 million, as compared to the unrealised foreign exchange gain of RM42.4 million on our USD-denominated borrowings in the 9 months ended 30 September 2012.

### EBITDAR/ EBIT

As a result of growth in revenue and discontinuance from exited routes, the Group's EBITDAR has improved by RM85.7 million from RM202.7 million to RM288.5 million (EBITDAR margin: 14.2% to 17.7%) and EBIT has improved by RM58.9 million from RM8.8 million to RM70.9 million (EBIT margin: 0.6% to 4.4%) in the 9 months ended 30 September 2013 as compared to 30 September 2012. The improvement in EBITDAR and EBIT was primarily due to higher revenue for the 9 months ended 30 September 2013. Revenue improved mainly due to the increase in passengers carried, in line with the increase in total seat capacity from the new aircraft delivered in 2013.

### (LBT)/PBT

As a result of the factors set forth above, the Group has recorded a LBT of RM42.6 million in the 9 months ended 30 September 2013 as compared to a PBT of RM13.1 million in the 9 months ended 30 September 2012.

### Taxation

In the 9 months ended 30 September 2013 the Company recognised a net tax allowance of RM86.9 million, as compared to a net tax allowance of RM6.7 million in the 9 months ended 30 September 2012, due primarily to income tax allowance recognised for certain qualifying expenditures as provided by the Malaysian Ministry of Finance.



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Profit after taxation ("PAT")

As a result of the factors set forth above, the Group achieved a PAT of RM44.3 million in the 9 months ended 30 September 2013 as compared to RM19.8 million in the 9 months ended 30 September 2012.

Quarter Ended 30 September 2013 Compared to Quarter Ended 30 September 2012

Revenue

During the quarter ended 30 September 2013, the Group's revenue has increased by 23.6% to RM601.5 million from RM486.6 million as compared to the quarter ended 30 September 2012. As a result of promotional campaigns for both matured and newly launched routes, RASK decreased 1.6% from 12.15 sen in the quarter ended 30 September 2012 to 11.95 sen in the quarter ended 30 September 2013.

*Scheduled flights*. Revenue from passenger seat sales on scheduled flights increased by RM54.6 million, or approximately 18.3%, to RM353.4 million for the quarter ended 30 September 2013 as compared to RM298.8 million for the quarter ended 30 September 2012. This increase was due primarily to an improvement of both ASKs and RPKs from 3.9 billion and 3.2 billion in the quarter ended 30 September 2012 to 5.1 billion and 4.2 billion respectively in the quarter ended 30 September 2013. Our passenger load factor has decreased to 82.3% in the quarter ended 30 September 2013 as compared to 83.3% for the quarter ended 30 September 2012. Average passenger fares decreased 4.8% to RM501.07 in the quarter ended 30 September 2013 as compared to RM526.32 during the quarter ended 30 September 2012 primarily due to the discontinuance of our longer stage length routes in UK and Paris which had higher average base fare as compared to other routes and promotional fares on our newly launched routes which include Busan and Shanghai during the quarter ended 30 September 2013.

*Charter flights*. Revenue from charter flights increased from RM34.4 million for the quarter ended 30 September 2012 to RM35.8 million for the quarter ended 30 September 2013 due to revenue generated from the wet leases of our 2 A340-300s which previously serviced our now discontinued Europe routes and new contracts that were secured during the quarter ended 30 September 2013.

*Fuel surcharge*. Revenue from fuel surcharges increased to RM69.3 million in the quarter ended 30 September 2013 as compared to RM36.7 million in the quarter ended 30 September 2012. This increase in fuel surcharge revenue is primarily a result of an increased number of passengers flown from 0.6 million in the quarter ended 30 September 2012 to 0.8 million in the quarter ended 30 September 2013.

*Freight and cargo*. Revenue from freight and cargo has increased 19.8% to RM23.0 million for the quarter ended 30 September 2013 as compared to RM19.2 million for the quarter ended 30 September 2012, reflecting both an increase of 5.1% freight tonne per kilometre (FTK) and 18.0% available tonne per kilometre (ATK) in the quarter ended 30 September 2013. Despite the decrease in cargo load factor to 50.1% in the quarter ended 30 September 2013 as compared to 56.3% in the quarter ended 30 September 2012, revenue per FTK has increased to 0.66 sen in the quarter ended 30 September 2013 as compared to 0.56 sen in the quarter ended 30 September 2012.

*Ancillary revenue*. Ancillary revenue including AirAsia Insure increased to RM121.7 million, or by approximately 37.2%, for the quarter ended 30 September 2013 as compared to RM88.7 million for the quarter ended 30 September 2012. This increase was due primarily to price revisions and higher take-up rates, especially for Fly-Thru connecting transfer services and the introduction of new ancillary products during the financial period of 2013 such as portable power rentals, Red Carpet Service, and Blanket Rental Service. This has resulted in a 3.7% improvement in ancillary revenue per passenger from RM139.17 to RM144.34 for the quarter ended 30 September 2013 as compared to the quarter ended 30 September 2012.

*Others*. Others consists of revenue recognised for scheduled flights on our discontinued routes to London, Paris, Mumbai and Delhi amounting to RM9.7 million during the quarter ended 30 September 2012, for which such passengers were re-accommodated to flights provided by other airlines. The Company did not have any form of other revenue for the quarter ended 30 September 2013.



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### Operating Expenses

During the quarter ended 30 September 2013, operating expenses increased by RM112.8 million or 23.7% to RM588.9 million. The increase was primarily due to higher staff costs, aircraft fuel expenses and maintenance, overhaul, user charges and other related expenses incurred in the quarter ended 30 September 2013.

*Staff costs.* Staff costs increased 30.5% to RM57.8 million in the quarter ended 30 September 2013 from RM44.3 million during the quarter ended 30 September 2012, due mainly to an increase in the number of our employees.

*Aircraft fuel expenses.* Fuel costs increased 36.5% to RM291.1 million in the quarter ended 30 September 2013 from RM213.2 million in the quarter ended 30 September 2012 due primarily to a 27.7% increase in fuel consumed in the quarter ended 30 September 2013 as compared to the quarter ended 30 September 2012. This increase in fuel consumption was primarily due to an increase in our existing routes' flight frequencies. Fuel burn has decreased from 1,750 gallons/ hour in the quarter ended 30 September 2012 to 1,690 gallons/ hour in the quarter ended 30 September 2013 which was offset partially by the increased average fuel price.

*Maintenance, overhaul, user charges and other related expenses.* Maintenance, overhaul, user charges and other related expenses increased by 10.1% to RM115.4 million in the quarter ended 30 September 2013 from RM104.8 million in the quarter ended 30 September 2012. The increase mainly resulted from the increase in maintenance and service costs for the new aircraft delivered and increase in charter flights rendered during the quarter ended 30 September 2013.

### Foreign Exchange Loss on Borrowings

As a result of the strengthening of the USD against the RM in the quarter ended 30 September 2013, the Company recognised unrealised foreign exchange losses on borrowings of RM24.0 million, which consists primarily of unfavourable fair value movements from cash flow hedges of RM18.2 million, as compared to unrealised foreign exchange gain of RM48.0 million on our USD-denominated borrowings in the quarter ended 30 September 2012.

### EBITDAR/ EBIT

As a result of growth in revenue and discontinuance from exited routes, the Group's EBITDAR has improved by RM26.4 million from RM78.5 million to RM104.9 million (EBITDAR margin: 16.1% to 17.4%) and EBIT has improved by RM11.6 million from RM13.4 million to RM25.0 million (EBIT margin: 2.8% to 4.1%) in the quarter ended 30 September 2013 as compared to the quarter ended 30 September 2012. The improvement in EBITDAR and EBIT was primarily due to higher revenue for the quarter ended 30 September 2013. Revenue improved mainly due to the increase in passengers carried, in line with the increase in total seat capacity from the new aircraft delivered in 2013.

### (LBT)/PBT

As a result of the factors set forth above, the Group has recorded a LBT of RM18.9 million in the quarter ended 30 September 2013 as compared to a PBT of RM49.0 million in the quarter ended 30 September 2012.

### Taxation

In the quarter ended 30 September 2013 the Company recognised a net tax allowance of RM45.4 million, as compared to a net tax expense of RM0.02 million in the quarter ended 30 September 2012, due primarily to income tax allowance recognised for certain qualifying expenditures as provided by the Malaysian Ministry of Finance.



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PAT

As a result of the factors set forth above, the Group recognised a PAT of RM26.4 million in the quarter ended 30 September 2013 as compared to a PAT of RM48.9 million in the quarter ended 30 September 2012.

### **33. LBT performance (Quarter Ended 30 September 2013 Compared to Quarter Ended 30 June 2013)**

The Group's LBT has improved by RM39.5 million from RM58.4 million in the quarter ended 30 June 2013 to RM18.9 million in the quarter ended 30 September 2013. This was primarily due to the seasonally higher demand for air travel in the 3rd quarter of the year following the low season in the previous quarter despite an upfront recognition of a non-recurring shareholders' inaugural benefit program expenses of RM7.6 million and IPO related expenses of RM4.5 million.

### **34. Other profit and loss items**

In the current quarter and financial period to date, there has been no impairment of assets; provision for and write off of inventories or receivables; gain or loss on disposal of quoted or unquoted investments or properties; gain or loss on derivatives and material exceptional items.

In the quarter and 9 months ended 30 September 2013, the Group has incurred RM32.4 million and RM52.1 million foreign exchange loss respectively which includes RM24.0 million and RM63.8 million unrealised foreign exchange loss on borrowings, deposits and bank balances respectively as disclosed in note 13.

### **35. Commentary on prospects**

The Company's positioning within the Asia Pacific region, which is forecasted to be robust and potentially surpassing North America as the world's largest aviation market (Source: Strategic Airport Planning Ltd) allows AirAsia X to benefit from this growth and continue to be a large and attractive feeder market for its long-haul routes. Barring any unforeseen circumstances, including but not limited to terrorist attacks, natural disasters, epidemics, economic downturn, fuel price hike and fluctuation in foreign currencies against the Malaysian Ringgit, the Company expects its prospects to remain positive.

### **36. Profit forecast**

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

### **37. Corporate proposal**

There have not been any further changes in the status of the Thai AirAsia X Co., Ltd joint venture since the announcement made on 11 October 2013. There is no corporate proposal which is announced but not completed as at 13 November 2013, being the latest practicable date of this report.

### **38. Material litigation**

As at 13 November 2013, 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 September 2013.



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**40. Utilisation of proceeds**

The status of the utilisation of listing proceeds of RM740.7 million raised from the Public Issue as at <7 days before announcement> is as follows:-

	<b>Proposed utilisation RM'mil</b>	<b>Actual utilisation as at 30 Sep 2013 RM'mil</b>	<b>Balance at 13 Nov 2013 RM'mil</b>	<b>Intended timeframe for utilisation from date of listing</b>
Capital expenditure	280.0	(172.3)	107.7	Within 24 months
Repayment of bank borrowings	285.8	(278.4)	7.4	Within 3 months
General working capital	136.9	(121.3)	15.6	Within 12 months
Estimated listing expenses	38.0	(25.0)	13.0	Within 6 months
<b>Total</b>	<b>740.7</b>	<b>(597.0)</b>	<b>143.7</b>	