



AIRASIA X BERHAD

(Company No. 734161-K)

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

THIRD QUARTER REPORT ENDED 30 SEPTEMBER 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 third quarter ended 30 September 2020.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended	Quarter ended	Period Ended	Period Ended
		30/09/2020	30/09/2019	30/09/2020	30/09/2019
		RM'000	RM'000	RM'000	RM'000
Revenue	10	59,907	1,014,696	1,075,443	3,196,968
Operating Expenses					
- Staff costs	11	(39,396)	(101,302)	(202,626)	(317,771)
- Aircraft fuel expenses		(106,034)	(369,984)	(520,211)	(1,224,956)
- Maintenance and overhaul		(125,737)	(180,834)	(409,177)	(506,486)
- User charges		(14,001)	(61,189)	(103,402)	(301,029)
- Aircraft operating lease expenses		(781)	-	(781)	-
- Other operating expenses		(12,326)	(84,339)	(115,685)	(259,881)
Other income	12	1,080	2,719	4,024	19,717
Share of results of an associate	16	-	-	-	(1,104)
Share of results of a joint venture	17	-	-	-	-
EBITDA *		(237,288)	219,767	(272,415)	605,458
Depreciation		(189,065)	(234,517)	(577,370)	(680,923)
Finance income	13	25,157	23,388	80,563	43,954
Finance costs	13	(97,284)	(78,095)	(264,008)	(253,643)
Net Operating loss		(498,480)	(69,457)	(1,033,230)	(285,154)
Net foreign exchange (losses)/gains	13	192,286	(87,641)	(67,820)	(81,760)
Other losses		(2,249)	-	(61,696)	-
Loss before taxation		(308,443)	(157,098)	(1,162,746)	(366,914)
Taxation					
Current taxation	14	(15)	(1,036)	(650)	(2,112)
Deferred taxation	14	-	(71,760)	-	(24,647)
		(15)	(72,796)	(650)	(26,759)
Loss for the financial period		(308,458)	(229,894)	(1,163,396)	(393,673)
Attributable to:					
Equity holders of the Company		(308,458)	(229,894)	(1,163,396)	(393,673)
Non-controlling Interests		-	-	-	-
		(308,458)	(229,894)	(1,163,396)	(393,673)
Loss per share (sen)					
Basic	23	(7.4)	(5.5)	(28.0)	(9.5)
Diluted	23	(7.4)	(5.5)	(28.0)	(9.5)

* 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 30/09/2020 RM'000	Quarter ended 30/09/2019 RM'000	Period Ended 30/09/2020 RM'000	Period Ended 30/09/2019 RM'000
Loss for the financial period	(308,458)	(229,894)	(1,163,396)	(393,673)
Other comprehensive income/(loss)				
Cash flow hedges	118,599	(98,413)	(125,614)	33,389
Foreign currency translation differences	(219)	(122)	346	1
Total comprehensive loss for the financial period	(190,078)	(328,429)	(1,288,664)	(360,283)
Total comprehensive loss attributable				
To equity holder of the company	(190,078)	(328,429)	(1,288,664)	(360,283)
Non-controlling interest	-	-	-	-
Total comprehensive loss for the financial period	(190,078)	(328,429)	(1,288,664)	(360,283)

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
		30/09/2020 RM'000	31/12/2019 RM'000
NON-CURRENT ASSETS			
Property, plant & equipment	15	598,413	623,445
Right of use assets		4,338,170	4,959,771
Finance lease receivable		716,531	842,043
Investment in an associate	16	-	-
Investment in a joint venture	17	-	-
Deferred tax assets		-	-
Trade and other receivables	18	2,111,098	1,588,833
Amount due from an associate		37,463	50,165
Derivative financial assets		-	1,311
		7,801,675	8,065,568
CURRENT ASSETS			
Inventories		12,729	13,102
Trade and other receivables	18	635,682	671,902
Amount due from an associate		372,001	117,772
Amount due from joint venture		-	4,501
Amounts due from related parties		4,020	119,328
Finance lease receivable		179,931	170,631
Derivative financial assets	20	-	44,615
Tax recoverable		501	1,481
Deposits, cash and bank balances	19	138,816	357,961
		1,343,680	1,501,293
CURRENT LIABILITIES			
Sales in advance		552,603	730,725
Derivative financial liabilities	20	147,241	2,317
Trade and other payables	21	1,747,695	823,811
Amount due to an associate		44,377	-
Amount due to related parties		339,424	30,616
Borrowings	22	878,571	860,070
Provision for aircraft maintenance		134,101	134,101
		3,844,012	2,581,640
Net Current Liabilities		(2,500,332)	(1,080,347)
NON-CURRENT LIABILITIES			
Derivative financial liabilities	20	-	3,541
Trade and other payables	21	53,514	52,925
Borrowings	22	4,751,365	5,405,541
Provision for aircraft maintenance		1,647,199	1,385,285
		6,452,078	6,847,292
		(1,150,735)	137,929
CAPITAL AND RESERVES			
Share capital		1,534,043	1,534,043
Warrant reserve		-	62,222
Other reserves		(95,162)	30,452
Currency translation reserve		435	89
Accumulated losses		(2,590,051)	(1,488,877)
Shareholders' equity		(1,150,735)	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 loss for the financial period	-	-	-	-	-	-	(1,163,396)	(1,163,396)
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 (loss)/income	-	-	-	(125,614)	-	346	-	(125,268)
Total comprehensive (loss)/income	1	-	(62,222)	(125,614)	-	346	(1,101,174)	(1,288,664)
At 30 September 2020	4,148,149	1,534,043	-	(95,162)	-	435	(2,590,051)	(1,150,735)
At 1 January 2019	4,148,148	1,534,043	62,222	(99,169)	-	29	(923,463)	573,662
Net loss for the financial period	-	-	-	-	-	-	(393,673)	(393,673)
Other comprehensive income	-	-	-	33,389	-	1	-	33,390
Total comprehensive income/(loss)	-	-	-	33,389	-	1	(393,673)	(360,283)
At 30 September 2019	4,148,148	1,534,043	62,222	(65,780)	-	30	(1,317,136)	213,379

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 STATEMENT

	Note	
	Period ended 30/09/2020 RM'000	Period ended 30/09/2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(1,162,746)	(366,914)
Adjustments:		
Property, plant and equipment and right-of-use assets		
- Depreciation	577,370	680,923
- Write-off	-	10
- Loss on disposal	-	90,418
- Gain on termination	(30,912)	-
Allowance for impairment of receivables	82,146	-
Finance income	(51,321)	(13,048)
Finance costs	230,025	229,048
Impact of discounting effect on financial instruments (net)	4,741	(6,311)
Share of results of an associate	-	1,104
Net unrealised foreign exchange losses	52,302	80,766
Operating (loss)/profit before working capital changes	(298,395)	695,996
Changes in working capital:		
Inventories	373	(84)
Trade and other receivables	(300,946)	22,528
Related parties balances	256,725	(153,207)
Trade and other payables	602,545	(240,028)
Sales in advance	(178,122)	26,134
Cash flows generated from operations	82,180	351,339
Finance costs paid	(3,416)	(2,238)
Interest received	1,915	7,172
Tax paid	(179)	(520)
Net cash generated from operating activities	80,500	355,753
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment	(5,302)	(20,474)
Proceeds from disposal of property, plant and equipment	-	908,594
Additional subscription of shares in associates		(1,104)
Net cash generated from investing activities	(5,302)	887,016



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

	Period ended 30/09/2020 RM'000	Period ended 30/09/2019 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(201,271)	(550,226)
Repayment of term loans	(14,268)	(363,422)
Repayment of hire purchase	(8)	(5)
Interest paid for lease liabilities	(71,365)	(208,710)
Interest paid for term loans	(4,521)	(18,100)
Interest paid for hire purchase	-	-
Deposits pledged as securities	30,705	(455)
Net cash used in financing activities	(260,728)	(1,140,918)
NET (DECREASE)/ INCREASE FOR THE FINANCIAL PERIOD	(185,530)	101,851
CURRENCY TRANSLATION DIFFERENCES	(2,910)	1,441
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	307,852	252,604
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	119,412	355,896

Note

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This unaudited condensed consolidated cash flow 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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KEY OPERATING STATISTICS - 30 September 2020

Performance indicator for current quarter against the same quarter last year

During the quarter ended 30 September 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.



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NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 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 September 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
		30/09/2020 RM'000	30/09/2019 RM'000	30/09/2020 RM'000	30/09/2019 RM'000
Revenue	10	59,907	1,014,696	1,075,443	3,196,968
Operating Expenses					
- Staff costs	11	(39,396)	(101,302)	(202,626)	(317,771)
- Depreciation		(189,065)	(234,517)	(577,370)	(680,923)
- Aircraft fuel expenses		(106,034)	(369,984)	(520,211)	(1,224,956)
- Maintenance and overhaul		(125,737)	(180,834)	(409,177)	(506,486)
- User charges		(14,001)	(61,189)	(103,402)	(301,029)
- Aircraft operating lease expenses		(781)	-	(781)	-
- Other operating expenses		(12,326)	(84,339)	(115,685)	(259,881)
Other income	12	1,080	2,719	4,024	19,717
Operating loss		(426,353)	(14,750)	(849,785)	(74,361)
Finance income	13	25,157	23,388	80,563	43,954
Finance costs	13	(97,284)	(78,095)	(264,008)	(253,643)
Net operating loss		(498,480)	(69,457)	(1,033,230)	(284,050)
Foreign exchange gains/(losses)	13	192,286	(87,641)	(67,820)	(81,760)
Share of results of an associate	16	-	-	-	(1,104)
Share of results of a joint venture	17	-	-	-	-
Other losses		(2,249)	-	(61,696)	-
Loss before taxation		(308,443)	(157,098)	(1,162,746)	(366,914)
Taxation					
Current taxation	14	(15)	(1,036)	(650)	(2,112)
Deferred taxation	14	-	(71,760)	-	(24,647)
		(15)	(72,796)	(650)	(26,759)
Loss for the financial period		(308,458)	(229,894)	(1,163,396)	(393,673)



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NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 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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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. During the third 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 84 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 September 2020 is 1,534,043,217 (30 September 2019: RM1,534,043,217).



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8. Dividend paid

No dividends were declared, approved or paid during the quarter ended 30 September 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 September 2020					
Revenue	59,907	2,389	(10)	(51,375)	10,911
Operating expenses					
- Staff costs	(39,396)	(18,646)	(494)	-	(58,536)
- Depreciation	(189,065)	(101,495)	(151)	13,047	(277,664)
- Aircraft fuel expenses	(106,034)	(51,702)	791	-	(156,945)
- Maintenance and overhaul	(125,737)	(55,863)	(9,205)	34,409	(156,396)
- User charges	(14,001)	(7,414)	5,693	-	(15,722)
- Aircraft operating lease expenses	(781)	-	(16,966)	16,966	(781)
- Other operating expenses	(12,326)	(2,421)	(528)	-	(15,275)
Other income	1,080	19,119	(807)	-	19,392
Operating loss	(426,353)	(216,033)	(21,676)	13,047	(651,015)
Finance income	25,157	-	1	(13,047)	12,111
Finance costs	(97,284)	(26,791)	(2,993)	-	(127,068)
Net operating loss	(498,480)	(242,824)	(24,668)	-	(765,972)
Foreign exchange (losses)/gains	192,286	(108,479)	(26,892)	-	56,915
Other losses	(2,249)	-	-	-	(2,249)
Loss before taxation	(308,443)	(351,303)	(51,560)	-	(711,306)



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NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 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 September 2019					
<u>Segment results</u>					
Revenue	1,014,696	382,021	48,092	(86,333)	1,358,476
Operating expenses					
- Staff costs	(101,302)	(47,413)	(6,308)	-	(155,023)
- Depreciation	(234,517)	(75,882)	(474)	56,381	(254,492)
- Aircraft fuel expenses	(369,984)	(182,510)	(1,680)	-	(554,174)
- Maintenance and overhaul	(180,834)	(71,386)	(3,258)	29,952	(225,526)
- User charges	(61,189)	(89,796)	(2,041)	-	(153,026)
- Aircraft operating lease expenses	-	-	-	-	-
- Other operating expenses	(84,339)	(21,812)	(3,453)	-	(109,604)
Other income	2,719	8,558	10	-	11,287
Operating loss	(14,750)	(98,220)	30,888	-	(82,082)
Finance income	23,388	-	20	-	23,408
Finance costs	(78,095)	(21,585)	-	-	(99,680)
Net operating loss	(69,457)	(119,805)	30,908	-	(158,354)
Foreign exchange gains/(losses)	(87,641)	2,795	12,312	-	(72,534)
Share of results of an associate	-	-	-	-	-
Other losses	-	-	-	-	-
Loss before taxation	(157,098)	(117,010)	43,220	-	(230,888)



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NOTES TO THE UNAUDITED ACCOUNTS - 30 SEPTEMBER 2020

9. Segment reporting (cont'd.)

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination Adjustments RM'000	Total RM'000
Period ended 30 September 2020					
<u>Segment results</u>					
Revenue	1,075,443	384,837	965	(180,020)	1,281,225
Operating expenses					
- Staff costs	(202,626)	(98,226)	(2,571)	-	(303,423)
- Depreciation	(577,370)	(293,909)	2,180	41,447	(827,652)
- Aircraft fuel expenses	(520,211)	(250,710)	(178)	-	(771,099)
- Maintenance and overhaul	(409,177)	(191,036)	(29,085)	129,095	(500,203)
- User charges	(103,402)	(93,800)	4,848	-	(192,354)
- Aircraft operating lease expenses	(781)	-	(50,923)	50,925	(779)
- Other operating expenses	(115,685)	(25,338)	(4,254)	-	(145,277)
Other income	4,024	32,474	(1,483)	-	35,015
Operating loss	(849,785)	(535,708)	(80,501)	41,447	(1,424,547)
Finance income	80,563	-	(6,113)	(41,447)	33,003
Finance costs	(264,008)	(75,363)	(2,993)	-	(342,364)
Net operating loss	(1,033,230)	(611,071)	(89,606)	-	(1,733,907)
Foreign exchange (losses)/gains	(67,820)	(85,829)	(40,959)	-	(194,608)
Share of results of an associate	-	-	-	-	-
Other losses	(61,696)	-	-	-	(61,696)
Loss before taxation	(1,162,746)	(696,900)	(130,566)	-	(1,990,212)



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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 September 2019					
<u>Segment results</u>					
Revenue	3,196,968	1,284,740	61,423	(284,380)	4,258,751
Operating expenses					
- Staff costs	(317,771)	(145,008)	(16,060)	-	(478,839)
- Depreciation	(680,923)	(213,300)	(1,411)	168,239	(727,395)
- Aircraft fuel expenses	(1,224,956)	(515,675)	(4,996)	-	(1,745,627)
- Maintenance and overhaul	(506,486)	(203,987)	(8,366)	116,141	(602,698)
- User charges	(301,029)	(248,797)	(13,491)	-	(563,317)
- Aircraft operating lease expenses	-	-	-	-	-
- Other operating expenses	(259,881)	(61,396)	(7,477)	-	(328,754)
Other income	19,717	22,302	8,606	-	50,625
Operating (loss)/profit	(74,361)	(81,121)	18,228	-	(137,254)
Finance income	43,954	-	73	-	44,027
Finance costs	(253,643)	(63,947)	(58)	-	(317,648)
Net operating loss	(284,050)	(145,068)	18,243	-	(410,875)
Foreign exchange (losses)/gains	(81,760)	73,821	1,437	-	(6,502)
Share of results of an associate	(1,104)	-	-	-	(1,104)
Other losses	-	-	-	-	-
(Loss)/profit before taxation	(366,914)	(71,247)	19,680	-	(418,481)

a) Reconciliation of segment revenue to reported revenue:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/09/2020 RM'000	Quarter ended 30/09/2019 RM'000	Period ended 30/09/2020 RM'000	Period ended 30/09/2019 RM'000
Segment revenue	10,911	1,358,476	1,281,225	4,258,751
Add: Inter-segment revenue	51,375	86,333	180,020	284,380
Less: Revenue from affiliates which were not consolidated	(2,379)	(430,113)	(385,802)	(1,346,163)
	59,907	1,014,696	1,075,443	3,196,968



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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
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
	RM'000	RM'000	RM'000	RM'000
Segment loss before taxation	(711,306)	(230,888)	(1,990,212)	(418,481)
Add: Segment profit/(loss) from affiliates which were not consolidated	402,863	73,790	827,466	51,567
	<u>(308,443)</u>	<u>(157,098)</u>	<u>(1,162,746)</u>	<u>(366,914)</u>

10. Revenue

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
	RM'000	RM'000	RM'000	RM'000
Scheduled flights	-	690,745	591,578	2,102,400
Charter flights	3,746	-	55,738	73,106
Freight services	4,786	46,724	81,436	129,122
Ancillary revenue **	-	190,814	164,973	606,338
Aircraft operating lease income	51,375	85,893	180,019	284,380
Management fees	-	520	1,699	1,622
	<u>59,907</u>	<u>1,014,696</u>	<u>1,075,443</u>	<u>3,196,968</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
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
	RM'000	RM'000	RM'000	RM'000
Wages, salaries, bonuses and allowances	35,973	95,654	185,447	293,703
Defined contribution retirement plan	3,423	5,648	17,179	24,068
	<u>39,396</u>	<u>101,302</u>	<u>202,626</u>	<u>317,771</u>



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12. Other income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
	RM'000	RM'000	RM'000	RM'000
Commission income from insurance	81	471	(225)	3,283
Others	999	2,248	4,249	16,434
	<u>1,080</u>	<u>2,719</u>	<u>4,024</u>	<u>19,717</u>

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
	RM'000	RM'000	RM'000	RM'000
Finance income:				
Interest income on deposits with licensed banks	(532)	5,262	1,915	7,172
Interest income from finance lease receivables	13,047	-	41,447	-
Other interest income	2,504	1,906	7,959	5,876
	<u>15,019</u>	<u>7,168</u>	<u>51,321</u>	<u>13,048</u>
Impact of discounting effect on financial instrument:	10,138	16,220	29,242	30,906
	<u>25,157</u>	<u>23,388</u>	<u>80,563</u>	<u>43,954</u>
Finance costs:				
Interest expense on term loans and hire purchase	(424)	(2,804)	(4,521)	(18,100)
Interest expense on lease liabilities	(75,322)	(71,652)	(222,088)	(208,710)
Bank facilities and other charges	(475)	(1,336)	(3,416)	(2,238)
	<u>(76,221)</u>	<u>(75,792)</u>	<u>(230,025)</u>	<u>(229,048)</u>
Impact of discounting effect on financial instrument:	(21,063)	(2,303)	(33,983)	(24,595)
	<u>(97,284)</u>	<u>(78,095)</u>	<u>(264,008)</u>	<u>(253,643)</u>
Net foreign exchange (losses)/gains:				
Realised	(9,254)	(6,194)	(15,518)	(994)
Unrealised	201,540	(81,447)	(52,302)	(80,766)
	<u>192,286</u>	<u>(87,641)</u>	<u>(67,820)</u>	<u>(81,760)</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
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
	RM'000	RM'000	RM'000	RM'000
Loss before tax	(308,443)	(157,098)	(1,162,746)	(366,914)
Tax calculated at Malaysian statutory tax rate of 24% (2018: 24%)	(74,026)	(37,703)	(279,059)	(88,059)
Tax effects:				
- deferred tax movement	74,041	(32,773)	259,319	(27,377)
- overprovision of prior year tax	-	49,766	-	46,742
- expenses not deductible for tax purposes	-	96,264	20,390	96,264
- income not subject to tax	-	(2,758)	-	(811)
Taxation	15	72,796	650	26,759

15. Property, plant and equipment

(a) Acquisition and disposal

During the quarter ended 30 September 2020, the Group acquired property, plant and equipment amounting to RM5.3 million (quarter ended 30 September 2019: RM20.5 million).

During the quarter ended 30 September 2020, there is no disposal of property, plant and equipment (quarter ended 30 September 2019: RM90.4 million).

(b) Revaluation

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

(c) Write-off

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



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16. Investment in an associate

	As at 30/09/2020	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
		30/09/2020	31/12/2019	
		%	%	
Thai AirAsia X Co. Ltd ("TAAX")	Thailand	49%	49%	Commercial air transport services

TAAX recorded a net loss of RM351.3 million in the current quarter (quarter ended 30 September 2019 net loss of RM117.0 million) As at 30 September 2020, the unrecognised amount of the Group's share of loss of TAAX which have not been equity accounted for amounted to RM442.3 million. (30 September 2019: share of loss RM83.0 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 30/09/2020	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
		30/09/2020	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 RM51.6 million (quarter ended 30 September 2019 net profit of RM43.2 million). As at 30 September 2020, the unrecognised amount of the Group's share of loss of IAAX which have not been equity accounted for amounted to RM285.8 million (30 September 2019: RM121.6 million).



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18. Trade and other receivables

	As at 30/09/2020 RM'000	As at 31/12/2019 RM'000
Non-current		
Deposits	1,073,730	792,778
Prepayments	1,010,753	769,440
Deferred lease expenses	26,615	26,615
	<u>2,111,098</u>	<u>1,588,833</u>
Current		
Trade receivables	1,666	79,365
Less : Allowance for impairment of receivables	(25,310)	(57,219)
	<u>(23,644)</u>	<u>22,146</u>
Other receivables	347,993	257,192
Less : Allowance for impairment of receivables *	(314,958)	(236,666)
	<u>33,035</u>	<u>20,526</u>
Deposits	215,898	185,578
Prepayments	405,480	438,739
Deferred lease expenses	4,913	4,913
	<u>635,682</u>	<u>671,902</u>

*Included in the total impairment of receivables is RM315.0 million (31 December 2019: RM236.7 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 30/09/2020 RM'000	As at 31/12/2019 RM'000
Cash and bank balances	43,937	261,652
Deposits with licensed banks	94,879	96,309
	<u>138,816</u>	<u>357,961</u>
Bank balances and deposits pledged as securities	(19,404)	(50,109)
Cash and cash equivalents	<u>119,412</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 September 2020, outstanding number of barrels of Brent and fuel derivative contracts was 2,143,856 barrels (31 December 2019: 4,842,043 barrels).



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21. Trade and other payables

	As at 30/09/2020 RM'000	As at 31/12/2019 RM'000
Current:		
Trade payables	1,502,138	241,100
Other payables and accruals	243,954	581,108
Deferred lease income	1,603	1,603
	<u>1,747,695</u>	<u>823,811</u>
Non-current:		
Other deposits	48,485	47,896
Deferred lease income	5,029	5,029
	<u>53,514</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 30/09/2020 RM'000	As at 31/12/2019 RM'000
Current		
Secured:		
- Term loans	57,233	56,541
- Hire purchase	13	11
- Lease liabilities	821,325	803,518
	<u>878,571</u>	<u>860,070</u>
Non-current		
Secured:		
- Term loans	221,799	247,372
- Hire purchase	12	22
- Lease liabilities	4,529,554	5,158,147
	<u>4,751,365</u>	<u>5,405,541</u>
Total borrowings	<u>5,629,936</u>	<u>6,265,611</u>

The currency profile of borrowings is as follows:

	As at 30/09/2020 RM'000	As at 31/12/2019 RM'000
Ringgit Malaysia	25	33
US Dollar	5,629,911	6,265,578
	<u>5,629,936</u>	<u>6,265,611</u>



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22. Borrowings (cont'd.)

The Group borrowings are repayable as follows:

	As at 30/09/2020	As at 31/12/2019
	RM'000	RM'000
Not later than 1 year	878,571	860,070
Later than 1 year and not later than 5 years	3,388,369	3,497,156
Later than 5 years	1,362,996	1,908,385
	<u>5,629,936</u>	<u>6,265,611</u>

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 30/09/2020	Quarter ended 30/09/2019	Period ended 30/09/2020	Period ended 30/09/2019
Net loss (RM'000)	(308,458)	(229,894)	(1,163,396)	(393,673)
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)	<u>(7.4)</u>	<u>(5.5)</u>	<u>(28.0)</u>	<u>(9.5)</u>

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 September 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 September 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 30/09/2020	As at 31/12/2019
	RM'000	RM'000
Aircraft purchase	<u>137,007,388</u>	<u>135,343,801</u>



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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 30/09/2020 RM'000	Quarter ended 30/09/2019 RM'000	Period ended 30/09/2020 RM'000	Period ended 30/09/2019 RM'000
TAA				
- Aircraft operating lease income for leased aircraft	83,984	85,893	277,296	283,940
- Net operational services charged	3,682	8,932	11,616	16,793
IAAX				
- Aircraft operating lease income for leased aircraft	25,007	16,414	75,455	49,242
- Net operational services charged	657	1,120	2,011	2,002
AAB				
- Brand license fee	(31)	-	(4,715)	(8,600)
- Lounge services	-	468	280	1,151
- Net operational services charged	(731)	(5,442)	(6,064)	(21,792)
TAA				
- Net operational services charged	23	267	410	676
IAA				
- Net operational services charged	9	5	22	14
AAJ				
- Net operational services charged	(139)	(188)	(501)	(1,277)
AAZ				
- Net operational services charged	718	912	2,268	3,043
AASEA				
- Provision of shared services	(723)	(338)	(2,430)	(2,459)
- Net operational services charged	(249)	(362)	(527)	(1,332)
Rokki				
- In-flight entertainment system and software	(3)	(1,125)	(1,119)	(2,938)
TIMB				
- Commission received/receivable on travel insurance	4	266	455	1,473
- Premium collected on behalf of TIMB on travel insurance	(15)	(1,063)	(1,819)	(5,891)



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	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/09/2020 RM'000	Quarter ended 30/09/2019 RM'000	Period ended 30/09/2020 RM'000	Period ended 30/09/2019 RM'000
Ormond				
- Provision of food catering services	-	(359)	(333)	(1,093)
GTR				
- Ground handling services	(360)	(6,944)	(9,785)	(25,440)
- Net operational services charged	3	263	62	414
AAI				
- Net operational services charged	(7)	(334)	(218)	(496)
TELEPORT				
- Purchase of cargo transportation capacity	10,065	42,350	100,724	127,750
BIG				
- Sale of ticket and other ancillary revenue	6	2,879	(331)	12,420
- Purchase of loyalty point	(37)	(1,406)	(1,729)	(5,211)
AirAsia (Guangzhou)				
- Net operational services charged	7	(4,925)	566	(14,771)

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 3Q20 was RM498 million as compared to a net operating loss of RM69 million in 3Q19.

30. Variance of results against preceding quarter

The Group recorded a loss before taxation of RM308 million for the quarter under review as compared to loss before taxation of RM305 million in 2Q20.

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

On 6 October 2020, the Company announced to Bursa Malaysia a Proposed Debt Restructuring scheme pursuant to Section 366 of the Malaysian Companies Act, 2016.

The Malaysian Companies Act, 2016, provides a mechanism for a statutory scheme of compromise or arrangement between a company and its creditors. In such a scheme, involving a compromise of the company's debts, it becomes binding on all creditors who are part of the scheme if it is approved by at least 75% of the total value of creditors present and voting either in person or by proxy at the court convened meeting and is sanctioned by the High Court of Malaya.

Under the Proposed Debt Restructuring, the Company proposes that the total outstanding amounts owing to the Scheme Creditors as at the Cut-Off Date, be restructured and reconstituted into an acknowledgement of indebtedness by AAX for a principal amount of up to RM200.0 million, which is payable annually over a period of up to 5 years, via 3 equal payments from the 3rd to the 5th anniversaries of the implementation of the Proposed Debt Restructuring.

The implementation of the scheme is currently ongoing and its success is critical to the ability of the Company to raise new funding, either as debt or equity, and 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

As disclosed above, on 6 October 2020, the Company announced to Bursa Malaysia a Proposed Debt Restructuring scheme pursuant to Section 366 of the Malaysian Companies Act, 2016. A further announcement was made to Bursa Malaysia on 4 November 2020, detailing some revisions to the scheme as previously announced.

35. Material litigation

Save as announced, as at 12 November 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 September 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

19 NOVEMBER 2020