



AIRASIA X BERHAD

(Company No. 734161-K)

(Incorporated in Malaysia with limited liability under the Companies Act, 2016)

SECOND QUARTER REPORT ENDED 30 JUNE 2020

ANNOUNCEMENT

The Board of Directors of AirAsia X Berhad ("AirAsia X" or "the Company") is pleased to announce the following unaudited consolidated results of AirAsia X and its subsidiaries (collectively known as "the Group") for the second quarter ended 30 June 2020.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended	Quarter ended	Period Ended	Period Ended
		30/06/2020	30/06/2019	30/06/2020	30/06/2019
		RM'000	RM'000	RM'000	RM'000
Revenue	10	91,444	1,013,468	1,015,536	2,182,272
Operating Expenses					
- Staff costs	11	(58,027)	(107,324)	(163,230)	(216,469)
- Aircraft fuel expenses		(86,979)	(443,403)	(414,177)	(854,972)
- Maintenance and overhaul		(90,506)	(147,445)	(283,440)	(325,652)
- User charges		32,672	(108,354)	(89,401)	(239,840)
- Aircraft operating lease expenses		-	-	-	-
- Other operating expenses		(18,505)	(99,187)	(103,359)	(175,885)
Other income	12	750	14,168	2,944	16,998
Share of results of an associate	16	-	(1,104)	-	(1,104)
Share of results of a joint venture	17	-	-	-	-
EBITDA *		(129,151)	120,819	(35,127)	385,348
Depreciation		(193,881)	(231,491)	(388,305)	(446,406)
Finance income	13	27,195	11,755	55,406	20,566
Finance costs	13	(81,211)	(87,267)	(166,724)	(175,205)
Net Operating loss		(377,048)	(186,184)	(534,750)	(215,697)
Net foreign exchange (losses)/gains	13	131,573	(83,149)	(260,106)	5,881
Other losses		(59,447)	-	(59,447)	-
Loss before taxation		(304,922)	(269,333)	(854,303)	(209,816)
Taxation					
Current taxation	14	(270)	(459)	(635)	(1,076)
Deferred taxation	14	(44)	62,680	-	47,113
		(314)	62,221	(635)	46,037
Loss for the financial period		(305,236)	(207,112)	(854,938)	(163,779)
Attributable to:					
Equity holders of the Company		(305,236)	(207,112)	(854,938)	(163,779)
Non-controlling Interests		-	-	-	-
		(305,236)	(207,112)	(854,938)	(163,779)
Loss per share (sen)					
Basic	23	(7.4)	(5.0)	(20.6)	(3.9)
Diluted	23	(7.4)	(5.0)	(20.6)	(3.9)

* Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")

This unaudited condensed consolidated income statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2019 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 30/06/2020 RM'000	Quarter ended 30/06/2019 RM'000	Period Ended 30/06/2020 RM'000	Period Ended 30/06/2019 RM'000
Loss for the financial period	(305,236)	(207,112)	(854,938)	(163,779)
Other comprehensive income/(loss)				
Cash flow hedges	213,498	22,790	(244,213)	131,802
Foreign currency translation differences	(4,807)	(7)	565	124
Total comprehensive loss for the financial period	(96,545)	(184,329)	(1,098,586)	(31,853)
Total comprehensive loss attributable				
To equity holder of the company	(96,545)	(184,329)	(1,098,586)	(31,853)
Non-controlling interest	-	-	-	-
Total comprehensive loss for the financial period	(96,545)	(184,329)	(1,098,586)	(31,853)

This unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached in the interim financial statements.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION**

	Note	Unaudited As At	Audited As At
		30/06/2020 RM'000	31/12/2019 RM'000
NON-CURRENT ASSETS			
Property, plant & equipment	15	608,325	623,445
Right of use assets		4,591,907	4,959,771
Finance lease receivable		786,085	842,043
Investment in an associate	16	-	-
Investment in a joint venture	17	-	-
Deferred tax assets		-	-
Trade and other receivables	18	1,940,419	1,588,833
Amount due from an associate		43,278	50,165
Derivative financial assets		-	1,311
		7,970,014	8,065,568
CURRENT ASSETS			
Inventories		13,169	13,102
Trade and other receivables	18	605,373	671,902
Amount due from an associate		313,506	117,772
Amount due from joint venture		8,157	4,501
Amounts due from related parties		14,259	119,328
Finance lease receivable		183,002	170,631
Derivative financial assets	20	-	44,615
Tax recoverable		501	1,481
Deposits, cash and bank balances	19	252,039	357,961
		1,390,006	1,501,293
CURRENT LIABILITIES			
Sales in advance		532,224	730,725
Derivative financial liabilities	20	205,498	2,317
Trade and other payables	21	1,313,863	823,811
Amount due to an associate		70,124	-
Amount due to related parties		204,786	30,616
Borrowings	22	915,428	860,070
Provision for aircraft maintenance		134,101	134,101
		3,376,024	2,581,640
Net Current Liabilities		(1,986,018)	(1,080,347)
NON-CURRENT LIABILITIES			
Derivative financial liabilities	20	58,093	3,541
Trade and other payables	21	55,018	52,925
Borrowings	22	5,178,245	5,405,541
Provision for aircraft maintenance		1,653,297	1,385,285
		6,944,653	6,847,292
		(960,657)	137,929
CAPITAL AND RESERVES			
Share capital		1,534,043	1,534,043
Warrant reserve		-	62,222
Other reserves		(213,761)	30,452
Currency translation reserve		654	89
Accumulated losses		(2,281,593)	(1,488,877)
Shareholders' equity		(960,657)	137,929

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 2019 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	Warrant Reserve RM'000	Cash Flow Hedge Reserve RM'000	Other Reserve	Currency Translation Reserve RM'000	Accumulated Losses RM'000	Total Equity RM'000
At 1 January 2020	4,148,148	1,534,043	62,222	30,452	-	89	(1,488,877)	137,929
Net profit/(loss) for the financial period	-	-	-	-	-	-	(854,938)	(854,938)
Issue of shares upon exercise of warrants	1	-	-	-	-	-	-	-
Transfer of warrant reserve upon expiry of warrants to accumulated losses	-	-	(62,222)	-	-	-	62,222	-
Other comprehensive income/(loss)	-	-	-	(244,213)	-	565	-	(243,648)
Total comprehensive income/(loss)	1	-	(62,222)	(244,213)	-	565	(792,716)	(1,098,586)
At 30 June 2020	4,148,149	1,534,043	-	(213,761)	-	654	(2,281,593)	(960,657)
At 1 January 2019	4,148,148	1,534,043	62,222	(99,169)	-	29	(923,463)	573,662
Net profit/(loss) for the financial period	-	-	-	-	-	-	(163,779)	(163,779)
Other comprehensive income/(loss)	-	-	-	131,802	-	124	-	131,926
Total comprehensive income/(loss)	-	-	-	131,802	-	124	(163,779)	(31,853)
At 30 June 2019	4,148,148	1,534,043	62,222	32,633	-	153	(1,087,242)	541,809

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 2019 and the accompanying explanatory notes attached in the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	Note	
	Period ended 30/06/2020 RM'000	Period ended 30/06/2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(854,303)	(209,816)
Adjustments:		
Property, plant and equipment and right-of-use assets		
- Depreciation	388,305	446,406
- Write-off	-	10
- Loss on disposal	-	72,577
Allowance for impairment of receivables	51,116	-
Finance income	(36,302)	(5,880)
Finance costs	153,804	153,256
Impact of discounting effect on financial instruments (net)	(6,184)	7,263
Net unrealised foreign exchange losses/(gains)	253,842	(681)
Operating (loss)/profit before working capital changes	(49,722)	463,135
Changes in working capital:		
Inventories	(67)	70
Trade and other receivables	(34,218)	(177,506)
Related parties balances	177,183	(104,107)
Trade and other payables	296,961	75,115
Sales in advance	(198,501)	(28,591)
Cash flows generated from operations	191,636	228,116
Finance costs paid	(2,941)	(902)
Interest received	2,447	1,910
Tax paid	(179)	(520)
Net cash generated from operating activities	190,963	228,604
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment	(5,325)	(13,267)
Proceeds from disposal of property, plant and equipment	-	542,067
Receipt of principal portion of finance lease receivables	-	-
Net cash (used in)/generated from investing activities	(5,325)	528,800



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

	Period ended 30/06/2020 RM'000	Period ended 30/06/2019 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(201,271)	(410,223)
Repayment of term loans	(14,268)	(219,231)
Repayment of hire purchase	(5)	(5)
Interest paid for lease liabilities	(73,165)	(137,058)
Interest paid for term loans	(2,846)	(15,296)
Interest paid for hire purchase	-	-
Deposits pledged as securities	10,009	7,256
Net cash used in financing activities	(281,546)	(774,557)
NET (DECREASE)/ INCREASE FOR THE FINANCIAL PERIOD	(95,908)	(17,153)
CURRENCY TRANSLATION DIFFERENCES	(5)	(167)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	307,852	252,604
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	211,939	235,284

Note

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This unaudited condensed consolidated cash flow statements should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached in the interim financial statements.



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KEY OPERATING STATISTICS - 30 JUNE 2020

Performance indicator for current quarter against the same quarter last year

During the quarter ended 30 June the Company has suffered from the full impact of the Covid 19 pandemic and, with the suspension of scheduled flight operations in April, and the parking of the majority of the aircraft fleet, the performance indicators for the business are not meaningful. The tabular presentation of revenue and cost metrics in the quarter is therefore not included below, as there is no like-for-like comparison to the same quarter of 2019.

During the quarter the Company operated a total of only 16 scheduled flights, as compared to 4,824 in the same quarter of 2019, and carried a total of 2,291 passengers, as compared to 1,455,052 in the same quarter of 2019.



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NOTES TO THE UNAUDITED ACCOUNTS - 30 JUNE 2020

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 2019.

For comparison purposes, the consolidated income statement for the quarter ended 30 June 2020 based on presentation in the unaudited financial statements, which is in line with the requirements of MFRS 134: Interim Financial Reporting, will be as follows:

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended	Quarter ended	Period Ended	Period Ended
		30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 RM'000	30/06/2019 RM'000
Revenue	10	91,444	1,013,468	1,015,536	2,182,272
Operating Expenses					
- Staff costs	11	(58,027)	(107,324)	(163,230)	(216,469)
- Depreciation		(193,881)	(231,491)	(388,305)	(446,406)
- Aircraft fuel expenses		(86,979)	(443,403)	(414,177)	(854,972)
- Maintenance and overhaul		(90,506)	(147,445)	(283,440)	(325,652)
- User charges		32,672	(108,354)	(89,401)	(239,840)
- Aircraft operating lease expenses		-	-	-	-
- Other operating expenses		(18,505)	(99,187)	(103,359)	(175,885)
Other income	12	750	14,168	2,944	16,998
Operating loss		(323,032)	(109,568)	(423,432)	(59,954)
Finance income	13	27,195	11,755	55,406	20,566
Finance costs	13	(81,211)	(87,267)	(166,724)	(175,205)
Net operating loss		(377,048)	(185,080)	(534,750)	(214,593)
Foreign exchange gains/(losses)	13	131,573	(83,149)	(260,106)	5,881
Share of results of an associate	16	-	(1,104)	-	(1,104)
Share of results of a joint venture	17	-	-	-	-
Other losses		(59,447)	-	(59,447)	-
Loss before taxation		(304,922)	(269,333)	(854,303)	(209,816)
Taxation					
Current taxation	14	(270)	(459)	(635)	(1,076)
Deferred taxation	14	(44)	62,680	-	47,113
		(314)	62,221	(635)	46,037
Loss for the financial period		(305,236)	(207,112)	(854,938)	(163,779)



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NOTES TO THE UNAUDITED ACCOUNTS - 30 JUNE 2020

2. Summary of significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019. The Group did not early adopt any new standards, interpretation or amendment that has been issued but is not yet effective.

3. Auditors' report on preceding annual financial statements

The auditors have expressed an unmodified opinion with an emphasis of matters on material uncertainty relating to going concern, in view of the current economic condition and Covid-19 Pandemic, in respect of AirAsia X Berhad's audited financial statements for the financial year ended 31 December 2019 in their report dated 30 July 2020.

The Emphasis of matters by Independent Auditors are as follows:

"Material uncertainty related to going concern

We draw attention to Note 2.1 to the audited financial statements, which indicates that the Group and Company have reported a net loss of RM650.3 million and RM682.5 million respectively for the year ended 31 December 2019. In addition, the Group's and Company's current liabilities exceeded its current assets by RM1,080.3 million and RM1,103.5 million respectively. Further, in 2020, the global economy, in particular the commercial airlines industry, faces an uncertainty as a result of the unprecedented COVID-19 pandemic. The travel and border restrictions implemented by countries around the world has led to a significant fall in demand for international air travel which impacted the Group's and the Company's financial performance and cash flows. These events or conditions, along with other matters as set forth in Note 2.1 and Note 41 to the financial statements, indicate the existence of material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as a going

Nevertheless, as disclosed in Note 2.1 and Note 41 to the financial statements, the financial statements of the Group and of the Company have been prepared on a going concern basis, the validity of which is highly dependent on the successful implementation of the following management's plans in responding to the conditions above:

(a) Deferral of payments to creditors and a financial institution

As at 31 December 2019, the current liabilities of the Group and the Company relating to aircraft lessors, maintenance service providers and a financial institution amounted to RM877.8 million and RM894.3 million respectively. The Group and the Company have obtained payment deferrals on outstanding amounts due to certain lessors and are currently engaging with the lessors and maintenance service providers to seek for payment deferrals and concessions. In addition, the Group and the Company have also received an offer from the said financial institution to defer principal repayments and is currently finalising the terms and conditions for such deferral.

(b) Rationalisation of fleet and routes

As part of the Group's and the Company's plans to return to profitability, the Group and the Company plan to focus in core markets to improve yield. Some of the initiatives include, amongst others, the following:

- focusing on mature routes in core markets with historically proven demand;
- determining the optimal flight frequency that commensurate with passenger demand; and
- terminating unprofitable routes.



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NOTES TO THE UNAUDITED ACCOUNTS - 30 JUNE 2020

3. Auditors' report on preceding annual financial statements (cont'd.)

In connection with the above plans, the Group and the Company plan to operate a leaner fleet size which require the Group and the Company to return excess aircraft to the aircraft lessors. At present, the Group and the Company have successfully returned one aircraft and are in discussions with the other aircraft lessors to achieve the optimal fleet size. The Group and the Company are also in discussions with the aircraft lessors to reduce future lease rental rates. Further, the Group and the Company are also in discussion with maintenance service providers to reduce future maintenance costs.

(c) Funding

The Company plans to make an application for a government guaranteed loan of up to RM500 million under the Danajamin PRIHATIN Guarantee Scheme ("DPGS"). This application is subject to the credit assessment, final evaluation and approval from the relevant financial institutions. At present, the Company is in discussion with a financial institution to secure the DPGS loan.

The above plans are formulated with an aim to achieve an organised and systematic resolution to address the Group's and the Company's current financial conditions. The validity of the going concern assumption of the Group and the Company is dependent on the ability of the Group and the Company to gradually resume their scheduled flight operations on a staggered basis starting early 2021 and their ability to return to profitability which requires the successful implementation of management's plans to obtain the continued support from the aircraft lessors, maintenance service providers and financial institutions.

Should the going concern basis for the preparation of the financial statements be no longer appropriate, adjustments will have to be made to state the assets at their realisable values and to provide for further liabilities which may arise.

Our opinion is not modified in respect of this matter."

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 second quarter of ended 30 June 2020 reduced by more than 100% year-on-year ("YoY") at 2,291 passengers while Passenger Load Factor ("PLF") stood at 38%. During the second quarter, the Company maintained only minimal operations in supporting repatriation of travellers as well as freight and cargo services. The total numbers of sectors flown on charter and cargo basis totalled up to 146 during the 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 period.

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 30 June 2020 is 1,534,043,217 (30 June 2019: RM1,534,043,217).



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NOTES TO THE UNAUDITED ACCOUNTS - 30 JUNE 2020

8. Dividend paid

No dividends were declared, approved or paid during the quarter ended 30 June 2020.

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 30 June 2020					
Revenue	91,444	13,818	(355)	(61,970)	42,937
Operating expenses					
- Staff costs	(58,027)	(25,656)	(625)	-	(84,308)
- Depreciation	(193,881)	(97,460)	(489)	14,093	(277,737)
- Aircraft fuel expenses	(86,979)	(43,674)	(1,620)	-	(132,273)
- Maintenance and overhaul	(90,506)	(55,790)	(10,279)	44,713	(111,862)
- User charges	32,672	(6,585)	(427)	-	25,660
- Aircraft operating lease expenses	-	-	(17,257)	17,257	-
- Other operating expenses	(18,505)	(7,652)	(2,494)	-	(28,651)
Other income	750	8,364	(700)	-	8,414
Operating loss	(323,032)	(214,635)	(34,245)	14,093	(557,819)
Finance income	27,195	-	(3,622)	(14,093)	9,480
Finance costs	(81,211)	(24,060)	-	-	(105,271)
Net operating loss	(377,048)	(238,695)	(37,867)	-	(653,610)
Foreign exchange (losses)/gains	131,573	5,861	38,156	-	175,590
Share of results of an associate	-	-	-	-	-
Other losses	(59,447)	-	-	-	(59,447)
Loss before taxation	(304,922)	(232,834)	289	-	(537,467)



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NOTES TO THE UNAUDITED ACCOUNTS - 30 JUNE 2020

9. Segment reporting (cont'd.)

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination Adjustments RM'000	Total RM'000
Quarter ended 30 June 2019					
<u>Segment results</u>					
Revenue	1,013,468	388,986	1,906	(102,391)	1,301,969
Operating expenses					
- Staff costs	(107,324)	(55,546)	(4,392)	-	(167,262)
- Depreciation	(231,491)	(66,746)	(474)	55,955	(242,756)
- Aircraft fuel expenses	(443,403)	(161,398)	-	-	(604,801)
- Maintenance and overhaul	(147,445)	(67,324)	(6,294)	46,436	(174,627)
- User charges	(108,354)	(74,814)	(5,778)	-	(188,946)
- Aircraft operating lease expenses	-	-	-	-	-
- Other operating expenses	(99,187)	(20,027)	(2,702)	-	(121,916)
Other income	14,168	8,355	8,418	-	30,941
Operating loss	(109,568)	(48,514)	(9,316)	-	(167,398)
Finance income	11,755	-	7	-	11,762
Finance costs	(87,267)	(20,547)	(58)	-	(107,872)
Net operating loss	(185,080)	(69,061)	(9,367)	-	(263,508)
Foreign exchange gains/(losses)	(83,149)	32,455	(7,405)	-	(58,099)
Share of results of an associate	(1,104)	-	-	-	(1,104)
Other losses	-	-	-	-	-
Loss before taxation	(269,333)	(36,606)	(16,772)	-	(322,711)



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9. Segment reporting (cont'd.)

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination Adjustments RM'000	Total RM'000
Period ended 30 June 2020					
<u>Segment results</u>					
Revenue	1,015,536	383,795	1,013	(128,604)	1,271,740
Operating expenses					
- Staff costs	(163,230)	(79,860)	(2,158)	-	(245,248)
- Depreciation	(388,305)	(193,092)	1,113	28,400	(551,884)
- Aircraft fuel expenses	(414,177)	(199,709)	(1,006)	-	(614,892)
- Maintenance and overhaul	(283,440)	(135,650)	(20,646)	94,647	(345,089)
- User charges	(89,401)	(86,690)	(878)	-	(176,969)
- Aircraft operating lease expenses	-	-	(33,957)	33,957	(0)
- Other operating expenses	(103,359)	(26,876)	(3,870)	-	(134,105)
Other income	2,944	17,278	(702)	-	19,520
Operating loss	(423,432)	(320,804)	(61,091)	28,400	(776,927)
Finance income	55,406	-	(6,349)	(28,400)	20,657
Finance costs	(166,724)	(48,743)	-	-	(215,467)
Net operating loss	(534,750)	(369,547)	(67,441)	-	(971,738)
Foreign exchange (losses)/gains	(260,106)	22,730	(14,609)	-	(251,985)
Share of results of an associate	-	-	-	-	-
Other losses	(59,447)	-	-	-	(59,447)
Loss before taxation	(854,303)	(346,817)	(82,050)	-	(1,283,170)



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9. Segment reporting (cont'd.)

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination Adjustments RM'000	Total RM'000
Period ended 30 June 2019					
<u>Segment results</u>					
Revenue	2,182,272	900,004	13,331	(193,978)	2,901,629
Operating expenses					
- Staff costs	(216,469)	(97,249)	(9,752)	-	(323,470)
- Depreciation	(446,406)	(135,894)	(937)	111,858	(471,379)
- Aircraft fuel expenses	(854,972)	(333,218)	(3,316)	-	(1,191,506)
- Maintenance and overhaul	(325,652)	(132,593)	(5,108)	82,120	(381,233)
- User charges	(239,840)	(158,102)	(11,450)	-	(409,392)
- Aircraft operating lease expenses	-	-	-	-	-
- Other operating expenses	(175,885)	(45,357)	(4,024)	-	(225,266)
Other income	16,998	18,340	8,596	-	43,934
Operating (loss)/profit	(59,954)	15,931	(12,660)	-	(56,683)
Finance income	20,566	-	53	-	20,619
Finance costs	(175,205)	(40,898)	(58)	-	(216,161)
Net operating loss	(214,593)	(24,967)	(12,665)	-	(252,225)
Foreign exchange (losses)/gains	5,881	73,523	(10,875)	-	68,529
Share of results of an associate	(1,104)	-	-	-	(1,104)
Other losses	-	-	-	-	-
(Loss)/profit before taxation	(209,816)	48,556	(23,540)	-	(184,800)

a) Reconciliation of segment revenue to reported revenue:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/06/2020 RM'000	Quarter ended 30/06/2019 RM'000	Period ended 30/06/2020 RM'000	Period ended 30/06/2019 RM'000
Segment revenue	42,937	1,301,969	1,271,740	2,901,629
Add: Inter-segment revenue	61,970	102,391	128,604	193,978
Less: Revenue from affiliates which were not consolidated	(13,463)	(390,892)	(384,808)	(913,335)
	91,444	1,013,468	1,015,536	2,182,272



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9. Segment reporting (cont'd.)

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM'000	RM'000	RM'000	RM'000
Segment loss before taxation	(537,467)	(322,711)	(1,283,170)	(184,800)
Add: Segment profit/(loss) from affiliates which were not consolidated	232,545	53,378	428,867	(25,016)
	<u>(304,922)</u>	<u>(269,333)</u>	<u>(854,303)</u>	<u>(209,816)</u>

10. Revenue

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM'000	RM'000	RM'000	RM'000
Scheduled flights	3,008	635,817	599,013	1,411,655
Charter flights	8,422	31,066	46,062	73,106
Freight services	17,573	42,700	71,370	82,398
Ancillary revenue **	431	196,435	169,122	415,524
Aircraft operating lease income	62,010	106,900	128,644	198,487
Management fees	-	550	1,325	1,102
	<u>91,444</u>	<u>1,013,468</u>	<u>1,015,536</u>	<u>2,182,272</u>

** Ancillary revenue includes baggage fees, assigned seats, cancellations, documentation and other fees, and on-board sale of meals and merchandise.

11. Staff cost

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM'000	RM'000	RM'000	RM'000
Wages, salaries, bonuses and allowances	52,618	98,861	149,474	198,049
Defined contribution retirement plan	5,409	8,463	13,756	18,420
	<u>58,027</u>	<u>107,324</u>	<u>163,230</u>	<u>216,469</u>



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12. Other income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM'000	RM'000	RM'000	RM'000
Commission income from insurance	62	2,187	(306)	2,812
Others	688	11,981	3,250	14,186
	<u>750</u>	<u>14,168</u>	<u>2,944</u>	<u>16,998</u>

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM'000	RM'000	RM'000	RM'000
Finance income:				
Interest income on deposits with licensed banks	1,007	1,256	2,447	1,910
Interest income from finance lease receivables	14,093	-	28,400	-
Other interest income	2,734	1,949	5,455	3,970
	<u>17,834</u>	<u>3,205</u>	<u>36,302</u>	<u>5,880</u>
Impact of discounting effect on financial instruments	9,361	8,550	19,104	14,686
	<u>27,195</u>	<u>11,755</u>	<u>55,406</u>	<u>20,566</u>
Finance costs:				
Interest expense on term loans and hire purchase	(1,251)	(7,017)	(4,097)	(15,296)
Interest expense on lease liabilities	(73,601)	(70,341)	(146,766)	(137,058)
Bank facilities and other charges	(1,008)	(691)	(2,941)	(902)
	<u>(75,860)</u>	<u>(78,049)</u>	<u>(153,804)</u>	<u>(153,256)</u>
Impact of discounting effect on financial instruments	(5,351)	(9,218)	(12,920)	(21,949)
	<u>(81,211)</u>	<u>(87,267)</u>	<u>(166,724)</u>	<u>(175,205)</u>
Net foreign exchange (losses)/gains:				
Realised	(6,506)	2,193	(6,264)	5,200
Unrealised	138,079	(85,342)	(253,842)	681
	<u>131,573</u>	<u>(83,149)</u>	<u>(260,106)</u>	<u>5,881</u>

14. Taxation

Current taxation

The current taxation charge comprises tax payable on interest income.



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14. Taxation (cont'd.)

Deferred taxation

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM'000	RM'000	RM'000	RM'000
Loss before tax	(304,922)	(269,333)	(854,303)	(209,816)
Tax calculated at Malaysian statutory tax rate of 24% (2018: 24%)	(73,181)	(64,640)	(205,033)	(50,356)
Tax effects:				
- deferred tax movement	63,655	(1,111)	185,278	5,396
- overprovision of prior year tax	-	-	-	(3,024)
- expenses not deductible for tax purposes	9,840	3,530	20,390	1,947
- income not subject to tax	-	-	-	-
Taxation	314	(62,221)	635	(46,037)

15. Property, plant and equipment

(a) Acquisition and disposal

During the quarter ended 30 June 2020, the Group acquired property, plant and equipment amounting to RM5.3 million (quarter ended 30 June 2019: RM13.3 million).

During the quarter ended 30 June 2020, there is no disposal of property, plant and equipment (quarter ended 30 June 2019: RM72.6 million).

(b) Revaluation

There was no revaluation of property, plant and equipment for the quarter ended 30 June 2020 (quarter ended 30 June 2019: RM Nil).

(c) Write-off

During the quarter ended 30 June 2020, there was no write-off property, plant and equipment (quarter ended 30 June 2019: RM10k).



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16. Investment in an associate

	As at 30/06/2020	As at 31/12/2019
	RM'000	RM'000
Unquoted investments, at cost	21,122	21,122
Group's share of post-acquisition profit	(21,122)	(21,122)
	<u>-</u>	<u>-</u>

The details of the associate is as follows:-

Name	Country of Incorporation	Group effective equity interest		Principal activity
		30/06/2020	31/12/2019	
		%	%	
Thai AirAsia X Co. Ltd ("TAAX")	Thailand	49%	49%	Commercial air transport services

TAAX recorded a net loss of RM232.8 million in the current quarter (quarter ended 30 June 2019 net loss of RM36.6 million) As at 30 June 2020, the unrecognised amount of the Group's share of loss of TAAX which have not been equity accounted for amounted to RM268.3 million. (30 June 2019: share of losses RM21.7 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.

17. Investment in a joint venture

	As at 30/06/2020	As at 31/12/2019
	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
		30/06/2020	31/12/2019	
		%	%	
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. IAAX recorded a net profit in the current quarter of RM0.3 million (quarter ended 30 June 2019 net loss of RM16.8 million). As at 30 June 2020, the unrecognised amount of the Group's share of loss of IAAX which have not been equity accounted for amounted to RM261.2 million (30 June 2019: RM142.8 million).



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18. Trade and other receivables

	As at 30/06/2020 RM'000	As at 31/12/2019 RM'000
Non-current		
Deposits	950,675	792,778
Prepayments	963,129	769,440
Deferred lease expenses	26,615	26,615
	<u>1,940,419</u>	<u>1,588,833</u>
Current		
Trade receivables	42,644	79,365
Less : Allowance for impairment of receivables	(59,560)	(57,219)
	<u>(16,916)</u>	<u>22,146</u>
Other receivables	323,196	257,192
Less : Allowance for impairment of receivables *	(298,483)	(236,666)
	<u>24,713</u>	<u>20,526</u>
Deposits	184,091	185,578
Prepayments	408,572	438,739
Deferred lease expenses	4,913	4,913
	<u>605,373</u>	<u>671,902</u>

*Included in the total impairment of receivables is RM299.6 million (31 December 2019: RM236.6 million) relating to lease rental and maintenance reserve due from a joint venture through a third party leasing intermediary.

19. Deposits, cash and bank balances

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

	As at 30/06/2020 RM'000	As at 31/12/2019 RM'000
Cash and bank balances	200,284	261,652
Deposits with licensed banks	51,755	96,309
	<u>252,039</u>	<u>357,961</u>
Bank balances and deposits pledged as securities	(40,100)	(50,109)
Cash and cash equivalents	<u>211,939</u>	<u>307,852</u>

20. Derivative Financial assets and liabilities

The fair value of derivative financial instruments is determined in accordance with MFRS 9 "Financial Instruments: Recognition and Measurement".

Fuel hedging

As at 30 June 2020, outstanding number of barrels of Brent and fuel derivative contracts was 4,258,702 barrels (31 December 2019: 4,842,043 barrels).



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21. Trade and other payables

	As at 30/06/2020 RM'000	As at 31/12/2019 RM'000
Current:		
Trade payables	1,038,321	241,100
Other payables and accruals	273,939	581,108
Deferred lease income	1,603	1,603
	<u>1,313,863</u>	<u>823,811</u>
Non-current:		
Other deposits	49,989	47,896
Deferred lease income	5,029	5,029
	<u>55,018</u>	<u>52,925</u>

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

22. Borrowings

	As at 30/06/2020 RM'000	As at 31/12/2019 RM'000
Current		
Secured:		
- Term loans	59,008	56,541
- Hire purchase	13	11
- Lease liabilities	856,407	803,518
	<u>915,428</u>	<u>860,070</u>
Non-current		
Secured:		
- Term loans	228,678	247,372
- Hire purchase	15	22
- Lease liabilities	4,949,552	5,158,147
	<u>5,178,245</u>	<u>5,405,541</u>
Total borrowings	<u>6,093,673</u>	<u>6,265,611</u>

The currency profile of borrowings is as follows:

	As at 30/06/2020 RM'000	As at 31/12/2019 RM'000
Ringgit Malaysia	28	33
US Dollar	6,093,645	6,265,578
	<u>6,093,673</u>	<u>6,265,611</u>



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22. Borrowings (cont'd.)

The Group borrowings are repayable as follows:

	As at 30/06/2020 RM'000	As at 31/12/2019 RM'000
Not later than 1 year	915,428	860,070
Later than 1 year and not later than 5 years	3,584,709	3,497,156
Later than 5 years	1,593,536	1,908,385
	6,093,673	6,265,611

23. Loss per share

Basic loss per share

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/06/2020	Quarter ended 30/06/2019	Period ended 30/06/2020	Period ended 30/06/2019
Net loss (RM'000)	(305,236)	(207,112)	(854,938)	(163,779)
Weighted average number of ordinary shares in issue ('000)	4,148,149	4,148,148	4,148,149	4,148,148
Loss per share (sen)	(7.4)	(5.0)	(20.6)	(3.9)

24. 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 30 June 2020.

25. Contingent assets

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

26. Contingent liabilities

There were no major changes in contingent liabilities since the latest audited consolidated financial statements for the financial year ended 30 June 2020.

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

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

	As at 30/06/2020 RM'000	As at 31/12/2019 RM'000
Aircraft purchase	141,256,959	135,343,801



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28. 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
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. ("AAZ")	Common Directors and shareholders
AirAsia SEA Sdn Bhd	Common Directors and shareholders
Rokki Sdn Bhd ("Rokki")	Common Directors and shareholders
Tune Insurance Malaysia Berhad ("TIMB")	Common Directors and shareholders
Ormond Lifestyle Services Sdn Bhd (formerly known as Yummy Kitchen Sdn Bhd)	Common Directors and shareholders
Ground Team Red Sdn Bhd ("GTR")	Common Directors and shareholders
AirAsia (India) Limited ("AAI")	Common Directors and shareholders
Teleport Commerce Malaysia Sdn Bhd (formerly known as RedCargo Logistics Sdn Bhd) ("TELEPORT")	Common Directors and shareholders
BIGLIFE Sdn Bhd	Common Directors and shareholders
AirAsia (Guangzhou) Aviation Service Limited ("AirAsia (Guangzhou)")	Common Directors and shareholders



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28. Significant related parties transactions (cont'd.)

These following items have been included in the income statement:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/06/2020 RM'000	Quarter ended 30/06/2019 RM'000	Period ended 30/06/2020 RM'000	Period ended 30/06/2019 RM'000
TAA				
- Aircraft operating lease income for leased aircraft	95,013	106,460	193,271	198,047
- Net operational services charged	3,174	4,611	7,935	7,861
IAAX				
- Aircraft operating lease income for leased aircraft	25,559	16,414	50,448	32,828
- Net operational services charged	541	80	1,354	881
AAB				
- Brand license fee	(362)	(3,210)	(4,684)	(8,600)
- Lounge services	-	266	280	683
- Net operational services charged	(1,696)	(6,105)	(5,333)	(16,350)
TAA				
- Net operational services charged	21	186	387	410
IAA				
- Net operational services charged	7	4	13	9
AAJ				
- Net operational services charged	(165)	(612)	(362)	(1,090)
AAZ				
- Net operational services charged	746	1,079	1,550	2,131
AASEA				
- Provision of shared services	(861)	(1,349)	(1,706)	(2,120)
- Net operational services charged	(68)	(349)	(278)	(970)
Rokki				
- In-flight entertainment system and software	11	(866)	(1,116)	(1,813)
TIMB				
- Commission received/receivable on travel insurance	56	531	451	1,207
- Premium collected on behalf of TIMB on travel insurance	(224)	(2,124)	(1,804)	(4,828)



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	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/06/2020 RM'000	Quarter ended 30/06/2019 RM'000	Period ended 30/06/2020 RM'000	Period ended 30/06/2019 RM'000
Ormond				
- Provision of food catering services	(71)	(359)	(333)	(734)
GTR				
- Ground handling services	(1,766)	(7,913)	(9,425)	(18,496)
- Net operational services charged	68	(9)	59	151
AAI				
- Net operational services charged	(32)	369	(211)	(162)
TELEPORT				
- Purchase of cargo transportation capacity	35,608	42,700	90,659	85,400
BIG				
- Sale of ticket and other ancillary revenue	28	3,794	(337)	9,541
- Purchase of loyalty point	(285)	(1,568)	(1,692)	(3,806)
AirAsia (Guangzhou)				
- Net operational services charged	(2,318)	(3,701)	559	(9,846)

29. Review of Group's performance

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

The net operating loss for the Group in 2Q20 was RM377 million as compared to a net operating loss of RM186 million in 2Q19.

30. Variance of results against preceding quarter

The Group recorded a loss before taxation of RM305 million for the quarter under review as compared to loss before taxation of RM549 million in 1Q20.

31. Other profit and loss items

In the current quarter and financial year ended, 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.



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32. Commentary on prospects

Further to the information recently disclosed in the Company's audited financial statements and Q1 Bursa Announcement, AirAsia X remains severely affected by the global Covid-19 pandemic. The aircraft fleet remains grounded, apart from a limited number of cargo and charter flights.

AirAsia X will not be able to restart scheduled operations until international borders reopen and, in recognition of the current degree of uncertainty and the timing of the lifting of restrictions, the Company has stopped selling tickets for future travel dates. Malaysia itself will remain under the 'Recovery Movement Control Order' until the end of August, though it is not yet clear as to how travel restrictions will be eased after that date.

The Company continues to seek payment deferrals and concessions from our suppliers, lessors and lenders and further payroll reductions will be implemented in the next month to reflect the significantly lower level of operations both at the current time, and also when the Company is able to start operating again.

In the current circumstances, the Company continues to face severe liquidity constraints. In the short term the Company will need to seek agreement with major creditors to restructure outstanding liabilities, which have accrued during the period since the start of the Covid-19 pandemic, in order to continue as a going concern.

33. Profit forecast

The disclosure requirement is not applicable as the Group did not publish any profit forecast.

34. Corporate proposal

There was no corporate proposal which is announced but not completed as at 19 August 2020, being the latest practicable date of this report.

35. Material litigation

As at 19 August 2020, there was no material litigation taken or threatened against the Company and its subsidiaries.

36. Proposed dividend

The Directors did not recommend any dividend for the quarter ended 30 June 2020.

37. Reclassification of comparative figures

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

By Order of the Board

REBECCA KONG SAY TSUI

(MAICSA 7039304)

THAM WAI YING

(MAICSA 7016123)

Company Secretaries

26 AUGUST 2020