



**AIRASIA X BERHAD**

(Company No. 734161-K)

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

**FIRST QUARTER REPORT ENDED 31 MARCH 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 first quarter ended 31 March 2020.

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended	Quarter ended	Period Ended	Period Ended
		31/03/2020	31/03/2019	31/03/2020	31/03/2019
		RM'000	RM'000	RM'000	RM'000
Revenue	10	924,092	1,168,804	924,092	1,168,804
Operating Expenses					
- Staff costs	11	(105,203)	(109,145)	(105,203)	(109,145)
- Aircraft fuel expenses		(327,198)	(411,569)	(327,198)	(411,569)
- Maintenance and overhaul		(192,934)	(178,207)	(192,934)	(178,207)
- User charges		(122,073)	(131,486)	(122,073)	(131,486)
- Aircraft operating lease expenses		-	-	-	-
- Other operating expenses		(84,854)	(76,698)	(84,854)	(76,698)
Other income	12	2,194	2,830	2,194	2,830
Share of results of an associate	17	-	-	-	-
Share of results of a joint venture	18	-	-	-	-
<b>EBITDA *</b>		<b>94,024</b>	<b>264,529</b>	<b>94,024</b>	<b>264,529</b>
Depreciation		(194,424)	(214,915)	(194,424)	(214,915)
Finance income	13	28,211	8,811	28,211	8,811
Finance costs	13	(85,513)	(87,938)	(85,513)	(87,938)
<b>Net Operating loss</b>		<b>(157,702)</b>	<b>(29,513)</b>	<b>(157,702)</b>	<b>(29,513)</b>
Net foreign exchange (losses)/gains	13	(391,679)	89,030	(391,679)	89,030
Other losses		-	-	-	-
<b>(Loss)/profit before taxation</b>		<b>(549,381)</b>	<b>59,517</b>	<b>(549,381)</b>	<b>59,517</b>
Taxation					
Current taxation	14	(365)	(617)	(365)	(617)
Deferred taxation	14	44	(15,567)	44	(15,567)
		(321)	(16,184)	(321)	(16,184)
<b>(Loss)/profit for the financial period</b>		<b>(549,702)</b>	<b>43,333</b>	<b>(549,702)</b>	<b>43,333</b>
Attributable to:					
Equity holders of the Company		(549,702)	43,333	(549,702)	43,333
Non-controlling Interests		-	-	-	-
		<b>(549,702)</b>	<b>43,333</b>	<b>(549,702)</b>	<b>43,333</b>
(Loss)/profit per share (sen)					
Basic	23	(13.3)	1.0	(13.3)	1.0
Diluted	23	(13.3)	1.0	(13.3)	1.0

\* 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	Quarter ended	Period Ended	Period Ended
	31/03/2020	31/03/2019	31/03/2020	31/03/2019
	RM'000	RM'000	RM'000	RM'000
<b>(Loss)/profit for the financial period</b>	(549,702)	43,333	(549,702)	43,333
Other comprehensive (loss)/income				
Cash flow hedges	(457,711)	154,592	(457,711)	154,592
Foreign currency translation differences	5,372	117	5,372	117
<b>Total comprehensive (loss)/income for the financial period</b>	(1,002,041)	198,042	(1,002,041)	198,042
Total comprehensive (loss)/profit attributable				
To equity holder of the company	(1,002,041)	198,042	(1,002,041)	198,042
Non-controlling interest	-	-	-	-
<b>Total comprehensive (loss)/income for the financial period</b>	(1,002,041)	198,042	(1,002,041)	198,042

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  
FINANCIAL POSITION**

	Note	Unaudited As At	Unaudited As At
		31/03/2020 RM'000	31/12/2019 RM'000
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	15	616,549	623,445
Right of use assets		4,775,588	4,959,771
Finance lease receivable		798,109	842,043
Investment in an associate	16	-	-
Investment in a joint venture	17	-	-
Deferred tax assets		-	-
Trade and other receivables	18	1,844,080	1,588,833
Amount due from an associate		48,435	50,165
Derivative financial assets		-	1,311
		8,082,761	8,065,568
<b>CURRENT ASSETS</b>			
Inventories		13,344	13,102
Trade and other receivables	18	672,922	671,902
Amount due from an associate		250,226	117,772
Amount due from joint venture		5,591	4,501
Amounts due from related parties		73,155	119,328
Finance lease receivable		173,013	170,631
Derivative financial assets	20	-	44,615
Tax recoverable		738	1,481
Deposits, cash and bank balances	19	218,566	357,961
		1,407,555	1,501,293
<b>CURRENT LIABILITIES</b>			
Sales in advance		506,721	730,725
Derivative financial liabilities	20	338,028	2,317
Trade and other payables	21	1,070,423	823,811
Amount due to an associate		60,856	-
Amount due to related parties		99,899	30,616
Borrowings	22	917,336	860,070
Provision for aircraft maintenance		134,101	134,101
		3,127,364	2,581,640
<b>Net Current Liabilities</b>		(1,719,809)	(1,080,347)
<b>NON-CURRENT LIABILITIES</b>			
Derivative financial liabilities	20	79,615	3,541
Trade and other payables	21	55,624	52,925
Borrowings	22	5,475,441	5,405,541
Provision for aircraft maintenance		1,616,384	1,385,285
		7,227,064	6,847,292
		(864,112)	137,929
<b>CAPITAL AND RESERVES</b>			
Share capital		1,534,043	1,534,043
Warrant reserve		62,222	62,222
Other reserves		(427,259)	30,452
Currency translation reserve		5,461	89
Accumulated losses		(2,038,579)	(1,488,877)
<b>Shareholders' equity</b>		(864,112)	137,929

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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FIRST QUARTER REPORT ENDED 31 MARCH 2020

**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	Currency Translation Reserve RM'000	Accumulated Losses RM'000	Total Equity RM'000
<b>At 1 January 2020</b>	4,148,148	1,534,043	62,222	30,452	89	(1,488,877)	137,929
Net profit/(loss) for the financial period	-	-	-	-	-	(549,702)	(549,702)
Other comprehensive income/(loss)	-	-	-	(457,711)	5,372	-	(452,339)
Total comprehensive income/(loss)	-	-	-	(457,711)	5,372	(549,702)	(1,002,041)
<b>At 31 March 2020</b>	4,148,148	1,534,043	62,222	(427,259)	5,461	(2,038,579)	(864,112)
<b>At 1 January 2019</b>	4,148,148	1,534,043	62,222	(99,169)	29	(923,463)	573,662
Net profit/(loss) for the financial period	-	-	-	-	-	43,333	43,333
Other comprehensive income/(loss)	-	-	-	154,592	117	-	154,709
Total comprehensive income/(loss)	-	-	-	154,592	117	43,333	198,042
<b>At 31 March 2019</b>	4,148,148	1,534,043	62,222	55,423	146	(880,130)	771,704

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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	Note	Year ended	Year ended
		31/03/2020	31/03/2019
		RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/profit before tax		(549,381)	59,517
Adjustments:			
Property, plant and equipment and right-of-use assets			
- Depreciation		194,424	214,915
- Write-off		-	10
Allowance for impairment of receivables		25,849	-
Finance income		(18,468)	(2,675)
Finance costs		77,944	75,207
Impact of discounting effect on financial instruments (net)		(2,174)	6,595
Net unrealised foreign exchange losses/(gains)		391,921	(86,023)
<b>Operating profit before working capital changes</b>		<b>120,115</b>	<b>267,546</b>
Changes in working capital:			
Inventories		(242)	3
Trade and other receivables		(7,811)	(94,390)
Related parties balances		60,689	(6,227)
Trade and other payables		160,268	150,526
Sales in advance		(224,004)	(75,201)
<b>Cash flows generated from operations</b>		<b>109,015</b>	<b>242,257</b>
Finance costs paid		(1,933)	(211)
Interest received		1,440	654
Tax paid		(179)	(520)
<b>Net cash generated from operating activities</b>		<b>108,343</b>	<b>242,180</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions of property, plant and equipment		(3,345)	(3,329)
Receipt of principal portion of finance lease receivables		42,206	55,903
<b>Net cash generated from investing activities</b>		<b>38,861</b>	<b>52,574</b>



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

	Year ended 31/03/2020 RM'000	Year ended 31/03/2019 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of lease liabilities	(201,271)	(203,629)
Repayment of term loans	(14,268)	(20,814)
Repayment of hire purchase	(2)	(2)
Interest paid for lease liabilities	(73,165)	(66,717)
Interest paid for term loans	(2,846)	(8,279)
Interest paid for hire purchase	-	-
Deposits pledged as securities	5,854	10,629
<b>Net cash used in financing activities</b>	<b>(285,698)</b>	<b>(288,812)</b>
<b>NET (DECREASE)/ INCREASE FOR THE FINANCIAL PERIOD</b>	<b>(138,494)</b>	<b>5,942</b>
<b>CURRENCY TRANSLATION DIFFERENCES</b>	<b>4,953</b>	<b>(3,233)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>307,852</b>	<b>252,604</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>174,311</b>	<b>255,313</b>

Note

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



## AIRASIA X BERHAD

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### FIRST QUARTER REPORT ENDED 31 MARCH 2020

#### KEY OPERATING STATISTICS - 31 MARCH 2020

Performance indicator for current quarter against the same quarter last year

Quarter Ended : 31 March	Jan - Mar 2020	Jan - Mar 2019	Changes Y-O-Y
Seat capacity	1,544,121	1,815,723	-15%
Passengers carried	1,141,713	1,512,546	-25%
Load factor	74%	83%	-11%
RPK (millions)	5,177	7,205	-28%
ASK (millions)	6,874	8,707	-21%
Average passenger fare (RM)	535	513	4%
Ancillary revenue per passenger (RM)	185	172	8%
Revenue per ASK (sen)	13.44	13.43	0%
Revenue per ASK (US¢)	3.21	3.29	-2%
Cost per ASK (sen)	14.94	12.89	16%
Cost per ASK (US¢)	3.57	3.16	13%
Cost per ASK (sen) - excluding fuel	10.18	8.16	25%
Cost per ASK (US¢) - excluding fuel	2.43	2.00	22%
Aircraft (end of period)	39	36	8%
Average sector length (km)	4,448	4,791	-7%
Sectors flown	4,103	4,829	-15%
Fuel consumed (Barrels)	1,008,546	1,280,007	-21%
Average fuel price (USD/ Barrel)	78	79	-2%
Average Exchange Rate (USD/MYR)	4.1812	4.0810	2%

#### Definitions and calculation methodology

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



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### NOTES TO THE UNAUDITED ACCOUNTS - 31 MARCH 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 31 March 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
		31/03/2020 RM'000	31/03/2019 RM'000	31/03/2020 RM'000	31/03/2019 RM'000
Revenue	10	924,092	1,168,804	924,092	1,168,804
Operating Expenses					
- Staff costs	11	(105,203)	(109,145)	(105,203)	(109,145)
- Depreciation		(194,424)	(214,915)	(194,424)	(214,915)
- Aircraft fuel expenses		(327,198)	(411,569)	(327,198)	(411,569)
- Maintenance and overhaul		(192,934)	(178,207)	(192,934)	(178,207)
- User charges		(122,073)	(131,486)	(122,073)	(131,486)
- Aircraft operating lease expenses		-	-	-	-
- Other operating expenses		(84,854)	(76,698)	(84,854)	(76,698)
Other income	12	2,194	2,830	2,194	2,830
<b>Operating profit/(loss)</b>		<b>(100,400)</b>	<b>49,614</b>	<b>(100,400)</b>	<b>49,614</b>
Finance income	13	28,211	8,811	28,211	8,811
Finance costs	13	(85,513)	(87,938)	(85,513)	(87,938)
<b>Net operating profit/(loss)</b>		<b>(157,702)</b>	<b>(29,513)</b>	<b>(157,702)</b>	<b>(29,513)</b>
Foreign exchange gains/(losses)	13	(391,679)	89,030	(391,679)	89,030
Share of results of an associate	17	-	-	-	-
Share of results of a joint venture	18	-	-	-	-
Other losses		-	-	-	-
<b>Profit/(Loss) before taxation</b>		<b>(549,381)</b>	<b>59,517</b>	<b>(549,381)</b>	<b>59,517</b>
<b>Taxation</b>					
Current taxation	14	(365)	(617)	(365)	(617)
Deferred taxation	14	44	(15,567)	44	(15,567)
		(321)	(16,184)	(321)	(16,184)
<b>(Loss)/profit for the financial period</b>		<b>(549,702)</b>	<b>43,333</b>	<b>(549,702)</b>	<b>43,333</b>





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### **NOTES TO THE UNAUDITED ACCOUNTS - 31 MARCH 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 concern.

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 - 31 MARCH 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 1Q 2020 reduced by 25% year-on-year ("YoY") at 1,141,713 passengers while Passenger Load Factor ("PLF") stood at 74%.

#### **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 31 March 2020 is 1,534,043,217 (31 March 2019: RM1,534,043,217).

#### **8. Dividend paid**

No dividends were declared, approved or paid during the quarter ended 31 March 2020.



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**NOTES TO THE UNAUDITED ACCOUNTS - 31 MARCH 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
<b>Quarter/Period ended 31 March 2020</b>					
<b><u>Segment results</u></b>					
Revenue	924,092	208,748	1,333	(66,634)	1,067,539
Operating expenses					
- Staff costs	(105,203)	(30,583)	(1,495)	-	(137,281)
- Depreciation	(194,424)	(53,957)	(14,723)	14,307	(248,797)
- Aircraft fuel expenses	(327,198)	(88,038)	599	-	(414,637)
- Maintenance and overhaul	(192,934)	(45,058)	(18,299)	49,934	(206,357)
- User charges	(122,073)	(45,197)	(439)	-	(167,709)
- Aircraft operating lease expenses	-	-	(16,700)	16,700	-
- Other operating expenses	(84,854)	(10,846)	(84,225)	-	(179,925)
Other income	2,194	5,029	(2)	-	7,221
<b>Operating loss</b>	<b>(100,400)</b>	<b>(59,901)</b>	<b>(133,951)</b>	<b>14,307</b>	<b>(279,945)</b>
Finance income	28,211	-	(2,660)	(14,307)	11,244
Finance costs	(85,513)	(13,926)	-	-	(99,439)
<b>Net operating loss</b>	<b>(157,702)</b>	<b>(73,828)</b>	<b>(136,611)</b>	<b>-</b>	<b>(368,141)</b>
Foreign exchange (losses)/gains	(391,679)	9,518	(51,587)	-	(433,748)
Share of results of an associate	-	-	-	-	-
Other losses	-	-	-	-	-
<b>Loss before taxation</b>	<b>(549,381)</b>	<b>(64,310)</b>	<b>(188,198)</b>	<b>-</b>	<b>(801,889)</b>



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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
<b>Quarter/Period ended 31 March 2019</b>					
<b><u>Segment results</u></b>					
Revenue	1,168,804	510,072	11,425	(91,587)	1,598,714
Operating expenses					
- Staff costs	(109,145)	(41,799)	(5,360)	-	(156,304)
Depreciation	(214,915)	(1,483)	(463)	55,903	(160,958)
- Aircraft fuel expenses	(411,569)	(171,726)	(3,316)	-	(586,611)
- Maintenance and overhaul	(178,207)	(65,277)	1,186	35,684	(206,614)
- User charges	(131,486)	(83,217)	(5,672)	-	(220,375)
- Aircraft operating lease expenses	-	(80,664)	-	-	(80,664)
- Other operating expenses	(76,698)	(25,289)	(1,322)	-	(103,309)
Other income	2,830	9,973	178	-	12,981
<b>Operating profit/(loss)</b>	<b>49,614</b>	<b>50,590</b>	<b>(3,344)</b>	<b>-</b>	<b>96,860</b>
Finance income	8,811	-	46	-	8,857
Finance costs	(87,938)	(919)	-	-	(88,857)
<b>Net operating (loss)/profit</b>	<b>(29,513)</b>	<b>49,671</b>	<b>(3,298)</b>	<b>-</b>	<b>16,860</b>
Foreign exchange gains/(losses)	89,030	(343)	(3,470)	-	85,217
Share of results of an associate	-	-	-	-	-
Other losses	-	-	-	-	-
<b>Profit/(loss) before taxation</b>	<b>59,517</b>	<b>49,328</b>	<b>(6,768)</b>	<b>-</b>	<b>102,077</b>

a) Reconciliation of segment revenue to reported revenue:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31/03/2020 RM'000	Quarter ended 31/03/2019 RM'000	Period ended 31/03/2020 RM'000	Period ended 31/03/2019 RM'000
Segment revenue	1,067,539	1,598,714	1,067,539	1,598,714
Add: Inter-segment revenue	66,634	91,587	66,634	91,587
Less: Revenue from affiliates which were not consolidated	(210,081)	(521,497)	(210,081)	(521,497)
	<b>924,092</b>	<b>1,168,804</b>	<b>924,092</b>	<b>1,168,804</b>



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**9. Segment reporting (cont'd.)**

b) Reconciliation of segment (loss)/profit before taxation to reported (loss)/profit before taxation:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	31/03/2020	31/03/2019	31/03/2020	31/03/2019
	RM'000	RM'000	RM'000	RM'000
Segment (loss)/profit before taxation	(801,889)	102,077	(801,889)	102,077
Add: Segment profit/(loss) from affiliates which were not consolidated	252,508	(42,560)	252,508	(42,560)
	<u>(549,381)</u>	<u>59,517</u>	<u>(549,381)</u>	<u>59,517</u>

**10. Revenue**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	31/03/2020	31/03/2019	31/03/2020	31/03/2019
	RM'000	RM'000	RM'000	RM'000
Scheduled flights	610,263	775,837	610,263	775,837
Charter flights	32,640	42,040	32,640	42,040
Freight services	45,115	39,698	45,115	39,698
Ancillary revenue **	166,740	219,089	166,740	219,089
Aircraft operating lease income	66,634	91,587	66,634	91,587
Management fees	2,700	553	2,700	553
	<u>924,092</u>	<u>1,168,804</u>	<u>924,092</u>	<u>1,168,804</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
	31/03/2020	31/03/2019	31/03/2020	31/03/2019
	RM'000	RM'000	RM'000	RM'000
Wages, salaries, bonuses and allowances	96,856	98,040	96,856	98,040
Defined contribution retirement plan	8,347	11,105	8,347	11,105
	<u>105,203</u>	<u>109,145</u>	<u>105,203</u>	<u>109,145</u>



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**12. Other income**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31/03/2020 RM'000	Quarter ended 31/03/2019 RM'000	Period ended 31/03/2020 RM'000	Period ended 31/03/2019 RM'000
Commission income from insurance	(368)	625	(368)	625
Others	2,562	2,205	2,562	2,205
	<u>2,194</u>	<u>2,830</u>	<u>2,194</u>	<u>2,830</u>

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31/03/2020 RM'000	Quarter ended 31/03/2019 RM'000	Period ended 31/03/2020 RM'000	Period ended 31/03/2019 RM'000
<b>Finance income:</b>				
Interest income on deposits with licensed banks	1,440	654	1,440	654
Interest income from finance lease receivables	14,307	-	14,307	-
Other interest income	2,721	2,021	2,721	2,021
	<u>18,468</u>	<u>2,675</u>	<u>18,468</u>	<u>2,675</u>
Impact of discounting effect on financial instruments	9,743	6,136	9,743	6,136
	<u>28,211</u>	<u>8,811</u>	<u>28,211</u>	<u>8,811</u>
<b>Finance costs:</b>				
Interest expense on term loans and hire purchase	(2,846)	(8,279)	(2,846)	(8,279)
Interest expense on lease liabilities	(73,165)	(66,717)	(73,165)	(66,717)
Bank facilities and other charges	(1,933)	(211)	(1,933)	(211)
	<u>(77,944)</u>	<u>(75,207)</u>	<u>(77,944)</u>	<u>(75,207)</u>
Impact of discounting effect on financial instruments	(7,569)	(12,731)	(7,569)	(12,731)
	<u>(85,513)</u>	<u>(87,938)</u>	<u>(85,513)</u>	<u>(87,938)</u>
<b>Net foreign exchange (losses)/gains:</b>				
Realised	242	3,007	242	3,007
Unrealised	(391,921)	86,023	(391,921)	86,023
	<u>(391,679)</u>	<u>89,030</u>	<u>(391,679)</u>	<u>89,030</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 31/03/2020 RM'000	Quarter ended 31/03/2019 RM'000	Period ended 31/03/2020 RM'000	Period ended 31/03/2019 RM'000
(Loss)/profit before tax	(549,381)	59,517	(549,381)	59,517
Tax calculated at Malaysian statutory tax rate of 24% (2018: 24%)	(131,851)	14,284	(131,851)	14,284
Tax effects:				
- deferred tax movement	121,623	6,507	121,623	6,507
- overprovision of prior year tax	-	(3,024)	-	(3,024)
- expenses not deductible for tax purposes	10,888	-	10,888	-
- income not subject to tax	(339)	(1,583)	(339)	(1,583)
<b>Taxation</b>	<b>321</b>	<b>16,184</b>	<b>321</b>	<b>16,184</b>

**15. Property, plant and equipment**

(a) Acquisition and disposal

During the quarter ended 31 March 2020, the Group acquired property, plant and equipment amounting to RM3.3 million (quarter ended 31 March 2019: RM3.3 million).

During the quarter ended 31 March 2020, there is no disposal of property, plant and equipment (quarter ended 31 March 2019: RM Nil).

(b) Revaluation

There was no revaluation of property, plant and equipment for the quarter ended 31 March 2020 (quarter ended 31 March 2019: RM Nil).

(c) Write-off

During the quarter ended 31 March 2020, there was no write-off property, plant and equipment (quarter ended 31 March 2019: RM10k).



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**16. Investment in an associate**

	As at 31/03/2020 RM'000	As at 31/12/2019 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
		31/03/2020 %	31/12/2019 %	
Thai AirAsia X Co. Ltd ("TAAX")	Thailand	49%	49%	Commercial air transport services

TAAX recorded a net loss of RM64.3 million in the current quarter (quarter ended 31 March 2019 net profit of RM49.3 million) As at 31 March 2020, the unrecognised amount of the Group's share of loss of TAAX which have not been equity accounted for amounted to RM127.3 million. (31 March 2019: share of losses RM18.9 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 31/03/2020 RM'000	As at 31/12/2019 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
		31/03/2020 %	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 loss in the current quarter of RM804k (quarter ended 31 March 2019 net loss of RM6.8 million). As at 31 March 2020, the unrecognised amount of the Group's share of loss of IAAX which have not been equity accounted for amounted to RM154.9 million (31 March 2019: RM135.7 million).





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**18. Trade and other receivables**

	As at 31/03/2020 RM'000	As at 31/12/2019 RM'000
<b>Non-current</b>		
Deposits	925,118	792,778
Prepayments	892,347	769,440
Deferred lease expenses	26,615	26,615
	<u>1,844,080</u>	<u>1,588,833</u>
<b>Current</b>		
Trade receivables	65,184	79,365
Less : Allowance for impairment of receivables	(60,322)	(57,219)
	<u>4,862</u>	<u>22,146</u>
Other receivables	304,220	257,192
Less : Allowance for impairment of receivables *	(276,667)	(236,666)
	<u>27,553</u>	<u>20,526</u>
Deposits	187,222	185,578
Prepayments	448,372	438,739
Deferred lease expenses	4,913	4,913
	<u>672,922</u>	<u>671,902</u>

\*Included in the total impairment of receivables is RM276.6 million (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 31/03/2020 RM'000	As at 31/12/2019 RM'000
Cash and bank balances	187,530	261,652
Deposits with licensed banks	31,036	96,309
	<u>218,566</u>	<u>357,961</u>
Bank balances and deposits pledged as securities	(44,255)	(50,109)
Cash and cash equivalents	<u>174,311</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 31 March 2020, outstanding number of barrels of Brent and fuel derivative contracts was 3,459,348 barrels (2019: 4,372,448 barrels).



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**21. Trade and other payables**

	As at 31/03/2020 RM'000	As at 31/12/2019 RM'000
<b>Current:</b>		
Trade payables	631,265	241,100
Other payables and accruals	437,555	581,108
Deferred lease income	1,603	1,603
	1,070,423	823,811
<b>Non-current:</b>		
Other deposits	50,595	47,896
Deferred lease income	5,029	5,029
	55,624	52,925

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

**22. Borrowings**

	As at 31/03/2020 RM'000	As at 31/12/2019 RM'000
<b>Current</b>		
Secured:		
- Term loans	59,706	56,541
- Hire purchase	30	11
- Lease liabilities	857,600	803,518
	917,336	860,070
<b>Non-current</b>		
Secured:		
- Term loans	246,382	247,372
- Hire purchase	18	22
- Lease liabilities	5,229,041	5,158,147
	5,475,441	5,405,541
<b>Total borrowings</b>	6,392,777	6,265,611

The currency profile of borrowings is as follows:

	As at 31/03/2020 RM'000	As at 31/12/2019 RM'000
Ringgit Malaysia	48	33
US Dollar	6,392,729	6,265,578
	6,392,777	6,265,611



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**22. Borrowings (cont'd.)**

The Group borrowings are repayable as follows:

	As at 31/03/2020 RM'000	As at 31/12/2019 RM'000
Not later than 1 year	917,336	860,070
Later than 1 year and not later than 5 years	3,672,154	3,497,156
Later than 5 years	1,803,287	1,908,385
	6,392,777	6,265,611

**23. (Loss)/profit per share**

Basic (loss)/profit per share

Basic (loss)/profit per share is calculated by dividing the net profit 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 31/03/2020	Quarter ended 31/03/2019	Period ended 31/03/2020	Period ended 31/03/2019
Net (loss)/profit (RM'000)	(549,702)	43,333	(549,702)	43,333
Weighted average number of ordinary shares in issue ('000)	4,148,148	4,148,148	4,148,148	4,148,148
(Loss)/profit per share (sen)	(13.3)	1.0	(13.3)	1.0

**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 31 March 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 31 March 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 31/03/2020 RM'000	As at 31/12/2019 RM'000
Aircraft purchase	137,738,712	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 (formerly known as AirAsia Global Shared Services Sdn Bhd ("AASEA"))	Common Directors and shareholders
Rokki Sdn Bhd ("Rokki")	Common Directors and shareholders
Tune Insurance Malaysia Berhad ("TIMB")	Common Directors and shareholders
Ground Team Red Sdn Bhd ("GTR")	Common Directors and shareholders
AirAsia (India) Pvt Ltd ("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 (formerly known as Big Loyalty Sdn Bhd and Think Big Digital Sdn Bhd) ("BIG")	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	Quarter ended	Period ended	Period ended
	31/03/2020	31/03/2019	31/03/2020	31/03/2019
	RM'000	RM'000	RM'000	RM'000
<b>TAA</b>				
- Aircraft operating lease income for leased aircraft	98,258	91,587	98,258	91,587
- Net operational services charged	4,761	3,250	4,761	3,250
<b>IAAX</b>				
- Aircraft operating lease income for leased aircraft	24,889	16,414	24,889	16,414
- Net operational services charged	813	802	813	802
<b>AAB</b>				
- Brand license fee	(4,321)	(5,390)	(4,321)	(5,390)
- Lounge services	280	417	280	417
- Net operational services charged	(3,636)	(10,245)	(3,636)	(10,245)
<b>TAA</b>				
- Net operational services charged	366	224	366	224
<b>IAA</b>				
- Net operational services charged	5	5	5	5
<b>AAJ</b>				
- Net operational services charged	(197)	(478)	(197)	(478)
<b>AAZ</b>				
- Net operational services charged	803	1,052	803	1,052
<b>AASEA</b>				
- Provision of shared services	(846)	(771)	(846)	(771)
- Net operational services charged	(210)	(621)	(210)	(621)
<b>Rokki</b>				
- In-flight entertainment system and software	(1,127)	(947)	(1,127)	(947)
<b>TIMB</b>				
- Commission received/receivable on travel insurance	395	676	395	676
- Premium collected on behalf of TIMB on travel insurance	(1,580)	(2,704)	(1,580)	(2,704)



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	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31/03/2020 RM'000	Quarter ended 31/03/2019 RM'000	Period ended 31/03/2020 RM'000	Period ended 31/03/2019 RM'000
Yummy Kitchen				
- Provision of food catering services	(262)	(375)	(262)	(375)
GTR				
- Ground handling services	(7,659)	(10,582)	(7,659)	(10,582)
- Net operational services charged	(9)	160	(9)	160
AAI				
- Net operational services charged	(179)	(531)	(179)	(531)
TELEPORT				
- Purchase of cargo transportation capacity	55,051	42,700	55,051	42,700
BIG				
- Sale of ticket and other ancillary revenue	(365)	5,746	(365)	5,746
- Purchase of loyalty point	(1,407)	(2,238)	(1,407)	(2,238)
AirAsia (Guangzhou)				
- Net operational services charged	2,877	(6,145)	2,877	(6,145)

**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 1Q20 was RM157 million as compared to a net operating loss of RM29 million in 1Q19.

**30. Variance of results against preceding quarter**

The Group recorded a loss before taxation of RM549 million for the quarter under review as compared to loss before taxation of RM306 million in 4Q19.

**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**

AirAsia X has been severely affected by the global COVID-19 pandemic. The aircraft fleet was grounded in mid-April and remains so, apart from a limited number of cargo and charter flights.

AirAsia X will not be able to restart scheduled operations until there is an easing of travel restrictions and a gradual reopening of international borders, in recognition that air transport provides the connectivity that is essential for the resumption of economic activities. Malaysia itself will remain under the 'Recovery Movement Control Order' until the end of August, which effectively prohibits outbound and inbound international travel, while the Australian borders remain closed and there are limitations still in place in China, Japan, India and Korea.

In order to maintain liquidity during these challenging times, we have sought payment deferrals and concessions from our suppliers, lessors and lenders and reduced capital expenditure wherever possible. Salary reductions have been implemented across all levels of the Company apart from the most junior staff, and headcount has been reduced by 10%, with further reductions planned, primarily in the flight operations related functions.

We have also restructured a major portion of our fuel hedges, and are still in process of restructuring the remaining exposure. The actual volume of fuel consumed, as compared to the hedged volume, will be lower in the post-COVID-19 environment and a restructuring of the fuel hedges will reduce expected hedging losses if fuel price remains below the hedged price.

We have applied for bank loans to improve liquidity and have commenced bilateral negotiations with our aircraft lessors and maintenance partners to significantly reduce the operating cost base of the Company. This process is ongoing.

In the current circumstances, the Company continues to face severe liquidity constraints. The Management and the Directors will continue to seek additional liquidity and work towards a material reduction of the Company's cost base to enable AirAsia X to continue as a going concern in the post Covid-19 environment, when overall demand for international air travel is expected to be significantly below the level of 2019 and previous years.

#### **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 24th July 2020, being the latest practicable date of this report.

#### **35. Material litigation**

As at 24th July 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 31 March 2020.



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**NOTES TO THE UNAUDITED ACCOUNTS - 31 MARCH 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

30 JULY 2020