



AIRASIA X BERHAD

(Company No. 734161-K)

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

FOURTH QUARTER REPORT ENDED 31 DECEMBER 2019

ANNOUNCEMENT

The Board of Directors of AirAsia X Berhad (“AirAsia X” or “the Company”) is pleased to announce the following unaudited consolidated results of AirAsia X and its subsidiaries (collectively known as “the Group”) for the fourth quarter ended 31 December 2019.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended	Quarter ended	Year ended	Year ended
		31/12/2019	31/12/2018	31/12/2019	31/12/2018
		RM'000	RM'000	RM'000	RM'000
Revenue	10	1,195,639	1,154,418	4,392,607	4,571,376
Operating Expenses					
- Staff costs	11	(117,304)	(114,707)	(435,075)	(422,845)
- Aircraft fuel expenses		(455,732)	(488,195)	(1,680,688)	(1,876,060)
- Maintenance and overhaul		(198,000)	(58,877)	(704,486)	(485,389)
- User charges		(130,039)	(110,884)	(431,068)	(508,121)
- Aircraft operating lease expenses		-	(243,079)	-	(898,654)
- Other operating expenses		(74,078)	(84,156)	(333,959)	(464,398)
Other income	12	5,001	3,534	24,718	7,414
Share of results of an associate	17	-	(10,113)	(1,104)	-
Share of results of a joint venture	18	-	-	-	-
EBITDA *		225,487	47,941	830,945	(76,677)
Depreciation		(241,263)	(24,143)	(922,186)	(127,268)
Finance income	13	27,301	41,437	71,255	55,773
Finance costs	13	(100,367)	(47,960)	(354,010)	(70,611)
Net Operating (loss)/profit		(88,842)	17,275	(373,996)	(218,783)
Foreign exchange gains/(losses)	13	131,662	12,714	49,902	16,011
Other losses		-	633	-	(23,889)
Profit/(loss) before taxation		42,820	30,622	(324,094)	(226,661)
Taxation					
Current taxation	14	2,641	1,662	529	(918)
Deferred taxation	14	(141,268)	(120,336)	(165,915)	(73,903)
		(138,627)	(118,674)	(165,386)	(74,821)
Profit/(loss) for the financial period		(95,807)	(88,052)	(489,480)	(301,482)
Attributable to:					
Equity holders of the Company		(95,807)	(88,052)	(489,480)	(301,482)
Non-controlling Interests		-	-	-	-
		(95,807)	(88,052)	(489,480)	(301,482)
Profit/(loss) per share (sen)					
Basic	24	(2.3)	(2.1)	(11.8)	(7.3)
Diluted	24	(2.3)	(2.1)	(11.8)	(7.3)

* 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 2018 and the accompanying explanatory notes attached in the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Year ended	Year ended
	31/12/2019 RM'000	31/12/2018 RM'000	31/12/2019 RM'000	31/12/2018 RM'000
Profit/(loss) for the financial period	(95,807)	(88,052)	(489,480)	(301,482)
Other comprehensive income/(loss)				
Cash flow hedges	106,385	(112,217)	139,774	(98,374)
Foreign currency translation differences	59	(75)	60	(149)
Total comprehensive income/(loss) for the financial period	10,637	(200,344)	(349,646)	(400,005)
Total comprehensive profit/(loss) attributable				
To equity holder of the company	10,637	(200,344)	(349,646)	(400,005)
Non-controlling interest	-	-	-	-
Total comprehensive income/(loss) for the financial period	10,637	(200,344)	(349,646)	(400,005)

This unaudited condensed consolidated income statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2018 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
		31/12/2019 RM'000	31/12/2018 RM'000
NON-CURRENT ASSETS			
Property, plant & equipment	15	623,445	624,964
Right of use assets		5,926,477	-
Investment in an associate	17	-	-
Investment in a joint venture	18	-	-
Deferred Tax Assets		189,083	385,753
Other deposits and prepayments	16	1,585,709	1,714,195
Amount due from an associate		50,165	67,287
		8,374,879	2,792,199
CURRENT ASSETS			
Inventories		13,102	13,257
Trade and other receivables	19	670,343	189,837
Amount due from an associate		117,772	-
Amount due from joint venture		4,501	-
Amounts due from related parties		119,579	48,851
Derivative financial assets	21	42,298	-
Tax recoverable		-	806
Deposits, cash and bank balances	20	357,961	297,609
		1,325,556	550,360
Non-current assets held for sale		-	999,012
		1,325,556	1,549,372
CURRENT LIABILITIES			
Sales in advance		690,746	676,245
Derivative financial liabilities	21	-	96,811
Trade and other payables	22	849,107	1,102,512
Amount due to an associate		-	7,777
Amount due to related parties		30,610	97,381
Borrowings	23	866,825	192,324
Provision for aircraft maintenance		120,918	-
		2,558,206	2,173,050
Net Current Liabilities		(1,232,650)	(623,678)
NON-CURRENT LIABILITIES			
Derivative financial liabilities	21	2,230	33,675
Trade and other payables	22	52,925	52,767
Borrowings	23	5,450,527	494,728
Provision for aircraft maintenance		1,412,531	1,013,689
		6,918,213	1,594,859
		224,016	573,662
CAPITAL AND RESERVES			
Share capital		1,534,043	1,534,043
Warrant reserve		62,222	62,222
Other reserves		40,605	(99,169)
Currency translation reserve		89	29
Accumulated losses		(1,412,943)	(923,463)
Shareholders' equity		224,016	573,662

This unaudited condensed consolidated income statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2018 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	Currency Translation Reserve RM'000	Accumulated Losses RM'000	Total Equity RM'000
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	-	-	-	-	-	(489,480)	(489,480)
Other comprehensive income/(loss)	-	-	-	139,774	60	-	139,834
Total comprehensive income/(loss)	-	-	-	139,774	60	(489,480)	(349,646)
At 31 December 2019	4,148,148	1,534,043	62,222	40,605	89	(1,412,943)	224,016
At 1 January 2018	4,148,148	1,534,043	62,222	(795)	178	(621,981)	973,667
Net profit/(loss) for the financial period	-	-	-	-	-	(301,482)	(301,482)
Other comprehensive income/(loss)	-	-	-	(98,374)	(149)	-	(98,523)
Total comprehensive income/(loss)	-	-	-	(98,374)	(149)	(301,482)	(400,005)
At 31 December 2018	4,148,148	1,534,043	62,222	(99,169)	29	(923,463)	573,662

This unaudited condensed consolidated income statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached in the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	Note	Year ended	Year ended
		31/12/2019	31/12/2018
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before tax		(324,094)	(226,661)
Adjustments:			
Property, plant and equipment			
- Depreciation		922,186	127,268
- Write-off		10	7,844
- Loss on disposal		90,418	-
Allowance for impairment of receivables		-	149,897
Finance cost		304,470	31,007
Finance income		(18,521)	(17,961)
Discounting of interest on deposits		(3,194)	1,792
Fair value loss on derivative financial instruments		-	23,889
Share of results of an associate		1,104	-
Net unrealised foreign exchange gains/(loss)		(46,287)	(2,100)
		926,092	94,975
Changes in working capital:			
Inventories		155	(4,739)
Trade and other receivables		24,804	(187,961)
Related parties balances		(231,113)	77,324
Trade and other payables		(75,336)	168,598
Sales in advance		14,501	(49,733)
Cash from operations		659,104	98,464
Finance costs paid		(5,084)	(3,834)
Interest received		5,177	5,263
Tax paid		(676)	(2,027)
Net cash generated from operating activities		658,520	97,866
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment			
- Additions		(46,336)	(9,165)
- Proceeds from disposal of property, plant and equipment		908,594	-
Additional subscription of shares in associates		(1,104)	-
Net cash generated from/(used in) investing activities		861,154	(9,165)



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

	Year ended	Year ended
	31/12/2019	31/12/2018
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of term loans and hire purchase	(395,470)	(187,339)
Repayments of lease liabilities	(764,273)	-
Interest paid	(299,386)	(28,291)
Deposits pledged as securities	(5,104)	(3,777)
Net cash used in financing activities	(1,464,233)	(219,407)
NET INCREASE FOR THE FINANCIAL PERIOD	55,441	(130,706)
CURRENCY TRANSLATION DIFFERENCES	(193)	(8,137)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	252,604	391,447
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	307,852	252,604

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 2018 and the accompanying explanatory notes attached in the interim financial statements.



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KEY OPERATING STATISTICS - 31 DECEMBER 2019

Performance indicator for current quarter against the same quarter last year

Quarter Ended : 31 December	Oct - Dec 2019	Oct - Dec 2018	Changes Y-O-Y
Seat capacity	1,994,635	1,911,767	4%
Passengers carried	1,614,764	1,498,618	8%
Load factor	81%	78%	4%
RPK (millions)	7,496	7,168	5%
ASK (millions)	9,211	9,162	1%
Average passenger fare (RM)	490	491	0%
Ancillary revenue per passenger (RM)	167	174	-4%
Revenue per ASK (sen)	13.00	12.60	3%
Revenue per ASK (US¢)	3.12	3.02	3%
Cost per ASK (sen)	13.21	12.27	8%
Cost per ASK (US¢)	3.17	2.94	8%
Cost per ASK (sen) - excluding fuel	8.26	6.94	19%
Cost per ASK (US¢) - excluding fuel	1.98	1.66	19%
Aircraft (end of period)	39	35	11%
Average sector length (km)	4,524	4,745	-5%
Sectors flown	5,305	5,071	5%
Fuel consumed (Barrels)	1,341,320	1,313,713	2%
Average fuel price (USD/ Barrel)	82	89	-8%
Average Exchange Rate (USD/MYR)	4.1679	4.1719	0%

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 DECEMBER 2019

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 2018.

For comparison purposes, the consolidated income statement for the quarter and year ended 31 December 2019 based on presentation in the audited 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	Year ended	Year ended
		31/12/2019	31/12/2018	31/12/2019	31/12/2018
		RM'000	RM'000	RM'000	RM'000
Revenue	10	1,195,639	1,154,418	4,392,607	4,571,376
Operating Expenses					
- Staff costs	11	(117,304)	(114,707)	(435,075)	(422,845)
- Depreciation		(241,263)	(24,143)	(922,186)	(127,268)
- Aircraft fuel expenses		(455,732)	(488,195)	(1,680,688)	(1,876,060)
- Maintenance and overhaul		(198,000)	(58,877)	(704,486)	(485,389)
- User charges		(130,039)	(110,884)	(431,068)	(508,121)
- Aircraft operating lease expenses		-	(243,079)	-	(898,654)
- Other operating expenses		(74,078)	(84,156)	(333,959)	(464,398)
Other income	12	5,001	3,534	24,718	7,414
Operating profit/(loss)		(15,776)	33,911	(90,137)	(203,945)
Finance income	13	27,301	41,437	71,255	55,773
Finance costs	13	(100,367)	(47,960)	(354,010)	(70,611)
Net operating profit/(loss)		(88,842)	27,388	(372,892)	(218,783)
Foreign exchange gains/(losses)	13	131,662	12,714	49,902	16,011
Share of results of an associate	17	-	(10,113)	(1,104)	-
Share of results of a joint venture	18	-	-	-	-
Other losses		-	633	-	(23,889)
Profit/(Loss) before taxation		42,820	30,622	(324,094)	(226,661)
Taxation					
Current taxation	14	2,641	1,662	529	(918)
Deferred taxation	14	(141,268)	(120,336)	(165,915)	(73,903)
		(138,627)	(118,674)	(165,386)	(74,821)
Profit/(loss) for the financial period		(95,807)	(88,052)	(489,480)	(301,482)



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NOTES TO THE UNAUDITED ACCOUNTS - 31 DECEMBER 2019

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 2018, except for the adoption of MFRS 16 Lease which is effective as of 1 January 2019. The Group did not early adopt any new standards, interpretation or amendment that has been issued but is not yet effective.

At the beginning of the current financial year, the Group and the Company have adopted MFRS 16: Leases. MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

MFRS 16 has been adopted by the Group as at 1 January 2019 using the modified retrospective method of adoption which measures the lease liabilities based on the present value of future lease payments calculated using the incremental borrowing rate and exchange rate at date of transition. Lease payments would be split into principal and interest payments, using the effective interest method.

Correspondingly, the right-of-use ("ROU") assets will be the present value of the liability at the commencement date of the lease, adding any directly attributable costs. The ROU asset will be depreciated on a straight-line basis over the shorter of the lease term and useful life of the leased asset.

The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying MFRS 117 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). As the modified retrospective method of adoption is applied, comparative figures are not restated.



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The adoption of MFRS 16 has the following impact on the unaudited consolidated financial statements for the quarter ended 31 December 2019.

	Unaudited 31/12/2019 Normalised RM'000	Impact of MFRS 16 adoption RM'000	Unaudited 31/12/2019 with adoption of MFRS 16 RM'000
Right of use assets	-	5,926,477	5,926,477
Lease liabilities	-	6,013,407	6,013,407
Depreciation	(3,671)	(237,592)	(241,263)
Aircraft operating lease	(286,202)	286,202	-
Other operating expenses	(74,918)	840	(74,078)
Finance costs	(28,715)	(71,652)	(100,367)
Foreign exchange loss	19,132	112,530	131,662
	<u>(374,374)</u>	<u>90,328</u>	<u>(284,046)</u>

3. Auditors' report on preceding annual financial statements

The auditors have expressed an unqualified opinion on the audited Group's statutory financial statements for the financial year ended 31 December 2018 in their report dated 28 March 2019.

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 4Q 2019 increased by 8% year-on-year ("YoY") at 1,614,764 passengers while Passenger Load Factor ("PLF") stood at 81%.

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 December 2019 is 1,534,043,217 (31 December 2018: RM1,534,043,217).



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NOTES TO THE UNAUDITED ACCOUNTS - 31 DECEMBER 2019

8. Dividend paid

No dividends were declared, approved or paid during the quarter ended 31 December 2019.

9. Segment reporting

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

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

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

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

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination Adjustments RM'000	Total RM'000
Quarter ended 31 December 2019					
<u>Segment results</u>					
Revenue	1,195,639	503,141	15,182	(94,700)	1,619,262
Operating expenses					
- Staff costs	(117,304)	(61,052)	(5,223)	-	(183,579)
- Depreciation	(241,263)	(112,651)	(57,387)	56,680	(354,621)
- Aircraft fuel expenses	(455,732)	(185,581)	(489)	-	(641,802)
- Maintenance and overhaul	(198,000)	(86,705)	(1,539)	38,020	(248,224)
- User charges	(130,039)	(101,545)	(6,882)	-	(238,466)
- Aircraft operating lease expenses	-	-	-	-	-
- Other operating expenses	(74,078)	(30,901)	(3,360)	-	(108,339)
Other income	5,001	19,056	4,756	-	28,813
Operating loss	(15,776)	(56,238)	(54,942)	-	(126,956)
Finance income	27,301	-	25	-	27,326
Finance costs	(100,367)	(22,291)	(13,881)	-	(136,539)
Net operating loss	(88,842)	(78,529)	(68,798)	-	(236,169)
Foreign exchange gains/(losses)	131,662	63,273	1,783	-	196,718
Share of results of an associate	-	-	-	-	-
Other losses	-	-	-	-	-
Profit/(loss) before taxation	42,820	(15,256)	(67,015)	-	(39,451)



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	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination Adjustments RM'000	Total RM'000
Quarter ended 31 December 2018					
<u>Segment results</u>					
Revenue	1,154,418	429,549	(62,412)	(114,281)	1,407,274
Operating expenses		-	-	-	
- Staff costs	(114,707)	(5,159)	(6,488)	-	(126,354)
Depreciation	(24,143)	(1,600)	(574)	-	(26,317)
- Aircraft fuel expenses	(488,195)	(175,808)	23,360	-	(640,643)
- Maintenance and overhaul	(58,877)	(67,298)	633	56,283	(69,259)
- User charges	(110,884)	(57,614)	22,376	-	(146,122)
- Aircraft operating lease expenses	(243,079)	(77,191)	9,515	44,440	(266,315)
- Other operating expenses	(84,156)	(93,298)	3,470	13,558	(160,426)
Other income	3,534	6,225	3,064	-	12,823
Operating profit/(loss)	33,911	(42,194)	(7,056)	-	(15,339)
Finance income	41,437	(1,114)	11	-	40,334
Finance costs	(47,960)	56	167	-	(47,737)
Net operating profit/(loss)	27,388	(43,252)	(6,878)	-	(22,742)
Foreign exchange gains/(losses)	12,714	15,610	(24,101)	-	4,223
Share of results of an associate	(10,113)	-	-	10,113	-
Other losses	633	-	-	-	633
Profit/(loss) before taxation	30,622	(27,642)	(30,979)	10,113	(17,886)



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	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination Adjustments RM'000	Total RM'000
Year ended 31 December 2019					
<u>Segment results</u>					
Revenue	4,392,607	1,787,881	76,605	(378,640)	5,878,453
Operating expenses					
- Staff costs	(435,075)	(206,060)	(21,283)	-	(662,418)
- Depreciation	(922,186)	(325,951)	(58,798)	224,919	(1,082,016)
- Aircraft fuel expenses	(1,680,688)	(701,256)	(5,485)	-	(2,387,429)
- Maintenance and overhaul	(704,486)	(290,692)	(9,905)	153,721	(851,362)
- User charges	(431,068)	(350,342)	(20,373)	-	(801,783)
- Aircraft operating lease expenses	-	-	-	-	-
- Other operating expenses	(333,959)	(92,297)	(10,837)	-	(437,093)
Other income	24,718	41,358	13,362	-	79,438
Operating profit/(loss)	(90,137)	(137,359)	(36,714)	-	(264,210)
Finance income	71,255	-	98	-	71,353
Finance costs	(354,010)	(86,238)	(13,939)	-	(454,187)
Net operating profit/(loss)	(372,892)	(223,597)	(50,555)	-	(647,044)
Foreign exchange gains/(losses)	49,902	137,094	3,220	-	190,216
Share of results of an associate	(1,104)	-	-	-	(1,104)
Other losses	-	-	-	-	-
Profit/(Loss) before taxation	(324,094)	(86,503)	(47,335)	-	(457,932)



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	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination Adjustments RM'000	Total RM'000
Year ended 31 December 2018					
<u>Segment results</u>					
Revenue	4,571,376	1,523,905	265,573	(452,916)	5,907,938
Operating expenses					
- Staff costs	(422,845)	(116,691)	(30,310)	-	(569,846)
Depreciation	(127,268)	(5,523)	(2,071)	-	(134,862)
- Aircraft fuel expenses	(1,876,060)	(552,898)	(141,051)	-	(2,570,009)
- Maintenance and overhaul	(485,389)	(194,140)	(56,410)	181,283	(554,656)
- User charges	(508,121)	(189,015)	(46,812)	-	(743,948)
- Aircraft operating lease expenses	(898,654)	(269,900)	(63,170)	271,633	(960,091)
- Other operating expenses	(464,398)	(169,228)	(11,317)	-	(644,943)
Other income	7,414	22,150	5,708	-	35,272
Operating profit/(loss)	(203,945)	48,660	(79,860)	-	(235,145)
Finance income	55,773	-	83	-	55,856
Finance costs	(70,611)	(1,149)	-	-	(71,760)
Net operating profit/(loss)	(218,783)	47,511	(79,777)	-	(251,049)
Foreign exchange gains/(losses)	16,011	17,776	7,413	-	41,200
Share of results of an associate	-	-	-	-	-
Other losses	(23,889)	-	-	-	(23,889)
Profit/(loss) before taxation	(226,661)	65,287	(72,364)	-	(233,738)



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a) Reconciliation of segment revenue to reported revenue:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Year ended	Year ended
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
Segment revenue	1,619,262	1,407,274	5,878,453	5,907,938
Add: Inter-segment revenue	94,700	114,281	378,640	452,916
Less: Revenue from affiliates which were not consolidated	(518,323)	(367,137)	(1,864,486)	(1,789,478)
	<u>1,195,639</u>	<u>1,154,418</u>	<u>4,392,607</u>	<u>4,571,376</u>

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Year ended	Year ended
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
Segment profit/(loss) before taxation	(39,451)	(17,886)	(457,932)	(233,738)
Add: Segment profit/(loss) from affiliates which were not consolidated	82,271	48,508	133,838	7,077
	<u>42,820</u>	<u>30,622</u>	<u>(324,094)</u>	<u>(226,661)</u>

10. Revenue

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Year ended	Year ended
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
Scheduled flights *	791,058	735,491	2,893,458	2,941,796
Charter flights	41,840	39,200	114,946	136,369
Freight services	53,833	48,214	182,955	182,997
Ancillary revenue **	213,942	212,721	820,280	854,199
Aircraft operating lease income	94,260	118,151	378,640	452,916
Management fees	706	641	2,328	3,099
	<u>1,195,639</u>	<u>1,154,418</u>	<u>4,392,607</u>	<u>4,571,376</u>

* Scheduled flights for the current quarter has netted-off the commission of RM1.4 million for the quarter under review (quarter ended 31 December 2018: RM1.9 million) on loyalty program in compliance with MFRS 15.

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



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11. Staff cost

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Year ended	Year ended
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
Wages, salaries, bonuses and allowances	106,503	105,133	400,206	388,684
Defined contribution retirement plan	10,801	9,574	34,869	34,161
	<u>117,304</u>	<u>114,707</u>	<u>435,075</u>	<u>422,845</u>

12. Other income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Year ended	Year ended
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
Commission income from insurance	1,991	(178)	5,274	2,856
Others	3,010	3,712	19,444	4,558
	<u>5,001</u>	<u>3,534</u>	<u>24,718</u>	<u>7,414</u>

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Year ended	Year ended
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
Finance income:				
Interest income on deposits with licensed banks	(1,995)	1,159	5,177	5,807
Other interest income	7,468	2,466	13,344	12,154
	<u>5,473</u>	<u>3,625</u>	<u>18,521</u>	<u>17,961</u>
Discounting and accretion of interest on deposits	21,828	37,812	52,734	37,812
	<u>27,301</u>	<u>41,437</u>	<u>71,255</u>	<u>55,773</u>
Finance costs:				
Interest expense on bank borrowings	417	(7,180)	(17,683)	(28,291)
Bank facilities and other charges	(928)	(1,176)	(3,166)	(2,716)
Interest on lease liabilities	(74,911)	-	(283,621)	-
	<u>(75,422)</u>	<u>(8,356)</u>	<u>(304,470)</u>	<u>(31,007)</u>
Discounting and accretion of interest on deposits	(24,945)	(39,604)	(49,540)	(39,604)
	<u>(100,367)</u>	<u>(47,960)</u>	<u>(354,010)</u>	<u>(70,611)</u>
Foreign exchange gains/(losses)				
Realized	4,608	4,247	3,614	13,911
Unrealized	127,054	8,467	46,287	2,100
	<u>131,662</u>	<u>12,714</u>	<u>49,902</u>	<u>16,011</u>



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14. Taxation

Current taxation

The current taxation charge comprises tax payable on interest income.

Deferred taxation

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Year ended	Year ended
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) before tax	42,820	30,622	(324,094)	(226,661)
Tax calculated at Malaysian statutory tax rate of 24% (2018: 24%)	(27,427)	7,349	(77,783)	(54,399)
Tax effects:				
- deferred tax movement	135,873	121,042	69,869	127,276
- overprovision of prior year tax	(1,871)	(6,172)	45,795	(3,323)
- expenses not deductible for tax purposes	33,707	1,782	129,971	10,594
- income not subject to tax	(1,655)	(5,327)	(2,466)	(5,327)
Taxation	138,627	118,674	165,386	74,821

15. Property, plant and equipment

(a) Acquisition and disposal

During the quarter ended 31 December 2019, the Group acquired property, plant and equipment amounting to RM25.5million (quarter ended 31 December 2018: RM0.2 million).

During the quarter ended 31 December 2019, there is no disposal of property, plant and equipment. (quarter ended 31 December 2018: RM NIL).

(b) Revaluation

There was no revaluation of property, plant and equipment for the quarter ended 31 December 2019 (quarter ended 31 December 2018: RM Nil).

(c) Write-off

During the quarter ended 31 December 2019, there was no write-off property, plant and equipment (quarter ended 31 December 2018: RMNIL million).



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16. Other deposits and prepayments

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

17. Investment in an associate

	As at 31/12/2019 RM'000	As at 31/12/2018 RM'000
Unquoted investments, at cost	20,018	20,018
Addition during the year	1,104	-
	<hr/> 21,122	<hr/> 20,018
Group's share of post-acquisition profit	(21,122)	(20,018)
	<hr/> <hr/> -	<hr/> <hr/> -

The details of the associate is as follows:-

Name	Country of Incorporation	Group effective equity interest		Principal activity
		31/12/2019 %	31/12/2018 %	
Thai AirAsia X Co. Ltd ("TAAX")	Thailand	49%	49%	Commercial air transport services

TAAX recorded a net loss of RM15.2 million in the current quarter (quarter ended 31 December 2018 net loss of RM27.6 million) As at 31 December 2019, the unrecognised amount of the Group's share of loss of TAAX which have not been equity accounted for amounted to RM93.3 million. (31 December 2018: share of losses RM40.6 million) In accordance to MFRS 128, any profits will only be recognised when its shares of the profits equals the share of losses previously not recognised.



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18. Investment in a joint venture

	As at 31/12/2019	As at 31/12/2018
	RM'000	RM'000
Unquoted investments, at cost	53,888	53,888
Group's share of post-acquisition losses	(53,888)	(53,888)
	<u>-</u>	<u>-</u>

The details of the joint venture is as follows:-

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

The Group has discontinued the recognition of its share of losses incurred by IAAX as the Group's interests had been reduced to zero. IAAX recorded a net loss in the current quarter of RM67 million (31 December 2018: loss of RM31 million). As at 31 December 2019, the unrecognised amount of the Group's share of loss of IAAX which have not been equity accounted for amounted to RM154.5 million (31 December 2018: RM131.3 million).

19. Receivables and prepayments

	As at 31/12/2019	As at 31/12/2018
	RM'000	RM'000
Trade receivables	84,565	66,228
Less : Allowance for impairment of receivables	(57,219)	(59,324)
	<u>27,346</u>	<u>6,904</u>
Other receivables	174,301	225,797
Less : Allowance for impairment of receivables *	(160,492)	(165,157)
	<u>13,809</u>	<u>60,640</u>
Deposits	190,492	26,047
Prepayments	438,696	96,246
	<u>670,343</u>	<u>189,837</u>

*Included in the total impairment of receivables is RM161 million relating to lease rental and maintenance reserve due from a joint venture through a third party leasing intermediary.



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20. Deposits, cash and bank balances

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

	As at 31/12/2019 RM'000	As at 31/12/2018 RM'000
Cash and bank balances	261,652	241,017
Deposits with licensed banks	96,309	56,592
	<u>357,961</u>	<u>297,609</u>
Bank balances and deposits pledged as securities	(50,109)	(45,005)
Cash and cash equivalents	<u>307,852</u>	<u>252,604</u>

21. Derivative Financial assets and liabilities

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

Fuel hedging

As at 31 December 2019, outstanding number of barrels of Brent and fuel derivative contracts was 4,842,043 barrels (2018: 4,857,328 barrels).

22. Trade and other payables

	As at 31/12/2019 RM'000	As at 31/12/2018 RM'000
Current:		
Trade payables	255,811	300,728
Other payables and accruals	591,693	799,794
Deferred lease income	1,603	1,990
	<u>849,107</u>	<u>1,102,512</u>
Non-current:		
Deferred lease income	5,029	9,698
Other deposits	47,896	43,069
	<u>52,925</u>	<u>52,767</u>

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



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23. Borrowings

	As at 31/12/2019 RM'000	As at 31/12/2018 RM'000
Current		
Secured:		
- Term loans	56,538	192,313
- Hire purchase	13	11
- Lease liabilities	810,274	-
	<u>866,825</u>	<u>192,324</u>
Non-current		
Secured:		
- Term loans	247,374	494,694
- Hire purchase	20	34
- Lease liabilities	5,203,133	-
	<u>5,450,527</u>	<u>494,728</u>
Total borrowings	<u>6,317,352</u>	<u>687,052</u>

The currency profile of borrowings is as follows:

	As at 31/12/2019 RM'000	As at 31/12/2018 RM'000
Ringgit Malaysia	33	45
US Dollar	6,317,319	687,007
	<u>6,317,352</u>	<u>687,052</u>

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

	As at 31/12/2019 RM'000	As at 31/12/2018 RM'000
Not later than 1 year	866,825	192,324
Later than 1 year and not later than 5 years	2,782,598	416,323
Later than 5 years	2,667,929	78,405
	<u>6,317,352</u>	<u>687,052</u>



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24. Profit/(loss) per share

Basic profit/(loss) per share

Basic profit/(loss) 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 31/12/2019	Quarter ended 31/12/2018	Year ended 31/12/2019	Year ended 31/12/2018
Net profit/(loss) (RM'000)	(95,807)	(88,052)	(489,480)	(301,482)
Weighted average number of ordinary shares in issue ('000)	4,148,148	4,148,148	4,148,148	4,148,148
Profit/(loss) per share (sen)	(2.3)	(2.1)	(11.8)	(7.3)

25. Post balance sheet events

As at the date of this report, there were no material events after the year end that have not been reflected in the financial statements for the year ended 31 December 2019.

26. Contingent assets

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

27. Contingent liabilities

There were no major changes in contingent liabilities since the latest audited consolidated financial statements for the financial year ended 31 December 2019.

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

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

	As at 31/12/2019 RM'000	As at 31/12/2018 RM'000
Aircraft purchase	135,343,801	115,725,215



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(b) Non-cancellable operating leases

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

	As at 31/12/2019 RM'000	As at 31/12/2018 RM'000
Future minimum lease payments	6,246,097	6,664,520
Future minimum sublease receipts	1,181,317	1,755,706

29. Significant related parties transactions

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

<u>Name of companies</u>	<u>Relationship</u>
Thai AirAsia X Co Ltd ("TAAX")	Associate
PT Indonesia AirAsia Extra ("IAAX")	Joint Venture
AirAsia Berhad ("AAB")	Shareholder of the Company for which there is no control, significant influence or joint control, and common Directors and shareholders
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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These following items have been included in the income statement:

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	Quarter ended 31/12/2019 RM'000	Quarter ended 31/12/2018 RM'000	Year ended 31/12/2019 RM'000	Year ended 31/12/2018 RM'000
TAAX				
- Aircraft operating lease income for leased aircraft	94,700	112,636	378,640	365,464
- Net operational services charged	20,996	(3,109)	37,789	27,567
IAAX				
- Aircraft operating lease income for leased aircraft	-	5,514	-	87,452
- Net operational services charged	163	905	2,164	2,991
AAB				
- Brand license fee	-	-	(8,600)	(8,530)
- Lounge services	681	499	1,832	1,788
- Net operational services charged	174	(15,760)	(21,618)	(40,133)
TAA				
- Net operational services charged	186	63	862	315
IAA				
- Net operational services charged	22	281	36	29
AAJ				
- Net operational services charged	(593)	(425)	(1,871)	(2,625)
AAZ				
- Net operational services charged	899	(8,497)	3,942	1,530
AASEA				
- Provision of shared services	(1,092)	(1,045)	(3,551)	(3,239)
- Net operational services charged	(941)	(732)	(2,273)	(1,948)
Rokki				
- In-flight entertainment system and software expenses	(1,128)	(945)	(4,066)	(3,725)



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	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Year ended	Year ended
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
TIMB				
- Commission received/receivable on travel insurance	501	639	1,974	3,234
- Premium collected on behalf of TIMB on travel insurance	(2,007)	(2,555)	(7,898)	(12,934)
GTR				
- Ground handling services	(11,393)	(2,215)	(36,292)	(21,894)
- Net operational services charged	(1,595)	-	(656)	(530)
AAI				
- Net operational services charged	(281)	(201)	(777)	(926)
TELEPORT				
- Purchase of cargo transportation capacity	40,327	46,561	168,077	88,407
BIG				
- Sale of ticket and other ancillary revenue	5,847	6,100	18,268	12,675
- Purchase of loyalty point	(1,326)	(3,295)	(6,538)	(6,140)
AirAsia (Guangzhou)				
- Net operational services charged	(3,349)	18,308	(18,120)	199

30. 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 4Q19 was RM89 million as compared to a net operating profit of RM27 million in 4Q18.



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31. Variance of results against preceding quarter

The Group recorded a profit before taxation of RM42.8 million for the quarter under review as compared to loss before taxation of RM157.1 million in 3Q19.

32. 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.

33. Commentary on prospects

The Company foresees major challenges in the first half of 2020 posed by the recent coronavirus outbreak. The virus outbreak has had an adverse impact on the sale of passenger tickets at AAX, with the biggest impact in the Chinese market. However, sales have also been impacted in Japan, Korea and Australia and the Company will have to bear the cost of ticket refunds for passengers who have cancelled flights to China. The management of the Company is taking action to optimise cash flow and maintain continuity of operations. Passenger bookings in the forward months are also trending lower as a result of the outbreak which is impacting all tourism related businesses in the region. Fares are expected to be under pressure for the next couple of months as the Company tries to stimulate air travel demand on the back of the virus outbreak. In order to mitigate the aforementioned risks, the Company will launch extensive promotional campaigns and redeploy capacity into other core markets to counter the impact of the weak global economy as well as the virus outbreak. This strategy is aimed at stimulating price sensitive customers, maintaining a healthy load factor and supporting ancillary income. The Company is also actively monitoring all operational costs as we expect the headwinds to persist. In addition, the Management is doubling up efforts to review areas where the Company can improve its cash flow and further cut costs. The Company has hedged 80% of its fuel requirement for 1Q 2020 at average Brent hedge prices of US\$59.8/bbl. For the remainder of the year, the Company has hedged 72% of the fuel requirement at average Brent hedge prices of USD\$59.6.

34. Profit forecast

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



AIRASIA X BERHAD

(Company No. 734161-K)

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

FOURTH QUARTER REPORT ENDED 31 DECEMBER 2019

NOTES TO THE UNAUDITED ACCOUNTS - 31 DECEMBER 2019

35. Corporate proposal

There was no corporate proposal which is announced but not completed as at 20th February 2020, being the latest practicable date of this report.

36. Material litigation

As at 20th February 2020, there was no material litigation taken or threatened against the Company and its subsidiaries.

37. Proposed dividend

The Directors did not recommend any dividend for the year ended 31 December 2019

38. Reclassification of comparative figures

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

By Order of the Board

JASMINDAR KAUR a/p SARBAN SINGH

(MAICSA 7002687)

COMPANY SECRETARY

27 FEBRUARY 2020