



AIRASIA X BERHAD
(Company No. 734161-K)
(Incorporated in Malaysia under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 September 2014

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 2014.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Period Ended	Period Ended
		30/09/2014 RM'000	30/09/2013 RM'000	30/09/2014 RM'000	30/09/2013 RM'000
Revenue	10	698,764	601,491	2,119,855	1,627,904
Operating Expenses					
- Staff costs	11	(81,445)	(57,755)	(225,818)	(160,815)
- Depreciation of property, plant and equipment		(48,341)	(40,662)	(141,591)	(98,995)
- Aircraft fuel expenses		(368,490)	(291,081)	(1,160,088)	(748,853)
- Maintenance, overhaul, user charges and other related expenses		(195,177)	(115,392)	(497,469)	(311,354)
- Aircraft operating lease expenses		(82,681)	(39,316)	(211,451)	(118,521)
- Other operating expenses		(66,397)	(44,666)	(199,181)	(136,609)
Total operating expenses		(842,531)	(588,872)	(2,435,598)	(1,575,147)
Other income	12	11,139	12,333	33,589	18,176
Share of results of an associate	19	(7,376)	-	(26,321)	-
Operating (loss)/ profit		(140,004)	24,952	(308,475)	70,933
Finance income	13	563	1,885	929	2,494
Finance cost	13	(36,793)	(21,799)	(79,311)	(52,219)
Foreign exchange loss	13	(48,217)	(23,983)	(18,095)	(63,797)
Loss before taxation		(224,451)	(18,945)	(404,952)	(42,589)
Taxation					
Current taxation	14	(7)	(870)	(99)	(1,134)
Deferred taxation	14	13,607	46,256	54,134	88,059
		13,600	45,386	54,035	86,925
(Loss)/ profit after taxation for the financial period		(210,851)	26,441	(350,917)	44,336
Attributable to:					
Equity holders of the Company		(210,851)	26,441	(350,917)	44,336
Non-controlling Interest		-	-	-	-
		(210,851)	26,441	(350,917)	44,336
Basic (loss)/ earnings per share attributable to ordinary equity holders of the Company (sen)	26	(8.9)	1.1	(14.8)	4.6
Diluted (loss)/ earnings per share attributable to ordinary equity holders of the Company (sen)	26	(8.9)	1.1	(14.8)	4.6

This unaudited condensed consolidated income statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2013 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
	30/09/2014 RM'000	30/09/2013 RM'000	30/09/2014 RM'000	30/09/2013 RM'000
(Loss)/ profit for the period	(210,851)	26,441	(350,917)	44,336
Other comprehensive income				
Cash flow hedges	(14,484)	4,934	(20,527)	(3,219)
Foreign currency translation differences	(176)	78	(101)	17
Total comprehensive (loss)/ income for the period	(225,511)	31,453	(371,545)	41,134
Total comprehensive (loss)/ income attributable				
To equity holder of the company	(225,511)	31,453	(371,545)	41,134
Non-controlling interest	-	-	-	-
Total comprehensive (loss)/ income for the period	(225,511)	31,453	(371,545)	41,134

This unaudited condensed consolidated income statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2013 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	30/09/2014 RM'000	31/12/2013 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	2,561,149	2,275,213
Deferred tax assets	14	413,764	359,630
Deposits on aircraft purchases	17	517,575	638,283
Other deposits	18	224,376	196,201
Investment in associates	19	47,082	19,516
Derivative financial instruments	24	-	60,388
		3,763,946	3,549,231
CURRENT ASSETS			
Derivative financial instruments	24	-	5,541
Inventories		4,626	993
Receivables and prepayments	20	189,227	165,356
Amount due from related parties		25,414	16,387
Amount due from an associate		11,061	1,353
Deposits, cash and bank balances	21	124,616	262,976
Tax recoverable		942	523
		355,886	453,129
CURRENT LIABILITIES			
Trade and other payables	22	696,362	346,778
Amounts due to related parties		60,236	1,916
Sales in advance		511,374	421,258
Borrowings	23	497,121	445,880
Current tax liabilities		-	-
		1,765,093	1,215,832
Net Current Liabilities		(1,409,207)	(762,703)
NON-CURRENT LIABILITIES			
Borrowings	23	1,484,494	1,550,373
Derivative financial instruments	24	4,890	-
		865,355	1,236,155
CAPITAL AND RESERVES			
Share capital	25	355,556	355,556
Share premium		849,598	849,598
Hedge reserve		-	20,527
Capital reserve		1,267	522
Retained earnings		(340,887)	10,030
Currency translation reserve		(179)	(78)
Shareholders' equity		865,355	1,236,155

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 2013 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	
	30/09/2014	30/09/2013
Note	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(404,952)	(42,589)
Adjustments:		
Property, plant and equipment		
- Depreciation	141,591	98,995
- Gain on disposal	(23,072)	(53)
Interest expense	79,311	52,219
Interest income	(929)	(2,494)
Impairment of receivables	-	(2)
Fair value gain on derivative financial instruments	30,277	1,086
Fair value on ESOS granted	745	209
Fair value on shareholders' benefits scheme	-	9,531
Recognition of present value on deposits for leased aircraft	-	583
Share of results of associates	26,322	-
Net unrealised foreign exchange losses	34,056	50,932
	(116,651)	168,417
Changes in working capital		
Inventories	(3,632)	(719)
Receivable, prepayments and other deposits	(58,854)	(115,205)
Related parties	41,400	(23,864)
Trade and other payables	337,274	86,291
Sales in advance	90,116	15,082
Cash generated from operations	289,653	130,002
Interest paid	(77,530)	(49,879)
Interest received	701	2,334
Tax paid	(627)	(1,312)
Net cash generated from operating activities	212,197	81,145
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Additions	(427,528)	(1,014,141)
- Proceeds from disposal	23,072	53
Deposits on aircraft purchase	120,634	(59,729)
Investment in associates	(53,888)	(20,018)
Net cash used in investing activities	(337,710)	(1,093,835)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from allotment of shares	-	718,447
Proceeds from borrowings	429,604	862,292
Repayment of borrowings	(441,079)	(568,177)
Placement of restricted cash	(9,618)	(24,742)
Net cash (used in)/generated from financing activities	(21,093)	987,820
NET DECREASE FOR THE FINANCIAL PERIOD	(146,606)	(24,870)
CURRENCY TRANSLATION DIFFERENCES	(1,371)	1,959
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	212,088	173,951
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	64,111	151,040

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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 2013 of the Company and the accompanying explanatory notes attached in this interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued and fully paid ordinary shares of RM1.00 each		Issued and fully paid ordinary shares of RM0.15 each		Issued and fully paid redeemable convertible preference shares ("RCPS") of RM1.00 each		Share Premium RM'000	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 Q1 2014	Number of shares '000	Nominal Value RM'000						
At 1 January 2014	-	-	2,370,370	355,556	-	-	849,598	20,527	522	(78)	10,030	1,236,155
Net loss for the period	-	-	-	-	-	-	-	-	-	-	(350,917)	(350,917)
Amount transferred to income statement	-	-	-	-	-	-	-	(20,527)	-	-	-	(20,527)
Foreign currency translation differences	-	-	-	-	-	-	-	-	-	(101)	-	(101)
Total comprehensive income	-	-	-	-	-	-	-	(20,527)	-	(101)	(350,917)	(371,545)
Employee Share Option Scheme ('ESOS')	-	-	-	-	-	-	-	-	745	-	-	745
At 30 September 2014	-	-	2,370,370	355,556	-	-	849,598	-	1,267	(179)	(340,887)	865,355
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 period	-	-	-	-	-	-	-	(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

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 2013 of the Company and the accompanying explanatory notes attached in this interim financial statements.



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KEY OPERATING STATISTICS - 30 September 2014

Performance indicator for current quarter against the same quarter last year

Quarter Ended : 30 September	Jul - Sep 2014	Jul - Sep 2013	Changes Y-O-Y
Seat capacity	1,298,011	1,028,456	26.2%
Passengers carried	1,044,118	843,693	23.8%
Load Factor (%)	80.6%	82.3%	-1.7%
RPK (millions)	5,129	4,227	21.3%
ASK (millions)	6,366	5,137	23.9%
Average passenger fare (RM)	420.09	501.07	-16.2%
Ancillary revenue per passenger (RM)	135.93	144.34	-5.8%
Revenue per ASK (sen)	11.02	11.95	-7.8%
Revenue per ASK (US¢)	3.45	3.75	-8.0%
Revenue per ASK (sen) - scheduled flights	9.50	11.25	-15.6%
Revenue per ASK (US¢) - scheduled flights	2.97	3.53	-15.9%
Cost per ASK (sen)	13.10	11.64	12.5%
Cost per ASK (US¢)	4.10	3.65	12.3%
Cost per ASK (sen) - scheduled flights	11.94	11.24	6.2%
Cost per ASK (US¢) - scheduled flights	3.74	3.52	6.3%
Cost per ASK (sen) - excluding fuel	7.31	5.98	22.2%
Cost per ASK (US¢) - excluding fuel	2.29	1.87	22.5%
Cost per ASK (sen) - excluding fuel for scheduled flights	6.23	5.60	11.3%
Cost per ASK (US¢) - excluding fuel for scheduled flights	1.95	1.76	10.8%
Aircraft (end of period)	24	17	41.2%
Average sector length (km)	4,904	4,995	-1.8%
Sectors flown	3,443	2,728	26.2%
Fuel consumed (Barrels)	873,009	698,522	25.0%
Average fuel price (USD/ Barrel)	132.16	130.67	1.1%

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 2014

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 2013.

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 2013, except for the adoption of the following MFRS and amendments to MFRS during the financial period:

Amendment to MFRS 132	Financial Instruments: Presentation
Amendment to MFRS 10	Consolidated Financial Statements
Amendment to MFRS 12	Disclosures of Interests in Other entities
Amendment to MFRS 127	Separate Financial Statements

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 2013.

4. Seasonality of operations

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

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

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

6. Changes in estimates

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



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7. Capital and reserves

The Company was listed on the Main Market of Bursa Malaysia on 10 July 2013 and has successfully issued 593 million new ordinary shares of RM 0.15 each at RM1.25 per share for capital expenditure, repayment of bank borrowings, general working capital and listing expenses purposes. Upon completion, the issued and fully paid ordinary shares of the Company 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.

The new issuance of issued and fully paid up share capital is as disclosed in note 25.

8. Dividend paid

No dividends were declared or approved in the quarter ended 30 September 2014.

9. Segment reporting

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

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/09/2014	Quarter ended 30/09/2013	Period Ended 30/09/2014	Period Ended 30/09/2013
	RM'000	RM'000	RM'000	RM'000
Revenue				
North Asia	349,605	313,152	1,023,341	825,714
Australia	244,426	213,471	768,531	625,015
Others	104,733	74,868	327,983	177,175
Total	698,764	601,491	2,119,855	1,627,904

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/09/2014	Quarter ended 30/09/2013	Period Ended 30/09/2014	Period Ended 30/09/2013
	RM'000	RM'000	RM'000	RM'000
(LBITDAR)/ EBITDAR ¹				
North Asia	1,580	59,330	68,348	137,075
Australia	(35,794)	14,450	(95,846)	85,043
Others	25,232	31,150	72,065	66,331
Total	(8,982)	104,930	44,567	288,449

Note:

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



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	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/09/2014 RM'000	Quarter ended 30/09/2013 RM'000	Period Ended 30/09/2014 RM'000	Period Ended 30/09/2013 RM'000
(Loss Before Tax) ("LBT")/ Profit Before Tax ("PBT")				
North Asia	(103,952)	(735)	(139,004)	(21,937)
Australia	(121,439)	(30,487)	(278,518)	(34,924)
Others	940	12,277	12,570	14,272
Total	(224,451)	(18,945)	(404,952)	(42,589)

10. Revenue

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/09/2014 RM'000	Quarter ended 30/09/2013 RM'000	Period Ended 30/09/2014 RM'000	Period Ended 30/09/2013 RM'000
Scheduled flights	352,047	353,401	1,091,198	1,005,441
Refund	(2,210)	(519)	(4,102)	(961)
	349,837	352,882	1,087,096	1,004,480
Charters and wet leases	65,719	35,822	214,295	68,867
Fuel surcharge	86,578	69,348	247,803	175,678
Freight and cargo	25,900	22,978	85,183	64,209
Ancillary revenue	140,658	120,377	428,942	314,408
Management fee	(343)	84	824	262
Aircraft operating lease income	30,415	-	55,712	-
	698,764	601,491	2,119,855	1,627,904

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 30/09/2014 RM'000	Quarter ended 30/09/2013 RM'000	Period Ended 30/09/2014 RM'000	Period Ended 30/09/2013 RM'000
Wages, salaries, bonus and allowances	75,222	53,195	208,253	147,068
Defined contribution retirement plan	5,974	4,351	16,820	13,538
ESOS	249	209	745	209
	81,445	57,755	225,818	160,815



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12. Other income

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/09/2014	Quarter ended 30/09/2013	Period Ended 30/09/2014	Period Ended 30/09/2013
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of property, plant and equipment	8,644	45	23,072	53
Commission income from insurance	1,271	1,356	3,821	3,616
Others	1,224	10,932	6,696	14,507
	<u>11,139</u>	<u>12,333</u>	<u>33,589</u>	<u>18,176</u>

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

13. Finance income/(costs)

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/09/2014	Quarter ended 30/09/2013	Period Ended 30/09/2014	Period Ended 30/09/2013
	RM'000	RM'000	RM'000	RM'000
Finance income:				
Interest income on deposits with licensed banks	563	1,885	929	2,494
Finance costs:				
Interest expense on bank borrowings	(29,018)	(21,798)	(70,948)	(51,676)
Bank facilities and other charges	(7,775)	(1)	(8,363)	(543)
	<u>(36,793)</u>	<u>(21,799)</u>	<u>(79,311)</u>	<u>(52,219)</u>
Foreign exchange (loss)/ gain				
Unrealised foreign exchange loss on borrowings	(24,900)	(43,237)	(16,852)	(99,732)
Fair value movement recycled from cash flow hedge reserve	(22,859)	18,234	-	34,754
Unrealised foreign exchange (loss)/gain on deposits and bank balances	(458)	1,703	(1,269)	1,943
	<u>(48,217)</u>	<u>(23,300)</u>	<u>(18,121)</u>	<u>(63,035)</u>
Realised foreign exchange (loss)/ gain on upliftment of fixed deposits	-	(683)	26	(762)
Net foreign exchange losses	<u>(48,217)</u>	<u>(23,983)</u>	<u>(18,095)</u>	<u>(63,797)</u>



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14. Taxation

Current taxation

The current taxation charge comprises tax payable on interest income.

Deferred taxation

During the financial period ended 30 Sept 2014 the Company recognised a net tax allowance of RM54.0 million, as compared to RM86.9 million in the financial period ended 30 Sept 2013, 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 financial periods indicated.

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/09/2014 RM'000	Quarter ended 30/09/2013 RM'000	Period Ended 30/09/2014 RM'000	Period Ended 30/09/2013 RM'000
LBT	(224,451)	(18,945)	(404,952)	(42,589)
Tax calculated at Malaysian statutory tax rate of 25%	(56,113)	(4,736)	(101,238)	(10,647)
Tax effects:				
- Under accrual in prior year	12,612	-	10,439	-
- tax incentives	(9,295)	(40,937)	(27,886)	(83,808)
- expenses not deductible for tax purposes	31,332	4,817	51,332	20,069
- income not subject to tax	7,030	(4,530)	(313)	(12,539)
- Changes in statutory tax rate	834	-	13,631	-
Taxation	(13,600)	(45,386)	(54,035)	(86,925)

15. Disclosure of realised and unrealised (losses)/ profits

The cumulative retained earnings of the Group and its subsidiaries comprise realised and unrealised (losses)/ profits are as follows:

	As at 30/09/2014 RM'000	As at 31/12/2013 RM'000
Total retained earnings of AirAsia X Berhad and its subsidiaries		
- Realised	(207,158)	(108,897)
- Unrealised	(107,408)	119,429
	<u>(314,566)</u>	<u>10,532</u>
Total share of accumulated losses from associated companies		
- Realised	(26,321)	(502)
Total retained (losses)/ profits	(340,887)	10,030

16. Property, plant and equipment

(a) Acquisition and disposal

During the period ended 30 September 2014, the Group acquired property, plant and equipment amounting to RM427.5 million (period ended 30 September 2013: RM1,015.5 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 2014 (quarter ended 30 September 2013: RM Nil).

(c) Impairment

There was no impairment of property, plant and equipment for the quarter ended 30 September 2014 (quarter ended 30 September 2013: RM Nil).



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17. Deposits on aircraft purchase

The deposits on aircraft purchase are denominated in US Dollars ("USD") and are in respect of pre-delivery payments on aircraft purchase, which will be delivered between 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.

18. 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.

19. Investment in associates

	As at 30/09/2014 RM'000	As at 31/12/2013 RM'000
Unquoted investments, at cost	73,905	20,018
Group's share of post-acquisition losses	(26,823)	(502)
	47,082	19,516

The details of the associates are as follows:-

Name	Country of Incorporation	Group effective equity interest		Principal activity
		30/09/2014 %	31/12/2013 %	
Thai AAX Co., Ltd ("TAAX")	Thailand	49%	49%	Commercial air transport services
PT. Indonesia Airasia Extra ("IAAX")	Indonesia	49%	-	Commercial air transport services

TAAX and IAAX are private company for which there are no quoted market price available for its shares.

20. Receivables and prepayments

	As at 30/09/2014 RM'000	As at 31/12/2013 RM'000
Trade receivables	51,775	43,675
Other receivables	88,669	46,245
Prepayment	33,514	43,277
Deposits	16,710	33,600
	190,668	166,797
Less : Impairment of receivables	(1,441)	(1,441)
	189,227	165,356



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21. Deposits, cash and bank balances

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

	As at 30/09/2014 RM'000	As at 31/12/2013 RM'000
Cash and bank balances	64,111	212,089
Deposits with licensed bank	60,505	50,887
	124,616	262,976
Less: Restricted cash	(60,505)	(50,887)
Cash and cash equivalents	64,111	212,089

22. Trade and other payables

	As at 30/09/2014 RM'000	As at 31/12/2013 RM'000
Trade payables	415,727	203,297
Other payables and accruals	280,635	143,481
	696,362	346,778

Other payables and accruals include operational expenses payable to airport authorities, passenger service charges, security deposits and customer prepayments of charter and lease.

23. Borrowings

	As at 30/09/2014 RM'000	As at 31/12/2013 RM'000
<u>Current</u>		
- Revolving credit (unsecured)	288,409	261,185
- Term loans (secured)	208,691	184,674
- Hire purchase (unsecured)	21	21
	497,121	445,880
<u>Non-current</u>		
- Revolving credit (unsecured)	40,000	179,686
- Term loans (secured)	1,444,445	1,370,626
- Hire purchase (unsecured)	49	61
	1,484,494	1,550,373
Total borrowings	1,981,615	1,996,253

The currency profile of borrowings is as follows:

	As at 30/09/2014 RM'000	As at 31/12/2013 RM'000
Ringgit Malaysia	67,070	40,082
US Dollar	1,914,545	1,956,171
	1,981,615	1,996,253

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

	As at 30/09/2014 RM'000	As at 30/09/2013 RM'000
At beginning of financial period	1,996,253	1,392,256
Proceeds from borrowings	429,604	862,292
Repayment of borrowings	(441,079)	(568,178)
Unrealised foreign exchange (gain)/ loss on borrowings	(3,163)	99,732
At end of financial period	1,981,615	1,786,102



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24. Derivative Financial Instruments

The Group has entered into cross currency interest rate contracts ("CCIRS") and an interest rate swap ("SWAP") to hedge against fluctuation in the foreign exchange currency and interest rates on its aircrafts delivered during financial year ended 31 December 2013 and financial quarter 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 and SWAP facilities, the Company converted the aircraft loans and interest 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 2.36% and 7.03% per annum for the entire tenor of the 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 CCIRS contracts and SWAP 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 Group has terminated the CCIRS on 17 September 2014.

The following table presents the Company's assets and liabilities that are measured at level 2 of hedging derivatives fair value as at 30 September 2014 and 31 December 2013.

	As at 30/09/2014 RM'000	As at 31/12/2013 RM'000
<u>Assets</u>		
Financial assets at fair value through profit or loss - Trading derivatives	-	5,541
Derivatives used for hedging	-	60,388
	-	65,929
<u>Liability</u>		
Derivative used for hedging	4,890	-



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25. Share capital

	As at 30/09/2014 RM'000	As at 31/12/2013 RM'000
<u>Authorised:</u>		
Ordinary shares of RM1.00 each:		
At beginning of financial period/ year	-	270,000
Subdivision of shares	-	(270,000)
At the end of the financial period/ year	-	-
Ordinary shares of RM0.15 each:		
At beginning of financial period/ year	500,000	-
Subdivision of shares	-	270,000
Increase during the financial period/ year	-	230,000
At the end of the financial period/ year	500,000	500,000
RCPS of RM1.00 each:		
At beginning of financial period/ year	50,000	50,000
Cancellation of RCPS	-	-
At the end of the financial period/ year	50,000	50,000
Total authorised	550,000	550,000
<u>Issued and fully paid up:</u>		
Ordinary shares of RM1.00 each:		
At beginning of financial period/ year	-	224,000
Conversion of RCPS	-	42,667
Subdivision of shares	-	(266,667)
At the end of the financial period/ year	-	-
Ordinary shares of RM0.15 each:		
At beginning of financial period/ year	355,556	-
Subdivision of shares	-	266,667
Issuance of shares	-	88,889
At the end of the financial period/ year	355,556	355,556
RCPS of RM1.00 each:		
At beginning of financial period/ year	-	42,667
Conversion of RCPS	-	(42,667)
At the end of the financial period/ year	-	-
Total issued and fully paid up	355,556	355,556

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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26. (Loss)/ earnings per share

Basic (loss)/ earnings per share

Basic (loss)/ 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 30/09/2014	Quarter Ended 30/09/2013	Period Ended 30/09/2014	Period Ended 30/09/2013
Net (loss)/ profit for the individual quarter/ financial period (RM'000)	(210,851)	26,441	(350,917)	44,336
Weighted average number of ordinary/preference shares in issue ('000)	2,370,370	2,370,370	2,370,370	967,901
(Loss)/ earnings per share (sen)	<u>(8.9)</u>	<u>1.1</u>	<u>(14.8)</u>	<u>4.6</u>

Diluted (loss)/ earnings per share

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

27. Post balance sheet events

There is no material subsequent event noted during the quarter ended 30 September 2014.

28. Contingent assets and contingent liabilities

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

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

	As at 30/09/2014 RM'000	As at 31/12/2013 RM'000
Approved and contracted for		
Aircraft purchase	37,107,280	21,243,950
Non-cancellable operating leases	3,201,055	2,464,111
	<u>40,308,334</u>	<u>23,708,061</u>



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30. Significant related parties transactions

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

<u>Name of 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)
Tune Insurance Malaysia Berhad ("TIMB")	Related party (common Directors and shareholders)
Caterhamjet Global Ltd ("CJG")	Related party (common Directors and shareholders)

These following items have been included in the income statement:

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/09/2014 RM'000	Quarter Ended 30/09/2013 RM'000	Period Ended 30/09/2014 RM'000	Period Ended 30/09/2013 RM'000
AAB				
- Operational service charges	1,546	1,623	5,337	4,774
- Brand license fee charged by AAB	1,516	2,967	8,530	8,098
AACOE				
- Net expense on training services	156	1,847	5,132	4,026
ACC				
- Telecommunication and operational expenses	3,233	1,977	10,217	6,642
IAA				
- Net operational services charged from/(to) IAA	343	(84)	(824)	(262)
TAA				
- Net Operational services charged from/(to) TAA	1,522	(66)	2,699	(245)
Tune Box Sdn Bhd				
- In-flight entertainment system and software expenses	357	368	1,653	1,100
TIMB				
- Commission received/ receivable on travel insurance	(433)	(631)	(1,750)	(1,234)
- Premium collected on behalf of TIMB on travel insurance	1,730	2,525	6,998	4,935
CJG				
- Charter air travel services charged by CJG	2,384	-	4,856	-



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31. Review of performance

9 Months Ended 30 September 2014 Compared to 9 Months Ended 30 September 2013

Revenue

During the 9 months ended 30 September 2014, the Group's revenue has increased by 30.2% to RM2,120.0 million from RM1,627.9 million as compared to the 9 months ended 30 September 2013. However, RASK has decreased by 8.7% from 12.38 sen on 30 September 2013 to 11.30 sen on 30 September 2014 mainly due to the lower average passenger fares recorded in the 9 months ended 30 September 2014.

Scheduled flights. Revenue from passenger seat sales on scheduled flights increased by RM85.8 million, or approximately 8.5%, to RM1,091.2 million for the 9 months ended 30 September 2014 as compared to RM1,005.4 million for the 9 months ended 30 September 2013. This increase was primarily due to an increase of both ASKs and RPKs from 13.3 billion and 11.0 billion in the 9 months ended 30 September 2013 to 18.9 billion and 15.5 billion respectively in the 9 months ended 30 September 2014. Our passenger load factor remains consistent approximately at 82% in the 9 months ended 30 September 2014 and 30 September 2013. RASK has decreased by 17.3% from 11.86 sen on 30 September 2013 to 9.81 sen on 30 September 2014. Average passenger fares also decreased 21.1% to RM425.87 in the 9 months ended 30 September 2014 as compared to RM539.77 in the 9 months ended 30 September 2013 primarily due to the competitive fares resulted from significant increase of ASK and promotional fares on our newly launched routes after period ended 30 September 2013.

Charters and wet leases. Revenue from charter flights increased from RM68.9 million for the 9 months ended 30 September 2013 to RM214.3 million for the 9 months ended 30 September 2014 due to more charter contracts secured in the 9 months ended 30 September 2014.

Fuel surcharge. Revenue from fuel surcharge increased to RM247.8 million in the 9 months ended 30 September 2014 as compared to RM175.7 million in the 9 months ended 30 September 2013. This increase in fuel surcharge revenue is primarily due to an increased number of passengers flown from 2.2 million in the 9 months ended 30 September 2013 to 3.1 million in the 9 months ended 30 September 2014.

Freight and cargo. Revenue from freight and cargo has increased 32.7% to RM85.2 million for the 9 months ended 30 September 2014 as compared to RM64.2 million for the 9 months ended 30 September 2013, reflecting an increase of 25.2% available tonne per kilometre (ATK) with a slight decrease of 0.7% freight tonne per kilometre (FTK) in the 9 months ended 30 September 2014.

Ancillary revenue. Ancillary revenue including AirAsia Insure increased to RM432.8 million, or by approximately 36.1%, for the 9 months ended 30 September 2014 as compared to RM318.0 million for the 9 months ended 30 September 2013. This increase was primarily due to a result of an increased number of passengers flown from 2.2 million in the 9 months ended 30 September 2013 to 3.1 million in the 9 months ended 30 September 2014.



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Operating Expenses

Operating expenses increased 54.6% from RM1,575.1 million in the 9 months ended 30 September 2013 to RM2,435.6 million in the 9 months ended 30 September 2014 mainly due to increased of:-

(i) Staff costs. During the current financial period, there was an increase in number of headcount which has resulted in 40.4% increase in staff costs to RM225.8 million in the 9 months ended 30 September 2014 from RM160.8 million during the 9 months ended 30 September 2013.

(ii) Depreciation of property, plant and equipment. Depreciation of property, plant and equipment increased by 43.0% to RM141.6 million during the 9 months ended 30 September 2014 as compared to RM99.0 million in the 9 months ended 30 September 2013, mainly due to the acquisition of 4 new A330-300 aircraft under finance lease after the quarter ended 31 March 2013.

(iii) Aircraft fuel expenses. Fuel costs increased by 54.9% to RM1,160.0 million in the 9 months ended 30 September 2014 from RM748.9 million in the 9 months ended 30 September 2013 due primarily to increase in fuel consumed from the increase in sectors flown as compared to the 9 months ended 30 September 2013.

(iv) Maintenance, overhaul, user charges and other related expenses. Maintenance, overhaul, user charges and other related expenses increased by 59.8% to RM497.5 million in the 9 months ended 30 September 2014 from RM311.4 million in the 9 months ended 30 September 2013. The increase resulted mainly from the higher maintenance and service costs for the new aircraft delivered and new charter flights rendered during the 9 months ended 30 September 2014.

(v) Aircraft operating lease expense. After the 9 months period ended 30 September 2013, the Group has received 6 Airbus A330-300 under operating lease and hence aircraft lease expense has increased by 78.4% to RM211.5 million in the 9 months ended 30 September 2014 from RM118.5 million in the 9 months ended 30 September 2013.

(vi) Other operating expenses. Other operating expenses increased 45.8% to RM199.2 million in the 9 months ended 30 September 2014 from RM136.6 million in the 9 months ended 30 September 2013 mainly due to an increase in marketing and promotional expenditures and higher unrealised foreign exchange loss from operations due to strengthening of USD against MYR during the 9 months ended 30 September 2014.

Foreign Exchange Loss on Borrowings

As a result of the strengthening of RM against USD in the 9 months ended 30 September 2014, the Company recognised unrealised foreign exchange loss on borrowings of RM18.1 million, as compared to unrealised foreign exchange loss of RM63.8 million on our USD-denominated borrowings in the 9 months ended 30 September 2013.

Loss before taxation

As a result of the factors set forth above, the Group has recorded a LBT of RM405.0 million in the 9 months ended 30 September 2014 as compared to a LBT of RM42.6 million in the 9 months ended 30 September 2013.

Taxation

In the 9 months ended 30 September 2014 the Group recognised a net tax allowance of RM54.0 million, as compared to a net tax allowance of RM86.9 million in the 9 months ended 30 September 2013, due primarily to income tax allowance recognised for certain qualifying expenditures as provided by the Malaysian Ministry of Finance.

Loss after taxation ("LAT") / Profit after taxation ("PAT")

As a result of the factors set forth above, the Group recognised a LAT of RM350.9 million in the 9 months ended 30 September 2014 as compared to a PAT of RM44.3 million in the 9 months ended 30 September 2013.



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31. Review of performance

3 months Ended 30 September 2014 Compared to 3 months Ended 30 September 2013

Revenue

During the 3 months ended 30 September 2014, the Group's revenue has increased by 16.2% to RM698.8 million from RM601.5 million as compared to the 3 months ended 30 September 2013. As a result of significant capacity increase of 23.9% of ASK from 30 September 2013 and the need to stimulate demand to achieve load factor of 80.6% in the 3 months ended 30 September 2014, yield as measured by RASK has decreased 7.7% from 11.95 sen in the 3 months ended 30 September 2013 to 11.02 sen in the 3 months ended 30 September 2014.

Scheduled flights. Revenue from passenger seat sales on scheduled flights decreased by RM1.4 million, or approximately 0.4%, to RM352.0 million for the 3 months ended 30 September 2014 as compared to RM353.4 million for the 3 months ended 30 September 2013. RASK has also decreased by 15.6% from 11.25 sen in the 3 months ended 30 September 2013 to 9.50 sen in the 3 months ended 30 September 2014. This decrease was due to reduction in passenger load factor to 80.6% in the 3 months ended 30 September 2014 as compared to 82.3% for the 3 months ended 30 September 2013 as well as reduction in average passenger fare to RM420.09 in the 3 months ended 30 September 2014 as compared to RM501.07 in the 3 months ended 30 September 2013. Both reductions were due to the competitive fares resulting from significant increase of ASKs and RPKs from 5.1 billion and 4.2 billion in the 3 months ended 30 September 2013 to 6.4 billion and 5.1 billion respectively in the 3 months ended 30 September 2014.

Charters and wet leases. Revenue from charter flights increased from RM35.8 million for the 3 months ended 30 September 2013 to RM65.7 million for the 3 months ended 30 September 2014 due to more charter contracts secured after the financial period ended 30 September 2014.

Fuel surcharge. Revenue from fuel surcharge increased to RM86.6 million in the 3 months ended 30 September 2014 as compared to RM69.3 million in the 3 months ended 30 September 2013. This increase in fuel surcharge revenue was primarily due to increased number of passengers flown from 0.8 million in the quarter ended 30 September 2013 to 1.0 million in the 3 months ended 30 September 2014.

Freight and cargo. Revenue from freight and cargo has increased 12.7% to RM25.9 million for the 3 months ended 30 September 2014 as compared to RM23.0 million for the 3 months ended 30 September 2013, reflecting an increase of 15.4% available tonne per kilometre (ATK) in the 3 months ended 30 September 2014.

Ancillary revenue. Ancillary revenue including AirAsia Insure increased to RM141.9 million, or by approximately 16.6%, for the 3 months ended 30 September 2014 as compared to RM121.7 million for the 3 months ended 30 September 2013. This increase was primarily due to a result of an increased number of passengers flown from 0.8 million in the 3 months ended 30 September 2013 to 1.0 million in the 3 months ended 30 September 2014.



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Operating Expenses

During the 3 months ended 30 September 2014, operating expenses increased by RM253.7 million or 43.1% to RM842.5 million. The increase was primarily due to:-

(i) Staff costs. During the current financial period, there was an increase in number of headcount which has resulted staff costs increased 40.8% to RM81.4 million in the 9 months ended 30 September 2014 from RM57.8 million during the 9 months ended 30 September 2013.

(ii) Aircraft fuel expenses. Fuel costs increased by RM77.4 million or 26.6% to RM368.5 million in the 3 months ended 30 September 2014 from RM291.1 million in the 3 months ended 30 September 2013 primarily due an increase in fuel consumption which resulted from an increase in flight frequencies on our existing routes and newly launched routes.

(iii) Maintenance, overhaul, user charges and other related expenses. Maintenance, overhaul, user charges and other related expenses increased by 69.1% to RM195.2 million in the 3 months ended 30 September 2014 from RM115.4 million in the 3 months ended 30 September 2013. This mainly due to the increase of maintenance and service costs on additional aircraft taken by the Company as well as more charter flights rendered after period ended 30 September 2013.

(iv) Aircraft operating lease expense. After period ended 30 September 2013, the Company has taken delivery of 6 Airbus A330-300 under operating lease and hence aircraft operating lease expense increased by 110.3% to RM82.7 million in the 3 months ended 30 September 2014 from RM39.3 million in the quarter ended 30 September 2013.

(v) Other operating expenses. The increase of other operating expenses by 48.6% from RM44.7 million in the 3 months ended 30 September 2013 to RM66.4 million in the 3 months ended 30 September 2014 mainly due to higher unrealised loss from operations which resulted from the strengthening of RM against USD during the period ended 30 September 2014.

Foreign Exchange Loss on Borrowings

As a result of the strengthening of the RM against the USD in the 3 months ended 30 September 2014, the Company recognised unrealised foreign exchange loss on borrowings of RM48.2 million, as compared to unrealised foreign exchange loss of RM24.0 million on our USD-denominated borrowings in the 3 months ended 30 September 2013.

Loss before taxation

As a result of the factors set forth above, the Group has recorded an increase of LBT from RM18.9 million in 3 months ended 30 September 2013 to RM224.5 million in the 3 months ended 30 September 2014.

Taxation

In the 3 months ended 30 September 2014 the Company recognised a lower net tax allowance of RM13.6 million, as compared to RM46.3 million in the 3 months ended 30 September 2013. This is primarily due to the impact between income tax allowance recognised for certain qualifying expenditures as provided by the Malaysian Ministry of Finance and change in statutory tax rate in Year Assessment 2016.

Loss after taxation

As a result of the factors set forth above, the Group recognised a LAT of RM210.9 million in the 3 months ended 30 September 2014 as compared to a PAT of RM26.4 million in the 3 months ended 30 September 2013.



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32. LBT performance (quarter ended 30 September 2014 compared to quarter ended 30 June 2014)

The Group's LBT has increased by RM92.1 million from RM132.4 million in the quarter ended 30 June 2014 to RM224.5 million in the quarter ended 30 September 2014. The additional loss was mainly as a result of the seasonally lower demand for air travel in the third quarter of the year and higher unrealised foreign exchange loss from strengthening of USD against MYR.

33. Other profit and loss items

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

34. Commentary on prospects

Notwithstanding the current quarter generating the third consecutive quarter of net operating losses, the Company expects its prospects to remain positive – barring any unforeseen external circumstances, including, but not limited to, terrorists attacks, natural disasters, epidemics, economic downturns, fuel price hikes, and fluctuations in foreign currencies against the Malaysian Ringgit.

These losses are attributable to the third consecutive quarter of significant year-on-year ASK capacity increases of over 40%, which resulted in lower yields from a higher proportion of promotional fares used to stimulate new demand creation to fill up the new capacity. Our experience suggests that new capacity typically takes about 12 months to break-even. Based on forward sales to-date, we expect to start generating positive year-on-year RASK growth in the last quarter of this year.

Although the capacity expansion created short-term earnings pressure, the Company believes that the investment will bear fruit in the long-term. The Company believes that it now has the highest market share of passengers carried from Malaysia to its core markets in Australia, China, Korea, Japan, and Taiwan. It has also seen a significant increase in the number of connecting passengers between North Asia and Australia, as a result of additional frequencies added to the routes in these markets.

From Q4-2014 onwards, the Company projects a lower year-on-year capacity growth (below 25%), and this will ease further short-term pressures from capacity increases, and is expected to generate positive year-on-year RASK improvements.

35. Profit forecast

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



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36. Corporate proposal

As announced on 4 September 2014, PT. Indonesia Airasia Extra joint venture ("IAAX") has officially received the approval from the Directorate General of Civil Aviation, Ministry Transportation of Republic of Indonesia ("DGCA"), for the Air Operator's Certificate ("AOC"). IAAX is expected commence its first flight to Melbourne on 26th December 2014.

Except for those disclosed on the above, there is no corporate proposal which is announced but not completed as at 12 November 2014, being the latest practicable date of this report.

37. Material litigation

As at 12 November 2014, there was no material litigation taken or threatened against the Company and its subsidiaries.

38. Proposed dividend

The Directors did not recommend any dividend for the quarter ended 30 September 2014.

39. Utilisation of proceeds

The status of the utilisation of listing proceeds of RM740.7 million raised from the Public Issue as at 12 November 2014 is as follows:-

	Proposed utilisation	Actual utilisation as at 12 November 2014	Balance at 12 November 2014	Intended timeframe for utilisation from date of listing
	RM'mil	RM'mil	RM'mil	
Capital expenditure	280.0	(250.6)	29.4	Within 24 months
Repayment of bank borrowings	285.8	(285.8)	-	Within 3 months
General working capital	136.9	(136.9)	-	Within 12 months
Estimated listing expenses	38.0	(38.0)	-	Within 6 months
Total	740.7	(711.3)	29.4	