



AIRASIA X BERHAD

(Company No. 734161-K)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

FOURTH QUARTER REPORT ENDED 31 DECEMBER 2018

ANNOUNCEMENT

The Board of Directors of AirAsia X Berhad (“AirAsia X” or “the Company”) is pleased to announce the following unaudited consolidated results of AirAsia X and its subsidiaries (collectively known as “the Group”) for the fourth quarter ended 31 December 2018.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER		
		Quarter ended	Quarter ended	Year ended	Year ended	
		31/12/2018	31/12/2017	31/12/2018	31/12/2017	
Note		RM'000	RM'000	RM'000	RM'000	
	Revenue	1,148,075	1,220,466	4,544,450	4,562,005	
	Operating Expenses					
	- Staff costs	(114,708)	(112,725)	(422,845)	(421,259)	
	- Depreciation of property, plant and equipment	(24,143)	(27,376)	(127,268)	(109,338)	
	- Aircraft fuel expenses	(488,195)	(383,527)	(1,876,060)	(1,466,681)	
	- Maintenance and overhaul	(58,876)	(75,278)	(485,389)	(652,922)	
	- User charges	(110,884)	(133,066)	(508,121)	(508,507)	
	- Aircraft operating lease expenses	(243,079)	(229,577)	(898,654)	(944,599)	
	- Other operating expenses	(84,156)	(173,923)	(464,398)	(413,811)	
	Other income	9,878	45,297	34,340	67,684	
	Operating profit/(loss)	33,912	130,291	(203,945)	112,572	
	Finance income	41,437	22,741	55,773	33,204	
	Finance costs	(47,960)	(33,269)	(70,611)	(61,224)	
	Net operating profit/(loss)	27,389	119,763	(218,783)	84,552	
	Foreign exchange gains/(losses)	12,714	9,873	16,011	106,517	
	Share of results of an associate	(10,113)	-	-	-	
	Share of results of a joint venture	-	-	-	-	
	Other losses	(14,128)	5,941	(38,649)	(4,265)	
	Profit/(loss) before taxation	15,862	135,577	(241,421)	186,804	
	Taxation					
	Current taxation	2,183	(2,712)	(398)	(6,405)	
	Deferred taxation	(117,314)	(48,450)	(70,880)	(81,513)	
		(115,131)	(51,162)	(71,278)	(87,918)	
	Profit/(loss) for the financial period	(99,269)	84,415	(312,699)	98,886	
	Attributable to:					
	Equity holders of the Company	(99,269)	84,415	(312,699)	98,886	
	Non-controlling Interests	-	-	-	-	
		(99,269)	84,415	(312,699)	98,886	
	Profit per share (sen)					
	Basic	24	(2.4)	2.0	(7.5)	2.4
	Diluted	24	(2.4)	2.0	(7.5)	2.4

This unaudited condensed consolidated income statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached in the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Year ended	Year ended
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) for the financial period	(99,269)	84,415	(312,699)	98,886
Other comprehensive income/(loss)				
Cash flow hedges	(97,457)	(28,671)	(83,614)	(107,377)
Foreign currency translation differences	(75)	(72)	(149)	(17)
Total comprehensive income/(loss) for the financial period	(196,801)	55,672	(396,462)	(8,508)
Total comprehensive income/(loss) attributable				
To equity holder of the company	(196,801)	55,672	(396,462)	(8,508)
Non-controlling interest	-	-	-	-
Total comprehensive income/(loss) for the financial period	(196,801)	55,672	(396,462)	(8,508)

This unaudited condensed consolidated income statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached in the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited As At	Audited As At
	Note	31/12/2018 RM'000	31/12/2017 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	624,964	1,595,903
Deferred tax assets		389,296	423,664
Other deposits and prepayments	16	1,714,195	1,513,349
Amount due from an associate		67,287	81,305
Amount due from a joint venture		-	44,010
Investment in an associate	17	-	-
Investment in a joint venture	18	-	-
		2,795,742	3,658,231
CURRENT ASSETS			
Assets held for sale		999,012	-
Inventories		13,257	8,518
Trade and other receivables	19	189,837	537,388
Amount due from an associate		-	28,969
Amount due from related parties		48,851	75,305
Derivative financial instruments	21	-	23,094
Tax recoverable		806	-
Deposits, cash and bank balances	20	297,609	432,675
		1,549,372	1,105,949
CURRENT LIABILITIES			
Sales in advance		676,245	714,586
Trade and other payables	22	1,102,510	1,164,130
Provision for taxation		-	782
Amount due to an associate		7,777	-
Amount due to a joint venture		-	122,827
Amounts due to related parties		97,381	28,963
Borrowings	23	192,324	188,528
		2,076,237	2,219,816
Net Current Liabilities		(526,865)	(1,113,867)
NON-CURRENT LIABILITIES			
Borrowings	23	494,728	673,442
Provision for aircraft maintenance	22	1,013,689	789,043
Derivative financial instruments		130,486	-
Other payables and accruals	22	52,769	93,273
		1,691,672	1,555,758
		577,205	988,606
CAPITAL AND RESERVES			
Share capital		1,534,043	1,534,043
Warrant reserve		62,222	62,222
Currency translation reserve		29	178
Other reserves		(84,409)	(795)
Accumulated losses		(934,680)	(607,042)
Shareholders' equity		577,205	988,606

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	Note	
	Year ended 31/12/2018 RM'000	Year ended 31/12/2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	(241,421)	186,804
Adjustments:		
Property, plant and equipment		
- Depreciation	127,268	109,338
- Write-off	7,844	431
- Loss on disposal	-	93
Allowance for impairment of receivables	149,897	60,049
Bad debts written off	-	19
Finance cost	31,007	38,581
Finance income	(17,961)	(20,344)
Discounting of interest on deposits	1,792	9,783
Fair value loss on derivative financial instruments	69,966	4,265
Share option expense	-	241
Net unrealised foreign exchange losses/(gains)	(2,201)	(73,005)
	126,191	316,255
Changes in working capital:		
Inventories	(4,739)	5,633
Trade and other receivables	(187,961)	(492,524)
Related parties balances	77,324	47,205
Trade and other payables	137,382	427,664
Sales in advance	(49,733)	(11,180)
Cash from operations	98,464	293,053
Finance costs paid	(3,834)	(2,106)
Interest received	5,263	4,527
Tax paid	(2,027)	(4,079)
Net cash generated from operating activities	97,866	291,395
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Additions	(9,165)	(26,629)
- Proceeds from disposal of property, plant and equipment	-	4,635
Net cash used in investing activities	(9,165)	(21,994)



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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
(CONT'D.)**

	Year ended 31/12/2018 RM'000	Year ended 31/12/2017 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	62
Repayments of borrowings	(187,339)	(199,876)
Interest paid	(28,291)	(36,476)
Deposits pledged as securities	(3,777)	(1,613)
Net cash used in financing activities	(219,407)	(237,903)
NET (DECREASE)/INCREASE FOR THE FINANCIAL PERIOD	(130,706)	31,498
CURRENCY TRANSLATION DIFFERENCES	(8,137)	(22,457)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	391,447	382,406
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	252,604	391,447

Note

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This unaudited condensed consolidated income statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached in the 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	Currency Translation Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non- controlling interest RM'000	Total Equity RM'000
At 1 January 2018	4,148,148	1,534,043	-	62,222	(795)	-	178	(607,042)	988,606	-	988,606
Effects of change of accounting policies (Note 2)	-	-	-	-	-	-	-	(14,939)	(14,939)	-	(14,939)
At 1 January 2018, as restated	4,148,148	1,534,043	-	62,222	(795)	-	178	(621,981)	973,667	-	973,667
Net loss for the financial period	-	-	-	-	-	-	-	(312,699)	(312,699)	-	(312,699)
Other comprehensive loss	-	-	-	-	(83,614)	-	(149)	-	(83,763)	-	(83,763)
Total comprehensive loss	-	-	-	-	(83,614)	-	(149)	(312,699)	(396,462)	-	(396,462)
At 31 December 2018	4,148,148	1,534,043	-	62,222	(84,409)	-	29	(934,680)	577,205	-	577,205
At 1 January 2017	4,148,148	622,222	911,821	62,222	106,582	2,558	195	(648,715)	1,056,885	-	1,056,885
Prior Year Adjustment	-	-	-	-	-	-	-	(60,012)	(60,012)	-	(60,012)
At 1 January 2017, as restated	4,148,148	622,222	911,821	62,222	106,582	2,558	195	(708,727)	996,873	-	996,873
Transfer to no-par value regime	-	911,821	(911,821)	-	-	-	-	-	-	-	-
Net profit for the financial period	-	-	-	-	-	-	-	98,886	98,886	-	98,886
Other comprehensive income	-	-	-	-	(107,377)	-	(17)	-	(107,394)	-	(107,394)
Total comprehensive (loss)/ income	-	-	-	-	(107,377)	-	(17)	98,886	(8,508)	-	(8,508)
Employee Share Option Scheme ('ESOS')	-	-	-	-	-	241	-	-	241	-	241
Transferred to retained earnings upon expiry of ESOS	-	-	-	-	-	(2,799)	-	2,799	-	-	-
At 31 December 2017	4,148,148	1,534,043	-	62,222	(795)	-	178	(607,042)	988,606	-	988,606

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KEY OPERATING STATISTICS - 31 DECEMBER 2018

Performance indicator for current quarter against the same quarter last year

Quarter Ended : 31 December	Oct - Dec 2018	Oct - Dec 2017	Changes Y-O-Y
Seat capacity	1,911,767	1,878,968	2%
Passengers carried	1,498,618	1,549,048	-3%
Load factor	78%	83%	-5%
RPK (millions)	7,168	7,553	-5%
ASK (millions)	9,162	9,146	0%
Average passenger fare (RM)	490	519	-6%
Ancillary revenue per passenger (RM)	171	176	-3%
Revenue per ASK (sen)	12.53	13.35	-6%
Revenue per ASK (US¢)	3.02	3.21	-6%
Cost per ASK (sen)	12.27	12.41	-1%
Cost per ASK (US¢)	2.96	3.06	-3%
Cost per ASK (sen) - excluding fuel	6.94	8.22	-16%
Cost per ASK (US¢) - excluding fuel	1.68	2.02	-17%
Aircraft (end of period)	35	30	17%
Average sector length (km)	4,745	4,868	-3%
Sectors flown	5,071	4,984	2%
Fuel consumed (Barrels)	1,313,713	1,330,999	-1%
Average fuel price (USD/ Barrel)	89	69	29%

Exchange Rate : RM/USD - 4.1426 for 4Q18 and 4.0605 for 4Q17

Definitions and calculation methodology

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



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NOTES TO THE UNAUDITED ACCOUNTS - 31 DECEMBER 2018

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 for the financial year ended 31 December 2017.

2. Summary of significant accounting policies

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited consolidated financial statements of the Group for the financial year ended 31 December 2017.

Details of standards, amendments to published standards and interpretations to existing standards that are applicable to the Group with effect from 1 January 2018 or later are provided in the notes to the financial statements in the audited financial statements of the Group for the financial year ended 31 December 2017. The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ended 31 December 2018. The Group has adopted MFRS 15 "Revenue from Contracts with Customers" and MFRS 9 "Financial Instruments" from 1 January 2018. Other new standards with effective date from 1 January 2018 do not have material effect on the Group's financial statements. The Group did not early adopt any new standards, amendments to published standards and interpretation to existing standards. The changes arising from the adoption of new standards are as described below:



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NOTES TO THE UNAUDITED ACCOUNTS - 31 DECEMBER 2018

(a) Adoption of MFRS 15 "Revenue" from Contracts with Customers

MFRS 15 "Revenue from Contracts with Customers" replaces the guidance in MFRS 111 "Construction Contracts", MFRS 118 "Revenue", IC Interpretation 13 "Customer Loyalty Programmes", IC Interpretation 15 "Agreements for Construction of Real Estate", IC Interpretation 18 "Transfers of Assets from Customers" and IC Interpretation 131 "Revenue - Barter Transactions Involving Advertising Services". MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligation. The standard specifies that the revenue is to be recognised when control over the goods or services is transferred to customer, moving from the transfer of risk and rewards.

Effects arising from the initial application of MFRS 15 are as follows:-

**Impact of adoption of MFRS
15 to opening balance at 1
January 2018**

	RM'000
Sales in Advance	(18,246)
Deferred tax assets	4,379
Retained Earnings	13,867

(b) Adoption of MFRS 9 "Financial Instruments"

MFRS 9 "Financial Instruments" replaces the guidance in MFRS 139 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after 1 January 2018. Retrospective application is required, but comparative information is not compulsory. The new requirements introduced for all three aspects of the accounting for financial instruments are as follows:-

i) classification and measurement;

MFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The standard eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale.



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NOTES TO THE UNAUDITED ACCOUNTS - 31 DECEMBER 2018

Impact as a result of MFRS 9 adoption

The Group does not expect a significant impact on its balance sheet or equity on applying and measurement of MFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value.

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments are not required.

ii) impairment; and

The adoption of MFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing MFRS 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The Group does not have other financial assets other than trade and other receivables, for which the Group has applied the standard's simplified approach and calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment in which the business is operating in. The impact upon application of the new impairment model was not material in relation to the opening balance of the Group as at 1 January 2018.

Impact as a result of MFRS 9 adoption

Effects arising from the initial application of MFRS 9 with the new impairment model are as follows:-

**Impact of adoption of MFRS
9 to opening balance at 1
January 2018**

	RM'000
Trade and Other Receivables	(1,410)
Deferred Tax Assets	338
Retained Earnings	1,072

iii) Hedge accounting

The Group has decided to continue applying hedge accounting as set out in MFRS 139 to all hedges until the project on accounting for macro hedging is completed by International Accounting Standards Board (IASB).



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NOTES TO THE UNAUDITED ACCOUNTS - 31 DECEMBER 2018

(c) Adoption of MFRS 16 "Leases"

MFRS 16 Leases is relevant to the Group and becomes effective for financial periods beginning on or after 1 January 2019. The standard eliminates the lessee's classification of leases as either operating leases or finance leases and, instead, introduces a single lease accounting model. Applying that model, a lessee is required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value, and depreciation of lease assets separately from interest on lease liabilities in the statement of profit or loss. MFRS 16 will primarily affect the Group's accounting as a lessee of leases for aircraft and related equipment, and buildings and other equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to a material increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. The Group has completed an initial assessment of the implications of adopting this standard, however, will need to perform a further analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of MFRS 16.

3. Auditors' report on preceding annual financial statements

The auditors have expressed an unqualified opinion on the audited Group's statutory financial statements for the financial year ended 31 December 2017 in their report dated 27 March 2018.

4. Seasonality of operations

AirAsia X is primarily involved in the provision of air transportation services and thus, is subject to seasonal demand for air travel. Passengers carried recorded in the fourth quarter of the year declined by 3% year-on-year ("YoY") at 1,498,618 passengers while Passenger Load Factor ("PLF") stood lower at 78%. This was primarily due to additional capacity being deployed in the network and the introduction of new routes during the current quarter.

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 year.

6. Changes in estimates

There were no changes in estimates that have had material effect on the results of current quarter and financial year.

7. Capital and reserves

There was no issuance of shares during the current quarter. Total issued and paid up share capital as at 31 December 2018 is 1,534,043,217 (31 December 2017: RM1,534,043,045).

8. Dividend paid

No dividends were declared, approved or paid for the financial year ended 31 December 2018.



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9. Segment reporting

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

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

Reconciliation to the reportable segments relates to the elimination of the associate and joint venture companies.

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

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination Adjustments RM'000	Total RM'000
Quarter ended 31 December 2018					
<u>Segment results</u>					
Revenue	1,148,075	397,839	36,792	(114,281)	1,468,425
Operating expenses					
- Staff costs	(114,708)	(36,797)	(6,928)	-	(158,433)
- Depreciation of property, plant and equipment	(24,143)	(1,484)	(559)	-	(26,186)
- Aircraft fuel expenses	(488,195)	(164,635)	(24,274)	-	(677,104)
- Maintenance and overhaul	(58,876)	(63,518)	(6,463)	56,283	(72,574)
- User charges and other related expenses	(110,884)	(57,515)	(8,760)	-	(177,159)
- Aircraft operating lease expenses	(243,079)	(71,515)	(6,533)	-	(321,127)
- Other operating expenses	(84,156)	(39,429)	5,584	44,440	(73,561)
Other income	9,878	2,709	3,062	13,558	29,207
Operating profit/(loss)	33,912	(34,345)	(8,079)	-	(8,512)
Finance income	41,437	-	10	-	41,447
Finance costs	(47,960)	(163)	-	-	(48,123)
Net operating profit/(loss)	27,389	(34,508)	(8,069)	-	(15,188)
Foreign exchange gains/(losses)	12,714	4,542	(23,675)	-	(6,419)
Share of results of an associate	(10,113)	-	-	10,113	-
Other losses	(14,128)	-	-	-	(14,128)
Profit/(loss) before taxation	15,862	(29,966)	(31,744)	10,113	(35,735)



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	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination Adjustments RM'000	Total RM'000
Year ended 31 December 2018					
<u>Segment results</u>					
Revenue	4,544,450	1,492,195	364,777	(452,916)	5,948,506
Operating expenses					
- Staff costs	(422,845)	(148,329)	(30,750)	-	(601,924)
- Depreciation of property, plant and equipment	(127,268)	(5,407)	(2,056)	-	(134,731)
- Aircraft fuel expenses	(1,876,060)	(541,725)	(188,685)	-	(2,606,470)
- Maintenance and overhaul	(485,389)	(190,361)	(63,506)	181,283	(557,973)
- User charges and other related expenses	(508,121)	(188,916)	(77,948)	-	(774,985)
- Aircraft operating lease expenses	(898,654)	(264,225)	(79,218)	271,633	(970,464)
- Other operating expenses	(464,398)	(115,360)	(9,203)	-	(588,961)
Other income	34,340	18,634	5,706	-	58,680
Operating profit/(loss)	(203,945)	56,506	(80,883)	-	(228,322)
Finance income	55,773	1,115	82	-	56,970
Finance costs	(70,611)	(1,368)	(167)	-	(72,146)
Net operating profit/(loss)	(218,783)	56,253	(80,968)	-	(243,498)
Foreign exchange gains/(losses)	16,011	6,708	7,839	-	30,558
Share of results of an associate	-	-	-	-	-
Other losses	(38,649)	-	-	-	(38,649)
Profit/(loss) before taxation	(241,421)	62,961	(73,129)	-	(251,589)



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	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination Adjustments RM'000	Total RM'000
Quarter ended 31 December 2017					
<u>Segment results</u>					
Revenue	1,220,466	333,831	190,901	(92,803)	1,652,395
Operating expenses					
- Staff costs	(112,725)	(32,131)	(8,739)	-	(153,595)
- Depreciation of property, plant and equipment	(27,376)	(1,242)	(517)	-	(29,135)
- Aircraft fuel expenses	(383,527)	(84,861)	(75,326)	-	(543,714)
- Maintenance and overhaul	(75,278)	(48,204)	(26,476)	19,080	(130,878)
- User charges and other related expenses	(133,066)	(40,876)	(16,305)	-	(190,247)
- Aircraft operating lease expenses	(229,577)	(62,834)	(34,079)	79,447	(247,043)
- Other operating expenses	(173,923)	(37,024)	(37,695)	(5,724)	(254,366)
Other income	45,297	5,666	(1,485)	-	49,478
Operating profit/(loss)	130,291	32,325	(9,721)	-	152,895
Finance income	22,741	279	19	-	23,039
Finance costs	(33,269)	(1,448)		-	(34,717)
Net operating profit/(loss)	119,763	31,156	(9,702)	-	141,217
Foreign exchange gains/(losses)	9,873	(1,315)	5,882	-	14,440
Other losses	5,941	-	-	-	5,941
Profit/(loss) before taxation	135,577	29,841	(3,820)	-	161,598



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	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination Adjustments RM'000	Total RM'000
Year ended 31 December 2017					
<u>Segment results</u>					
Revenue	4,562,005	1,154,029	726,473	(452,727)	5,989,780
Operating expenses					
- Staff costs	(421,259)	(123,142)	(33,923)	-	(578,324)
- Depreciation of property, plant and equipment	(109,338)	(4,741)	(2,119)	-	(116,198)
- Aircraft fuel expenses	(1,466,681)	(318,714)	(244,217)	-	(2,029,612)
- Maintenance and overhaul	(652,922)	(168,297)	(97,169)	148,219	(770,169)
- User charges and other related expenses	(508,507)	(156,344)	(62,749)	-	(727,600)
- Aircraft operating lease expenses	(944,599)	(260,498)	(140,964)	316,587	(1,029,474)
- Other operating expenses	(413,811)	(101,829)	(200,332)	(12,079)	(728,051)
Other income	67,684	20,588	484	-	88,756
Operating profit/(loss)	112,572	41,052	(54,516)	-	99,108
Finance income	33,204	613	129	-	33,946
Finance costs	(61,224)	(4,328)	(45)	-	(65,597)
Net operating profit/(loss)	84,552	37,337	(54,432)	-	67,457
Foreign exchange gains/(losses)	106,517	(2,091)	8,325	-	112,751
Other losses	(4,265)	-	-	-	(4,265)
Profit/(loss) before taxation	186,804	35,246	(46,107)	-	175,943



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a) Reconciliation of segment revenue to reported revenue:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Year ended	Year ended
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	RM'000	RM'000	RM'000	RM'000
Segment revenue	1,468,425	1,652,395	5,948,506	5,989,780
Add: Inter-segment revenue	114,281	92,803	452,916	452,727
Less: Revenue from affiliates which were not consolidated	(434,631)	(524,732)	(1,856,972)	(1,880,502)
	<u>1,148,075</u>	<u>1,220,466</u>	<u>4,544,450</u>	<u>4,562,005</u>

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Year ended	Year ended
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	RM'000	RM'000	RM'000	RM'000
Segment (loss)/profit before taxation	(35,735)	161,598	(251,589)	175,943
Add: (Revenue)/Expenses from affiliates which were not consolidated	51,597	(26,021)	10,168	10,861
	<u>15,862</u>	<u>135,577</u>	<u>(241,421)</u>	<u>186,804</u>

10. Revenue

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Year ended	Year ended
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	RM'000	RM'000	RM'000	RM'000
Scheduled flights *	734,257	803,827	2,941,796	2,940,354
Charter flights	39,200	51,391	136,369	165,306
Freight services	48,214	53,018	182,997	171,008
Ancillary revenue **	207,612	218,831	827,273	830,494
Aircraft operating lease income	118,151	92,803	452,916	452,727
Management fees	641	596	3,099	2,116
	<u>1,148,075</u>	<u>1,220,466</u>	<u>4,544,450</u>	<u>4,562,005</u>

* Scheduled flights for the current quarter has netted-off the commission of RM5.3 million for the quarter under review (year ended 31 December 2018: RM8.7m) on loyalty program in compliance with MFRS 15.

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



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11. Staff cost

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Year ended	Year ended
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	RM'000	RM'000	RM'000	RM'000
Wages, salaries, bonuses and allowances	105,133	102,640	388,684	382,623
Defined contribution retirement plan	9,575	9,486	34,161	38,395
Share option expense	-	599	-	241
	<u>114,708</u>	<u>112,725</u>	<u>422,845</u>	<u>421,259</u>

12. Other income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Year ended	Year ended
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	RM'000	RM'000	RM'000	RM'000
Commission income from insurance	(178)	1,006	2,856	3,801
Others	10,056	44,291	31,484	63,883
	<u>9,878</u>	<u>45,297</u>	<u>34,340</u>	<u>67,684</u>

13. Finance income/(costs) and foreign exchange gains/(losses)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Year ended	Year ended
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	RM'000	RM'000	RM'000	RM'000
Finance income:				
Interest income on deposits with licensed banks	1,158	2,590	5,807	5,523
Other interest income	40,279	20,151	49,966	27,681
	<u>41,437</u>	<u>22,741</u>	<u>55,773</u>	<u>33,204</u>
Finance costs:				
Interest expense on bank borrowings	(46,784)	(33,068)	(67,895)	(59,119)
Bank facilities and other charges	(1,176)	(201)	(2,716)	(2,105)
	<u>(47,960)</u>	<u>(33,269)</u>	<u>(70,611)</u>	<u>(61,224)</u>
Foreign exchange gains/(losses)				
Realized	4,247	10,179	13,911	33,511
Unrealized	8,467	(306)	(2,100)	73,006
	<u>12,714</u>	<u>9,873</u>	<u>11,811</u>	<u>106,517</u>



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14. Taxation

Current taxation

The current taxation charge comprises tax payable on interest income.

Deferred taxation

The explanation of the relationship between taxation and profit/(loss) before taxation is as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31/12/2018 RM'000	Quarter ended 31/12/2017 RM'000	Year ended 31/12/2018 RM'000	Year ended 31/12/2017 RM'000
Profit/ (Loss) before tax	15,862	135,577	(241,421)	186,804
Tax calculated at Malaysian statutory tax rate of 24% (2017: 24%)	3,807	32,538	(57,941)	44,833
Tax effects:				
- deferred tax movement	(22,016)	33,267	(17,782)	33,267
- (over)/ underprovision of prior year tax	(8,172)	54	(3,323)	1,236
- expenses not deductible for tax purposes	146,839	(5,989)	155,651	17,290
- income not subject to tax	(5,327)	(8,708)	(5,327)	(8,708)
Taxation	115,131	51,162	71,278	87,918

15. Property, plant and equipment

(a) Acquisition and disposal

During the quarter ended 31 December 2018, the Group acquired property, plant and equipment amounting to RM0.2 million (quarter ended 31 December 2017: NIL).

During the quarter ended 31 December 2018, there is no disposal of property, plant and equipment (quarter ended 31 December 2017: RM4.6 million).

(b) Revaluation

There was no revaluation of property, plant and equipment for the quarter ended 31 December 2018 (quarter ended 31 December 2017: RM Nil).

(c) Write-off

During the quarter ended 31 December 2018, the Group wrote off property, plant and equipment amounting to NIL (quarter ended 31 December 2017: RM207k).



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16. Other deposits and prepayments

Other deposits and prepayments include deposits paid to lessors for leased aircraft, funds placed with lessors in respect of maintenance of the leased aircraft, and prepayments for lease of aircraft and maintenance of aircraft and engines. These prepayments and deposits are denominated in USD.

17. Investment in an associate

	As at 31/12/2018	As at 31/12/2017
	RM'000	RM'000
Unquoted investments, at cost	20,018	20,018
Group's share of post-acquisition profit	(20,018)	(20,018)
	<u>-</u>	<u>-</u>

The details of the associate is as follows:-

Name	Country of Incorporation	Group effective equity interest		Principal activity
		31/12/2018	31/12/2017	
		%	%	
Thai AirAsia X Co. Ltd ("TAAX")	Thailand	49%	49%	Commercial air transport services

TAAX recorded a net loss of THB231 million (equivalent to RM29 million) in the current quarter (quarter ended 31 Dec 2017: Profit of THB253 million (equivalent to RM32 million) As at 31 December 2018, the unrecognised amount of the Group's share of loss of TAAX which have not been equity accounted for amounted to RM31.3 million (31 December 2017: RM22.70 million). In accordance to MFRS 128, any profits will only be recognised when its shares of the profits equals the share of losses previously not recognised.



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18. Investment in a joint venture

	As at 31/12/2018	As at 31/12/2017
	RM'000	RM'000
Unquoted investments, at cost	53,888	53,888
Group's share of post-acquisition losses	(53,888)	(53,888)
	<u>-</u>	<u>-</u>

The details of the joint venture is as follows:-

Name	Country of Incorporation	Group effective equity interest		Principal activity
		As at %	As at %	
PT. Indonesia AirAsia Extra ("IAAX")	Indonesia	49%	49%	Commercial air transport services

The Group has discontinued the recognition of its share of losses incurred by IAAX as the Group's interests had been reduced to zero. The Group's share of loss of IAAX for the current financial quarter, which have not been equity accounted for, amounted to loss of RM29.8 million (31 December 2017: Loss of RM3.8 million). As at 31 December 2018, the unrecognised amount of the Group's share of loss of IAAX which have not been equity accounted for amounted to RM82.5 million (31 December 2017: RM56.0 million).

19. Receivables and prepayments

	As at 31/12/2018	As at 31/12/2017
	RM'000	RM'000
Trade receivables	66,228	159,130
Less : Allowance for impairment of receivables	(59,324)	(57,089)
	<u>6,904</u>	<u>102,041</u>
Other receivables	225,797	331,338
Less : Allowance for impairment of receivables *	(165,157)	(17,495)
	<u>60,640</u>	<u>313,843</u>
Deposits	26,047	26,804
Prepayments	96,246	94,700
	<u>189,837</u>	<u>537,388</u>

*Included in the total impairment of receivables is RM161.7 million (31 December 2017: Nil) relating to lease rental and maintenance reserve due from a joint venture through a third party leasing intermediary.



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20. Deposits, cash and bank balances

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

	As at 31/12/2018	As at 31/12/2017
	RM'000	RM'000
Cash and bank balances	241,017	287,875
Deposits with licensed banks	56,592	144,800
	<u>297,609</u>	<u>432,675</u>
Bank balances and deposits pledged as securities	(45,005)	(41,228)
Cash and cash equivalents	<u>252,604</u>	<u>391,447</u>

21. Derivative Financial Instruments

The fair value of derivative financial instruments is determined in accordance with MFRS9 "Financial Instruments: Recognition and Measurement".

Fuel hedging

As at 31 December 2018, outstanding number of barrels of Brent and fuel derivative contracts was 4,857,328 barrels (2017: 364,862 barrels).

22. Trade and other payables

	As at 31/12/2018	As at 31/12/2017
	RM'000	RM'000
Non-current:		
Aircraft maintenance provision	1,013,689	789,043
Other deposits	52,769	93,273
	<u>1,066,458</u>	<u>882,316</u>
Current:		
Trade payables	300,728	222,506
Other payables and accruals	801,782	941,624
	<u>1,102,510</u>	<u>1,164,130</u>

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



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23. Borrowings

	As at 31/12/2018 RM'000	As at 31/12/2017 RM'000
Current		
Secured:		
- Term loans	192,313	188,501
- Hire purchase	11	27
	<u>192,324</u>	<u>188,528</u>
Non-current		
Secured:		
- Term loans	494,695	673,392
- Hire purchase	33	50
	<u>494,728</u>	<u>673,442</u>
Total borrowings	<u><u>687,052</u></u>	<u><u>861,970</u></u>

The currency profile of borrowings is as follows:

	As at 31/12/2018 RM'000	As at 31/12/2017 RM'000
Ringgit Malaysia	44	77
US Dollar	687,008	861,893
	<u><u>687,052</u></u>	<u><u>861,970</u></u>

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

	As at 31/12/2018 RM'000	As at 31/12/2017 RM'000
Not later than 1 year	192,324	188,528
Later than 1 year and not later than 5 years	416,323	526,744
Later than 5 years	78,405	146,698
	<u><u>687,052</u></u>	<u><u>861,970</u></u>



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24. Profit per share

Basic profit per share

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Year ended	Year ended
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Net profit/(loss) (RM'000)	(99,269)	84,415	(312,699)	98,886
Weighted average number of ordinary shares in issue ('000)	4,148,148	4,148,148	4,148,148	4,148,148
Profit per share (sen)	(2.4)	2.0	(7.5)	2.4

25. Post balance sheet events

As at the date of this report, there were no material events after the year end that have not been reflected in the financial statements for the year ended 31 December 2018.

26. Contingent assets

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

27. Contingent liabilities

There were no major changes in contingent liabilities since the latest audited consolidated financial statements for the financial year ended 31 December 2017.



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

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

	As at 31/12/2018 RM'000	As at 31/12/2017 RM'000
Aircraft purchase	110,054,975	107,873,854

(b) Non-cancellable operating leases

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

	As at 31/12/2018 RM'000	As at 31/12/2017 RM'000
Future minimum lease payments	6,776,619	7,591,532
Future minimum sublease receipts	1,755,706	2,006,436

29. Significant related parties transactions

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

<u>Name of companies</u>	<u>Relationship</u>
Thai AirAsia X Co Ltd ("TAAX")	Associate
PT Indonesia AirAsia Extra ("IAAX")	Joint Venture
AirAsia Berhad ("AAB")	Shareholder of the Company for which there is no control, significant influence or joint control, and common Directors and shareholders
Caterhamjet Global Ltd ("CJG")	Common Directors and shareholders
Thai AirAsia Co., Ltd ("TAA")	Common Directors and shareholders
PT Indonesia AirAsia ("IAA")	Common Directors and shareholders
AirAsia Japan Co., Ltd ("AAJ")	Common Directors and shareholders
Philippines AirAsia Inc. (formerly known as "Zest Airway Inc.") ("AAZ")	Common Directors and shareholders
AirAsia Global Shared Services Sdn Bhd ("AGSS")	Common Directors and shareholders
Rokki Sdn Bhd (formerly known as Tune Box Sdn Bhd) ("Rokki")	Common Directors and shareholders
Tune Insurance Malaysia Berhad ("TIMB")	Common Directors and shareholders
Yummy Kitchen Sdn Bhd ("Yummy Kitchen")	Common Directors and shareholders
Ground Team Red Sdn Bhd ("GTR")	Common Directors and shareholders
AirAsia (India) Pvt Ltd ("AAI")	Common Directors and shareholders
RedCargo Logistics Sdn Bhd ("RCL")	Common Directors and shareholders



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These following items have been included in the income statement:

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	Quarter ended 31/12/2018 RM'000	Quarter ended 31/12/2017 RM'000	Year ended 31/12/2018 RM'000	Year ended 31/12/2017 RM'000
TAAX				
- Aircraft operating lease income for leased aircraft	112,636	67,292	365,464	338,853
- Net operational services charged (from)/ to TAAX	(3,109)	-	27,567	28,270
IAAX				
- Aircraft operating lease income for leased aircraft	5,514	25,511	87,452	113,874
- Net operational services charged to IAAX	905	-	2,991	8,620
AAB				
- Brand license fee	-	-	(8,530)	(8,530)
- Lounge services	499	816	1,788	2,001
- Net operational services charged from AAB	(15,760)	(4,138)	(40,133)	(41,627)
CJG				
- Charter air travel services	-	-	-	(2,780)
TAA				
- Net operational services charged to TAA	63	122	315	519
IAA				
- Net operational services charged to IAA	281	1	29	19
AAJ				
- Net operational services charged (from)/ to AAJ	(425)	169	(2,625)	55
AAZ				
- Net operational services charged to AAZ	(8,497)	375	1,530	1,249
AGSS				
- Provision of shared services	(1,045)	(767)	(3,239)	(3,345)
- Net operational services charged from AGSS	(732)	-	(1,948)	-
Rokki				
- In-flight entertainment system and software expenses	(945)	(966)	(3,725)	(3,906)



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	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31/12/2018 RM'000	Quarter ended 31/12/2017 RM'000	Year ended 31/12/2018 RM'000	Year ended 31/12/2017 RM'000
TIMB				
- Commission received/receivable on travel insurance insurance	639	612	3,234	2,266
- Premium collected on behalf of TIMB on travel insurance	(2,555)	(2,448)	(12,934)	(9,064)
Yummy Kitchen				
- Provision of food catering services	(382)	(89)	(1,486)	(1,047)
GTR				
- Sale of ramp equipment	-	4,630	-	4,630
- Ground handling services	(17,458)	(5,917)	(37,137)	(5,917)
- Net operational services charged from GTR	-	-	(530)	-
AAI				
- Net operational services charged from AAI	(201)	-	(926)	(1,276)
RCL				
- Purchase of cargo transportation capacity	46,561	-	88,407	-

30. Review of Group's performance

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

The net operating profit for the group in 4Q18 was RM27.4 million (4Q17: RM120 million). This was mainly due to increase in average fuel price from USD69 per barrel in 4Q17 to USD89 per barrel in 4Q18. In addition, the Group has provided an impairment on amount due from joint venture amounting to RM24 million (4Q17: Nil).

During the quarter, CASK improved 1% to 12.27 sen and CASK ex-fuel has improved by 16% from 8.22 sen to 6.94 sen as compared to 4Q17 as a result of enhanced cost management.

31. Variance of results against preceding quarter

The Group recorded a net operating profit of RM27.4 million in 4Q18, as compared to net loss of RM205.2million in 3Q18. The improved results are consistent with the seasonal pattern which is in line with the business trend of the Group.



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NOTES TO THE UNAUDITED ACCOUNTS - 31 DECEMBER 2018

32. Other profit and loss items

In the current quarter and financial year, 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.

33. Commentary on prospects

For the first quarter of 2019, the current forward booking trend and average fares is performing within expectation.

AirAsia X will be adding up to five aircrafts through operating leases in 2019 via AirAsia X Thailand. On the other hand, AirAsia X Malaysia is expected to remain with 24 aircraft as it focuses on maximising aircraft utilisation of its current fleet and leverage on the Group's strategy in new route launches as well as increasing frequencies of core routes.

Barring any unforeseen circumstances, the Company expects its prospects to remain encouraging.

34. Profit forecast

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

35. Corporate proposal

There was no corporate proposal which is announced but not completed as at 14 February 2019, being the latest practicable date of this report.

36. Material litigation

As at 14 February 2019, there was no material litigation taken or threatened against the Company and its subsidiaries.

37. Proposed dividend

The Directors did not recommend any dividend for the year ended 31 December 2018.

38. Reclassification of comparative figures

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

By Order of the Board

JASMINDAR KAUR a/p SARBAN SINGH
(MAICSA 7002687)
COMPANY SECRETARY
21 FEBRUARY 2019