



**AIRASIA GROUP BERHAD**  
(Company No. 1244493-V)  
**SECOND QUARTER REPORT ENDED 30 JUNE 2020**

**ANNOUNCEMENT**

The Board of Directors of AirAsia Group Berhad (“AirAsia” or “the Company”) hereby announce the following unaudited consolidated results of AirAsia Group and its subsidiaries (collectively known as “the Group”) for the second quarter ended 30 June 2020.

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Year ended	Year ended
		30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 RM'000	30/06/2019 RM'000
Revenue	10	68,028	2,810,224	2,229,438	5,436,125
Operating expenses:					
- Staff costs		(253,934)	(408,523)	(688,105)	(832,962)
- Aircraft fuel expenses		(277,584)	(1,076,259)	(1,147,855)	(2,042,697)
- Maintenance and overhaul		(23,296)	(358,348)	(452,471)	(637,063)
- User charges and other related expenses		(74,395)	(415,976)	(466,016)	(835,728)
- Other operating expenses		(65,091)	(185,886)	(186,021)	(310,497)
Other income	11	9,410	77,727	95,052	151,834
Share of results of associates **		(20,467)	(225,148)	(50,051)	(194,095)
<b>Airline EBITDA</b>		<b>(637,329)</b>	<b>217,811</b>	<b>(666,029)</b>	<b>734,917</b>
<b>Non Airline EBITDA</b>					
- Teleport (Logistics)	29	(5,389)	55,872	57,789	107,677
- AirAsia.com	29	(16,174)	1,851	(21,442)	932
- BigPay Group	29	(24,060)	(16,378)	(52,299)	(28,420)
- Other AirAsia Digital Entities	29	(118)	(5,115)	(1,225)	(6,520)
Share of results of joint venture		(166)	-	-	-
<b>EBITDA</b>		<b>(683,236)</b>	<b>254,041</b>	<b>(683,206)</b>	<b>808,586</b>
Depreciation of property, plant and equipment		(13,485)	(77,684)	(75,451)	(143,853)
Depreciation of right of use asset		(502,467)	(209,601)	(939,468)	(456,903)
Finance costs - lease liabilities		(98,548)	(120,503)	(239,917)	(231,141)
Finance income	12	9,562	25,952	39,336	54,745
Finance costs	12	(23,451)	(69,841)	(78,183)	(129,162)
<b>Net Operating (Loss)/ Profit</b>		<b>(1,311,625)</b>	<b>(197,636)</b>	<b>(1,976,889)</b>	<b>(97,728)</b>
Foreign exchange gain/(loss)	12	37,379	(19,894)	5,541	82,692
Fair value loss on derivatives		62,140	15,062	(207,911)	23,207
<b>(Loss)/Profit before taxation</b>		<b>(1,212,106)</b>	<b>(202,468)</b>	<b>(2,179,259)</b>	<b>8,171</b>
Tax expense	13	(7,825)	(853)	(14,391)	(4,713)
Deferred taxation	13	60,466	250,135	80,862	141,323
<b>Net (loss)/profit for the financial period/year</b>		<b>(1,159,465)</b>	<b>46,814</b>	<b>(2,112,788)</b>	<b>144,781</b>
Attributable to:					
- Owners of the company		(992,889)	17,341	(1,796,734)	111,778
- Non-controlling interests		(166,576)	29,473	(316,054)	33,003
		<b>(1,159,465)</b>	<b>46,814</b>	<b>(2,112,788)</b>	<b>144,781</b>
Earnings per share attributable to owners of the Company (sen)					
- Basic		(29.7)	0.5	(53.8)	3.3
- Diluted		(29.7)	0.5	(53.8)	3.3

\* Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”)

\*\*share of results of associates is disclosed above the EBITDA line to facilitate disclosure of Airline performance. The performance of the associates and Non airline entities are disclosed in Note 29.

The Condensed Income Statement in compliance with MFRS 134 is as disclosed in Note 1.



**AIRASIA GROUP BERHAD**  
(Company No. 1244493-V)  
**SECOND QUARTER REPORT ENDED 30 JUNE 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Year ended	Year ended
	30/6/2020	30/6/2019	30/6/2020	30/6/2019
	RM'000	RM'000	RM'000	RM'000
<b>Net (loss)/profit for the financial period</b>	(1,159,465)	46,814	(2,112,788)	144,781
Other comprehensive income/(loss)				
Remeasurement loss on employee benefits liability, net of tax	1,836	(1,231)	848	(1,486)
Fair value reserve	50,708	42,194	(205,545)	83,552
Cash flow hedges	339,671	(272,842)	(767,761)	244,276
Foreign currency translation differences	(345,945)	(67,003)	292,826	(16,365)
<b>Total comprehensive (loss)/income for the period</b>	<b>(1,113,195)</b>	<b>(252,068)</b>	<b>(2,792,420)</b>	<b>454,758</b>
Total comprehensive income attributable to:				
Owners of the Company	(858,124)	(280,715)	(2,387,871)	418,227
Non-controlling interests	(255,071)	28,647	(404,549)	36,531
	<b>(1,113,195)</b>	<b>(252,068)</b>	<b>(2,792,420)</b>	<b>454,758</b>

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



**AIRASIA GROUP BERHAD**  
(Company No. 1244493-V)

**SECOND QUARTER REPORT ENDED 30 JUNE 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	AS AT 30/06/2020 RM'000	AS AT 31/12/2019 RM'000
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	14	1,196,352	1,201,576
Right of use assets	21	11,268,516	11,215,954
Finance lease receivables	21	765,082	927,429
Investment in associates	16	556,768	703,325
Investment in joint venture		1,860	-
Investment securities	15	398,167	603,215
Intangible assets		632,895	635,024
Deferred tax assets		1,069,095	1,130,830
Receivables and prepayments	17	3,710,104	3,423,984
Deposits on aircraft purchase		622,558	252,293
Derivative financial instruments	22	196,595	208,725
		20,417,992	20,302,355
<b>CURRENT ASSETS</b>			
Inventories		160,200	146,086
Receivables and prepayments	17	780,426	1,133,011
Finance lease receivables	21	303,243	293,571
Deposits on aircraft purchase		-	344,036
Amounts due from associates		516,124	432,709
Amounts due from related parties		308,400	107,200
Derivative financial instruments	22	701,363	230,479
Tax recoverable		10,671	17,174
Deposits, bank and cash balances		996,121	2,588,097
		3,776,548	5,292,363
<b>CURRENT LIABILITIES</b>			
Trade and other payables	18	2,923,189	2,175,150
Aircraft maintenance provisions and liabilities	19	594,978	572,312
Sales in advance		950,752	1,182,155
Amounts due to associates		40,844	151,812
Amounts due to related parties		3,832	260,354
Borrowings	20	464,757	342,152
Lease liabilities	21	2,196,657	2,271,662
Derivative financial instruments	22	1,087,317	126,977
Provision of taxation		21,702	52,895
		8,284,028	7,135,469
<b>NET CURRENT LIABILITIES</b>		<b>(4,507,480)</b>	<b>(1,843,106)</b>



**AIRASIA GROUP BERHAD**  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	AS AT 30/06/2020 RM'000	AS AT 31/12/2019 RM'000
<b>NON CURRENT LIABILITIES</b>			
Trade and other payables	18	270,941	320,455
Aircraft maintenance provisions and liabilities	19	5,062,085	4,720,621
Borrowings	20	73,815	86,714
Lease liabilities	21	9,890,463	10,188,139
Deferred tax liabilities		21,029	84,279
Derivative financial instruments	22	483,088	73,350
Provision for retirement benefits		79,266	74,951
		15,880,687	15,548,509
		<b>29,825</b>	<b>2,910,740</b>
<b>CAPITAL AND RESERVES</b>			
Share capital		8,023,268	8,023,268
Merger deficit		(5,507,594)	(5,507,594)
Other reserves		(825,391)	147,067
Foreign exchange reserve		463,963	171,137
Retained earnings		(132,282)	1,664,452
		2,021,964	4,498,330
Non-controlling interests		(1,992,139)	(1,587,590)
Total equity		<b>29,825</b>	<b>2,910,740</b>
Net assets per share attributable to ordinary equity holders of the Company (RM)		<b>0.61</b>	<b>1.35</b>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.



**AIRASIA GROUP BERHAD**

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**SECOND QUARTER REPORT ENDED 30 JUNE 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to owners of the Company									Non-controlling interests RM'000	Total equity RM'000
	Number of shares '000	Share Capital RM'000	Merger Deficit RM'000	Foreign exchange reserve RM'000	Cash flow hedge reserve RM'000	Fair value reserve RM'000	Remeasurement loss on employee benefits liability RM'000	Retained earnings RM'000	Total RM'000		
<b>At 1 January 2020</b>	3,341,974	8,023,268	(5,507,594)	171,137	38,466	103,768	4,833	1,664,452	4,498,330	(1,587,590)	2,910,740
Net profit for the financial period	-	-	-	-	-	-	-	(1,796,734)	(1,796,734)	(316,054)	(2,112,788)
Other comprehensive income	-	-	-	292,826	(767,761)	(205,545)	848	-	(679,632)	(88,495)	(768,127)
<b>At 30 June 2020</b>	<b>3,341,974</b>	<b>8,023,268</b>	<b>(5,507,594)</b>	<b>463,963</b>	<b>(729,295)</b>	<b>(101,777)</b>	<b>5,681</b>	<b>(132,282)</b>	<b>2,021,964</b>	<b>(1,992,139)</b>	<b>29,825</b>
At 1 January 2019	3,341,974	8,023,268	(5,507,594)	178,515	(477,610)	21,716	4,447	5,389,073	7,631,815	(1,622,087)	6,009,728
Net profit for the financial period	-	-	-	-	-	-	-	111,778	111,778	33,003	144,781
Other comprehensive income	-	-	-	(16,365)	244,276	83,552	(2,057)	-	309,406	1,764	311,170
Dividend paid	-	-	-	-	-	-	-	(401,037)	(401,037)	-	(401,037)
<b>At 30 June 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16,365)</b>	<b>244,276</b>	<b>83,552</b>	<b>(2,057)</b>	<b>(289,259)</b>	<b>20,147</b>	<b>34,767</b>	<b>54,914</b>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.



**AIRASIA GROUP BERHAD**

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**SECOND QUARTER REPORT ENDED 30 JUNE 2020**

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	PERIOD ENDED	PERIOD ENDED
	30/06/2020	30/06/2019
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(2,179,259)	8,171
Adjustments:		
Property, plant and equipment		
- Depreciation	75,451	143,853
- Gain on disposal	(8,749)	(1,081)
- Write Off	6,836	-
Depreciation of Right of Use asset	939,468	797,503
Intangible assets		
- Amortisation	304	304
- Write off	6,500	-
Provision for retirement benefit	1,257	-
Fair value loss/(gain) on derivative financial instruments	207,911	(23,207)
Share of results of associates	50,218	194,095
Net unrealised foreign exchange gain	(50,600)	(156,661)
Interest expense	78,183	129,162
Interest on lease liabilities	239,917	231,141
Interest income	(39,336)	(23,745)
	(671,899)	1,299,535
<b>Changes in working capital</b>		
Inventories	(11,811)	(16,381)
Receivables and prepayments	297,307	(115,510)
Trade and other payables and provisions	201,680	323,178
Intercompany balances	(724,348)	(142,726)
<b>Cash (used in)/generated from operations</b>	(909,071)	1,348,096
Interest paid	(78,183)	(121,993)
Interest received	39,336	26,982
Tax paid	(8,008)	(220)
<b>Net cash (used in)/ generated from operating activities</b>	<b>(955,926)</b>	<b>1,252,865</b>



**AIRASIA GROUP BERHAD**

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**SECOND QUARTER REPORT ENDED 30 JUNE 2020**

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	PERIOD ENDED	PERIOD ENDED
	30/06/2020	30/06/2019
	RM'000	RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment		
- Additions	(92,987)	(56,700)
- Proceeds from disposal	9,382	1,013,210
Addition in intangible assets	(4,675)	(12,459)
Proceeds from other investments	4,261	-
Additional investments in investment securities	-	(7,725)
Additional subscription of shares in associates	-	(147,001)
Investment in joint venture	(2,025)	
<b>Net cash (used in)/generated from investing activities</b>	<b>(86,044)</b>	<b>789,325</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	148,317	311,224
Dividends paid	-	(401,037)
Interest on lease liabilities	(141,369)	(231,141)
Repayment of borrowings and lease liabilities	(631,997)	(1,656,645)
<b>Net cash used in financing activities</b>	<b>(625,049)</b>	<b>(1,977,599)</b>
<b>NET (DECREASE)/ INCREASE FOR THE FINANCIAL PERIOD</b>	<b>(1,667,019)</b>	<b>64,591</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>	<b>2,588,097</b>	<b>3,326,921</b>
<b>CURRENCY TRANSLATION DIFFERENCES</b>	<b>75,043</b>	<b>(164,548)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>996,121</b>	<b>3,226,964</b>

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



**AIRASIA GROUP BERHAD**  
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**SECOND QUARTER REPORT ENDED 30 JUNE 2020**

**NOTES TO THE QUARTERLY REPORT**

**1. Basis of preparation**

The Interim Financial Report is unaudited and has been prepared in accordance with paragraph 9.22 and Appendix 9B of Bursa Malaysia Securities Berhad's ("Bursa Malaysia") Listing Requirements. The Consolidated Income Statement on page 1 has been presented to better reflect the Airline and Non-Airline activities of the Group.

The Interim Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant for understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2019.

The Consolidated Income Statement for the quarter ended 30 June 2020, in compliance with MFRS134: Interim Financial Reporting is as follows:

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Year ended	Year ended
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM'000	RM'000	RM'000	RM'000
Revenue	118,964	2,921,745	2,430,724	5,648,537
Operating expenses:				
- Staff costs	(278,576)	(424,058)	(733,795)	(865,608)
- Depreciation of property, plant and equipment	(515,952)	(287,285)	(1,014,919)	(600,756)
- Aircraft fuel expenses	(277,584)	(1,076,259)	(1,147,855)	(2,042,697)
- Maintenance and overhaul	(23,296)	(358,348)	(452,471)	(637,063)
- User charges and other related expenses	(74,395)	(415,976)	(466,016)	(835,728)
- Other operating expenses	(160,254)	(297,820)	(413,663)	(511,116)
Other income	32,538	129,905	149,921	246,356
<b>Operating (loss)/profit</b>	<b>(1,178,555)</b>	<b>191,904</b>	<b>(1,648,074)</b>	<b>401,925</b>
Finance income	9,562	25,952	39,336	54,745
Finance costs	(121,999)	(190,344)	(318,100)	(360,303)
<b>Net operating (loss)/profit</b>	<b>(1,290,992)</b>	<b>27,512</b>	<b>(1,926,838)</b>	<b>96,367</b>
Share of results of associates	(20,467)	(225,148)	(50,051)	(194,095)
Share of results of joint venture	(166)	-	-	-
Foreign exchange gains/(loss)	37,379	(19,894)	5,541	82,692
Fair value loss on derivatives	62,140	15,062	(207,911)	23,207
<b>(Loss)/Profit before taxation</b>	<b>(1,212,106)</b>	<b>(202,468)</b>	<b>(2,179,259)</b>	<b>8,171</b>
Tax expense	(7,825)	(853)	(14,391)	(4,713)
Deferred taxation	60,466	250,135	80,862	141,323
<b>Net (loss)/profit for the financial period</b>	<b>(1,159,465)</b>	<b>46,814</b>	<b>(2,112,788)</b>	<b>144,781</b>

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





**AIRASIA GROUP BERHAD**

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**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

**2. Summary of significant accounting policies**

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the Audited Financial Statements for the financial year ended 31 December 2019. Details of standards, amendments to published standards and interpretations to existing standards that are applicable to the Group with effect from 1 January 2020 or later are provided in the notes to the financial statements in the Audited Financial Statements of the Group for the financial year ended 31 December 2019. The Group did not early adopt any new standards, amendments to published standards and interpretation to existing standards.

For the beginning of the financial year 1 January 2020, the standards that becomes effective does not have any material impact to the financial statements of the Group and the Company for the year.

On 1 June 2020, Malaysian Accounting Standards Board issued an Amendment to MFRS 16 : Covid 19 Related Rent Concessions that can be applied for annual reporting periods beginning on or after 1 June 2020 where earlier application is also permitted. The accounting standard provides a practical expedient, whereby the lessee may elect not to assess whether a rent concession granted by lessors (which can include waiver, deferral or extension for the period of up until 30 June 2021) is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change in applying this Standard if the change were not a lease modification.

**3. Auditors' report on preceding annual financial statements**

The auditors have expressed an unqualified opinion with an emphasis of matter on material uncertainty relating to going concern, in view of the current economic condition and Covid-19 Pandemic, in respect of the Company's audited financial statements for the financial year ended 31 December 2019 in their report dated 6 July 2020. The Emphasis of matter by Independent Auditors were as follows:

“We draw attention to Note 2.1 and Note 48 to the financial statements, which indicate that the Group has a net loss of RM283 million for the financial year ended 31 December 2019 and the current liabilities exceeded its current assets by RM1,843 million. Further, in early 2020, the global economy, in particular the commercial airlines industry, faces 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 air travel which impacted the Group's financial performance and cash flows. These events or conditions, along with other matters as set forth in Note 2.1 and Note 48 to the financial statements, indicate existence of material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as a going concern.”



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**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

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

Nevertheless, with the recent progressive uplifting of restriction on interstate travel and domestic tourism activities within the operating countries, the Group has seen positive developments on its business operations as passenger seat booking trends, flight frequencies and load factors are gradually improving to cater for the increasing demand. The financial statements of the Group and the Company have been prepared on a going concern basis, the validity of which is dependent on successful recovery from the COVID-19 pandemic in conjunction with the actions undertaken by the government of the respective countries, favorable outcome of the ongoing discussions with the financial institutions and investors to obtain required funding and successful implementation of the management's plans for future actions in responding to the conditions above as disclosed in Note 2.1 and Note 48 to the financial statements.

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

**4. Seasonality of operations**

AirAsia is primarily involved in the provision of air transportation services and thus, is subject to the seasonal demand for air travel. Due to the current Covid 19 situation and the various lockdowns in countries of which the Group operates in, the operations are adversely impacted.

**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-to-date except for that arising from the Covid 19 outbreak and the fuel hedges as disclosed in Note 22(c).

**6. Changes in composition of the Group**

There are no material changes in composition of the Group during the current quarter.

**7. Changes in estimates**

There were no changes in estimates that have had a material effect on the results of the current quarter and financial period-to-date.

**8. Capital and reserves**

There was no cancellation, repurchases, resale and repayment of debt and equity securities for the period ended 30 June 2020.

**9. Dividends paid and proposed**

No dividend has been proposed during the quarter ended 30 June 2020.



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**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

**10. Revenue**

	<b>Quarter ended 30/6/2020 RM million</b>	<b>Quarter ended 30/6/2019 RM million</b>
Passenger revenue		
- seat sales	38.1	2,283.4
- others	7.1	509.6
Aircraft operating lease income	22.8	17.2
	<hr/>	<hr/>
	68.0	2,810.2
Teleport (Logistics)	50.9	111.5
	<hr/>	<hr/>
	118.9	2,921.7

Passenger revenue “Others” includes ancillary income such as administrative fees, baggage fees, assigned seats, cancellations, documentation and other fees, and on-board sales of meals and merchandise.

**11. Other income**

	<b>Quarter ended 30/6/2020 RM million</b>	<b>Quarter ended 30/6/2019 RM million</b>
Fees charged for provision of commercial air transport services	1.6	28.4
Others	7.8	49.3
	<hr/>	<hr/>
	9.4	77.7

Other income “Others” includes commission and advertising income, forfeited revenue and insurance claims.



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**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

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

	Quarter ended 30/06/20 RM million	Quarter ended 30/06/19 RM million	Year ended 30/06/20 RM million	Year ended 30/06/19 RM million
<b>(a) Finance income</b>				
Interest income from:				
- deposits with licensed banks	3.1	10.4	4.1	23.3
- from associates	-	-	2.8	-
- finance lease receivables	6.5	15.5	32.4	31.0
Discounting effect on financial instruments and others	-	-	-	0.4
	<u>9.6</u>	<u>25.9</u>	<u>39.3</u>	<u>54.7</u>
<b>(b) Finance costs</b>				
Bank borrowings	1.7	(63.2)	(28.3)	(118.7)
Amortisation of premiums for interest rate caps	(0.1)	(0.8)	(0.4)	(1.6)
Discounting effect on financial instruments, bank facilities and other charges	(25.1)	(5.8)	(49.5)	(8.9)
	<u>(23.5)</u>	<u>(69.8)</u>	<u>(78.2)</u>	<u>(129.2)</u>
<b>(c) Foreign exchange gains/(losses)</b>				
- realized	(13.0)	(3.4)	(45.1)	22.5
- unrealized	50.4	73.1	50.6	156.6
- fair value movement recycled from cash flow hedge reserve	-	(89.6)	-	(96.4)
	<u>37.4</u>	<u>(19.9)</u>	<u>5.5</u>	<u>82.7</u>

**13. Income tax and Deferred tax**

**Income tax expense**

The current taxation charge for the quarter of RM7.8 million comprises tax payable on interest income and corporate income taxes for the subsidiaries.

**Deferred taxation**

Net deferred tax asset of RM60.5 million was recognised in the current quarter.



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**14. Property, plant and equipment**

(a) acquisition and disposals

During the period ended 30 June 2020, the Group acquired property, plant and equipment with a cost of RM93.0 million (period ended 30 June 2019: RM56.7 million).

During the period ended 30 June 2020, proceeds from disposal of property, plant and equipment is RM9.4 million (period ended 30 June 2019: RM1,013.2 million).

(b) revaluation

There was no revaluation of property, plant and equipment in the quarter under review or in the same quarter of the prior year.

(c) impairment

There was no impairment of property, plant and equipment in the quarter under review or in the same quarter of the prior year.

**15. Quoted investments and properties**

There was no purchase or disposal of quoted securities for the quarter under review and financial period to date.

**16. Investments in associates**

	<b>As at 30/6/2020 RM million</b>	<b>As at 31/12/2019 RM million</b>
Investment at cost	1,526.2	819.0
Reclassified from investment in joint venture	-	572.7
Share of results and reserves	(969.5)	(688.4)
	<u>556.7</u>	<u>703.3</u>

As permitted by MFRS 128, the Group recognized losses from the associates to the extent of the Group's interest in these associates. The unrecognized losses at the reporting date is RM525.1 million.



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**17. Receivables and prepayments**

	<b>As at 30/6/2020 RM million</b>	<b>As at 31/12/2019 RM million</b>
<u>Non-current</u>		
Prepayments	2,757.4	2,512.0
Deposits and other receivables	952.7	912.0
	<hr/> 3,710.1	<hr/> 3,424.0
<u>Current</u>		
Trade and other receivables	175.1	450.7
Prepayments	524.4	594.6
Deposits	80.9	87.7
	<hr/> 780.4	<hr/> 1,133.0

Prepayments include advances for the purchase of fuel as well as prepaid engine maintenance costs to the service provider.

**18. Trade and other payables**

	<b>As at 30/6/2020 RM million</b>	<b>As at 31/12/2019 RM million</b>
<u>Non-current</u>		
Other payables	270.9	320.5
	<hr/>	<hr/>
<u>Current</u>		
Trade payables	1,763.7	449.0
Other payables	169.2	453.5
Accruals for fuel	63.5	270.5
Collateral for derivatives	-	7.8
Others	918.2	994.4
	<hr/> 2,923.2	<hr/> 2,175.2

Other payables and accruals include accruals for operational expenses and passenger service charges payable to airport authorities



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**19. Aircraft maintenance provision/ payables**

	<b>As at 30/6/2020 RM million</b>	<b>As at 31/12/2019 RM million</b>
Aircraft maintenance provision	1,400.1	1,274.3
Aircraft maintenance payables	2,680.0	2,435.5
Aircraft maintenance reserves	1,577.0	1,583.1
	<hr/> 5,657.1	<hr/> 5,292.9
Current	595.0	572.3
Non Current	5,062.1	4,720.6
	<hr/> 5,657.1	<hr/> 5,292.9

- (i) Aircraft maintenance provision relates to provision of maintenance of aircraft contractually obligated by the Group to maintain during the lease period until redelivery based on pre-agreed conditions
- (ii) Aircraft maintenance payables relates to provision set aside at the point of sales and leaseback that is contractually obligated by the Group to incur to return the aircraft at the pre-agreed conditions
- (iii) Aircraft maintenance reserve relates to payments made by lessee for agreed maintenance work that has yet to be carried out

The liabilities of the aircraft provisions/ payables are covered through the Group's prepaid engine maintenance cost to a service provider as disclosed in Note 17.

**20. Borrowings**

	<b>As at 30/6/2020 RM million</b>	<b>As at 31/12/2019 RM million</b>
<u>Short term</u>		
Term loans	355.8	238.5
Commodity Murabahah Finance	1.8	3.6
Revolving credit	107.2	100.0
	<hr/> 464.8	<hr/> 329.9
<u>Long term</u>		
Term loans	73.8	86.7
Total	<hr/> 538.6	<hr/> 428.9



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**20. Borrowings (Contd.)**

The currency profile of borrowings are as follows:

	<b>As at 31/3/2020 RM million</b>	<b>As at 31/12/2019 RM million</b>
Ringgit Malaysia	223.8	103.7
US Dollar	171.1	184.3
Philippine Peso	99.1	90.0
Indonesian Rupiah	44.6	50.9
	<hr/> 538.6	<hr/> 428.9

**21. Lease liabilities**

The lease liabilities is supported by the corresponding Rights of Use asset of RM11.3 billion and finance lease receivables of RM1.1 billion. The lease liabilities are repayable on a monthly basis based on the lease agreement.

**22. Derivative financial instruments**

(a) Forward Foreign Exchange Contracts

As at 30 June 2020, the Group has Foreign Currency Swaps with outstanding amount of USD11.9 million.

(b) Interest Rate Hedging.

As at 30 June 2020, the Group has interest rate swaps which have an outstanding amount of US\$272.7 million.

(c) Fuel Hedging

As the Covid-19 pandemic resulted in closure of borders and increased travel restrictions, the expected fuel consumption of the Group has tremendously reduced. As a results of the reduction in expected rate of capacity recovery, the Group recognized the ineffective portion of the fuel hedges in the income statement.





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**22. Derivative financial instruments (cont'd.)**

Type of Derivatives	Notional Value As at 30/6/2020	Fair value 30/6/2020 Assets/(Liabilities) RM million
	Barrels million	
<b><u>Fuel contract</u></b>		
- less than 1 year	7.9	(482.3)
- 1 year to 3 years	2.1	(136.4)
<b>Total</b>	<b>10.0</b>	<b>(618.2)</b>
	RM million	RM million
<b><u>Interest rate contracts</u></b>		
- less than 1 year	211.6	(3.5)
- More than 3 years	955.5	(99.6)
<b>Total</b>	<b>1,167.1</b>	<b>(103.1)</b>
	RM million	RM million
<b><u>Foreign currency contracts</u></b>		
- 1 year to 3 years	51.0	49.8
<b>Total</b>	<b>51.0</b>	<b>49.8</b>

The related accounting policies, cash requirements of the derivatives, risks associated with the derivatives and policies to mitigate those risks are unchanged since the last financial year.

**23. Status of corporate proposals announced**

There are no outstanding corporate proposal.

**24. Post balance sheet events**

There are no post balance sheet events to be reported.

**25. Contingent assets**

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

**26. Changes in contingent liabilities since the last annual balance sheet date**

There were no material changes in contingent liabilities since the audited financial statements of the Group for the financial year ended 31 December 2019.



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

Capital commitments for property, plant and equipment:

	<b>As at 30/6/2020 RM million</b>	<b>As at 31/12/2019 RM million</b>
Approved and contracted for	113,592.4	99,665.2

**28. Material related party transactions**

Significant related party transactions which were entered into on agreed terms and conditions for the quarter ended 30 June 2020 are set out below:

	<b>Quarter ended 30/6/2020 RM million</b>	<b>Quarter ended 30/6/2019 RM million</b>
1. Transaction of the Group with associates of a subsidiary		
a. Lease rental income on aircraft		
- Thai AirAsia	53.7	67.9
- India AirAsia	21.2	38.3
- Japan AirAsia	11.7	11.9
2. Transaction of the Group with company with common directors and shareholders		
a. Lease rental income on aircraft		
- PT Indonesia AirAsia Extra	16.8	17.4
b. Wet lease expenses on aircraft		
- PT Indonesia AirAsia Extra	20.6	26.0
c. Purchase of cargo transportation capacity		
- AirAsia X Berhad	37.6	42.6



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**29. Review of Group Performance**

***Consolidated Group Performance***

Group Revenue for the second quarter of financial year 2020 plunged by 96% to RM119.0 million at the height of the Covid-19 pandemic which saw many countries announced lockdowns and borders restrictions. 42% of the Group Revenue reported was contributed from cargo and logistics operations. Group expenditure declined as the Group hibernated its fleet at the end of the first quarter and gradually resumed operations at end of May early June as domestic travel restrictions eased. The Group implemented cost containment measures such as right sizing of manpower, salary cuts for management, staff and directors, negotiation of deferrals with lessors, suppliers and partners and restructuring of fuel hedging positions.

The Group reported a loss for the period of RM1,159.5 million of which RM601.0 million were related to depreciation and interest on leases, RM198.5 million of realised loss on fuel hedges and ineffective unrealized fuel hedge of RM23.9 million (which is offset against the gain recognized on realization of forward contract of RM85.2 million). Whilst the Group had successfully negotiated for deferrals with lessors, pursuant to the practical expedient available under Amendments to MFRS16: Covid 19 Related Rent Concessions as explained in Note 2 above, the income statement charge of depreciation and interest were not adjusted. Nonetheless, the main effect on cash flows would be the reduction in, or absence of, cash outflows for leases during the period of the rent concession.

**Airline**

**Performance indicators**

	Apr- Jun 2020	Apr - Jun 2019	Change %
Passengers Carried	204,082	12,839,204	-98%
Capacity	345,970	15,093,048	-98%
Seat Load Factor	59%	85%	-26
RPK (million)	232	15,766	-99%
ASK (million)	391	18,645	-98%
Average Fare (RM)	239	178	34%
Unit Passenger Revenue (RM)	78	222	-65%
Revenue / ASK (sen)	15.93	15.40	3%
Revenue / ASK (US cents)	3.68	3.56	3%
Cost / ASK (sen)	295.65	15.77	1774%
Cost / ASK (US cents)	68.29	3.64	1774%
Cost / ASK-ex Fuel (sen)	230.76	9.95	2219%
Cost / ASK-ex Fuel (US cents)	53.30	2.30	2219%
Aircraft (end of period)	149	146	3
Average Stage Length (km)	1,121	1,233	-9%
Number of Flights	1,868	83,112	-98%
Fuel Consumed (Barrels)	83,336	2,991,983	-97%
Average Fuel Price (US\$ / Barrel)	764	87	783%

Exchange Rate: RM:USD – 4.3293 - Prior year US cent and dollar are restated at current average exchange rate during the quarter for ease of reference

Average Fuel Price/ Barrel restated using current average exchange rate for comparison is US\$83/barrel

# Statistics exclude Logistic and Leasing operations

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**SECOND QUARTER REPORT ENDED 30 JUNE 2020****NOTES TO THE UNAUDITED FINANCIAL STATEMENTS****29. Review of Group Performance - Airline (cont'd.)**

Revenue for the airline business for 2Q20 was RM68.0 million, as capacity reduced by 98% as compared to 2Q19. Malaysia and Philippines announced hibernation of its fleet starting 28 March 2020 and 20 March 2020 respectively whilst Indonesia significantly reduced its domestic and international flights.

The Airline Group reported a negative EBITDA for 2Q20 at RM637.3 million, compared to a positive EBITDA of RM217.8 million in 2Q19 as the reduction of Group expenditure could not offset the decrease in revenue as passenger demand collapsed due to the widespread border closures and certain onerous travel restrictions. The Group also recorded realised fuel swap losses of RM198.5 million for the quarter on the back of reduction in fuel consumption and drastic fall in oil prices.

**Cashflow commentary for current quarter against corresponding quarter**

<b>Net Cash Flow</b>	<b>Period ended 30/6/2020 RM million</b>	<b>Period ended 30/6/2019 RM million</b>
Cash from/(to) Operating activities	(955.9)	1,252.8
Cash from/(to) Investing activities	(86.0)	789.3
Cash from/(to) Financing activities	(625.1)	(1,977.6)
	(1,667.0)	64.5

The Group's cashflow reported a net outflow as the current Covid 19 pandemic contributed to the lower demand for flights. Investing activities in the previous period includes disposal of aircrafts under the sales and leaseback transactions. The decrease in financing activities for the current period ended 30 June 2020 was as a result of cost containment activities during the hibernation period whereby lease payments were deferred.

**The net gearing ratio as at 30 June 2020 and 31 December 2019 are as follows:**

	<b>As at 30/6/2020 RM million</b>	<b>As at 31/12/2019 RM million</b>
Borrowings	538.6	428.9
Lease liabilities	12,087.1	12,459.8
Less: Deposit, cash and bank balances	996.1	2,588.1
<b>Net Debt</b>	<b>11,629.6</b>	<b>10,300.6</b>
<b>Total equity</b>	<b>2,022.0</b>	<b>4,498.3</b>
<b>Net gearing ratio (times) – excluding lease liabilities</b>	<b>Nil</b>	<b>Nil</b>
<b>Net gearing ratio (times)</b>	<b>5.8</b>	<b>2.3</b>



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**29. Review of Group Performance - Airline (cont'd.)**

*Associate's Performance*

**(a) Thai Air Asia Co. Ltd ("Thai AirAsia")**

**Performance indicators**

	Apr-Jun	Apr-Jun	Change %
	2020	2019	
Passengers Carried	283,601	5,578,878	-95%
Capacity	544,746	6,751,500	-92%
Seat Load Factor	52%	83%	-31
RPK (million)	172	5,643	-97%
ASK (million)	329	6,903	-95%
Average Fare (THB)	1,031	1,390	-26%
Unit Passenger Revenue (THB)	1,332	1,726	-23%
Revenue / ASK (THB)	1.19	1.39	-15%
Revenue / ASK (US cents)	3.69	4.33	-15%
Cost / ASK (THB)	11.62	1.57	640%
Cost / ASK (US cents)	36.18	4.89	640%
Cost / ASK-ex Fuel (THB)	9.02	1.02	785%
Cost / ASK-ex Fuel (US cents)	28.09	3.18	785%
Aircraft (end of period)	62	62	-
Average Stage Length (km)	879	1,023	-14%
Number of Flights	2,977	37,364	-92%
Fuel Consumed (Barrels)	60,718	1,268,541	-95%
Average Fuel Price (US\$ / Barrel)	363	93	291%

Exchange Rate: THB:USD – 32.12 - Prior year US cent and dollar are restated at current average exchange rate for ease of reference

Average Fuel Price/ Barrel restated using current average exchange rate for comparison is US\$92/barrel



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**29. Review of Group Performance - Airline (cont'd.)**

**(a) Thai AirAsia Co. Ltd (“Thai AirAsia”)**

**Financial Statements**

	<b>Apr-Jun 2020 THB'000</b>	<b>Apr-Jun 2019 THB'000</b>
Revenue	266,548	9,608,664
Operating expenses:		
- Staff costs	(973,800)	(1,829,845)
- Aircraft fuel expenses	(708,120)	(3,730,514)
- Maintenance and overhaul	(304,942)	(952,547)
- User charges and other related expenses	(51,207)	(1,313,239)
- Other operating expenses	(366,564)	(1,212,537)
Other income	140,009	185,222
<b>EBITDAR</b>	<b>(1,998,076)</b>	<b>755,204</b>
Depreciation of property, plant and equipment	(1,447,472)	(426,790)
Aircraft operating lease expenses	-	(1,340,130)
Finance income	10,250	8,867
Finance costs	(391,020)	(179,816)
Foreign exchange gain	1,644,866	212,480
<b>Loss before taxation</b>	<b>(2,181,452)</b>	<b>(970,185)</b>
Tax expense	-	-
Deferred taxation	105,805	91,040
<b>Loss after taxation</b>	<b>(2,075,647)</b>	<b>(879,145)</b>

\*EBITDAR – Earnings Before Interest, Depreciation, Amortisation and Rental



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**29. Review of Group Performance - Airline (cont'd.)**

**(a) Thai AirAsia Co. Ltd (“Thai AirAsia”)**

**Financial Statements**

<b>Year Ended</b>	<b>Jun 2020 THB'000</b>	<b>Dec 2019 THB'000</b>
Property, plant and equipment	38,326,691	24,821,094
Intangible assets	19,461	22,770
Inventory	238,514	294,641
Aircraft maintenance reserve	5,984,499	5,963,213
Other debtors and prepayments	3,366,889	2,155,980
Amounts due from related parties	493,287	1,919,708
Cash and Short term deposits	2,738,572	3,889,581
<b>Total Assets</b>	<b>51,167,913</b>	<b>39,066,987</b>
Sales in advance	2,941,244	4,648,343
Other creditors and accruals	6,115,291	5,162,137
Amount due to related parties	1,819,448	373,823
Borrowings	7,381,123	10,486,213
Lease liabilities	32,389,306	11,493,614
Deferred tax liabilities		64,421
<b>Total Liabilities</b>	<b>50,646,413</b>	<b>32,228,551</b>
Share capital	435,556	435,556
Retained earnings	85,944	6,402,880
<b>Total Equity</b>	<b>521,500</b>	<b>6,838,436</b>

Thai AirAsia recorded Total Revenue of THB266.5 million in 2Q20, 97% lower than 2Q19 of THB9,608.6 million as it had suspended domestic flights and international flights commencing 1 April 2020 and 22 March 2020 respectively. Thai AirAsia resumed selected domestic flights in May whilst international flights were restricted to only specific approvals.

Thai AirAsia adopted TFRS16 Leases which was effective 1 January 2020 for Thailand which saw the increase in depreciation and interest costs and a substantial foreign exchange gain of THB1,644.9 million which was mainly attributable to the exchange differences on leases liabilities.

Thai AirAsia reported a loss for the period of THB2,075.6 million impacted by the lower revenue and adoption of TFRS16 and recognition of realised fuel swap hedges of THB638.4 million offset by the foreign exchange gain mentioned above.



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**29. Review of Group Performance - Airline (cont'd.)**

**(b) AirAsia (India) Limited (“AirAsia India”)**

**Performance indicators**

	Apr-Jun	Apr-Jun	Change %
	2020	2019	
Passengers Carried	190,395	2,286,992	-92%
Capacity	302,040	2,536,380	-88%
Seat Load Factor	63%	90%	-27
RPK (million)	224	2,495	-91%
ASK (million)	355	2,756	-87%
Average Fare (INR)	4,353	3,657	19%
Unit Passenger Revenue (INR)	4,782	4,023	19%
Revenue / ASK (INR cents)	253.97	328.25	-23%
Revenue / ASK (US cents)	3.36	4.34	-23%
Cost / ASK (INR cents)	1,211.58	336.27	260%
Cost / ASK (US cents)	16.03	4.45	260%
Cost / ASK-ex Fuel (INR cents)	1,151.87	193.84	494%
Cost / ASK-ex Fuel (US cents)	15.24	2.56	494%
Aircraft (end of period)	30	21	9
Average Stage Length (km)	1,172	1,087	8%
Number of Flights	1,678	14,091	-88%
Fuel Consumed (Barrels)	62,217	495,821	-87%
Average Fuel Price (US\$ / Barrel)	45	114	-60%

Exchange Rate: RM:USD – 75.59- Prior year US cent and dollar are restated at current average exchange rate during the quarter for ease of reference

Average Fuel Price/ Barrel restated using current average exchange rate for comparison is US\$105/barrel





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**29. Review of Group Performance - Airline (cont'd.)**

**(b) AirAsia (India) Limited (“AirAsia India”)**

**Financial Statements**

	<b>Apr-Jun 2020 INR'000</b>	<b>Apr-Jun 2019 INR'000</b>
Revenue	900,812	9,047,367
Operating expenses:		
- Staff costs	(1,097,219)	(1,184,874)
- Aircraft fuel expenses	(211,784)	(3,925,678)
- Maintenance and overhaul	(575,456)	(1,302,679)
- User charges and other related expenses	(336,747)	(1,238,707)
- Other operating expenses	(72,642)	(422,788)
Other income	9,635	153,353
<b>EBITDA</b>	<b>(1,383,401)</b>	<b>1,125,994</b>
Depreciation of property, plant and equipment	(1,476,363)	(1,092,002)
Finance income	42,169	35,455
Finance costs	(578,974)	(290,557)
Foreign exchange loss	76,564	70,052
Fair value losses on derivatives		
<b>Loss before tax</b>	<b>(3,320,005)</b>	<b>(151,058)</b>
Tax expense	-	-
Deferred taxation	-	-
<b>Loss after tax</b>	<b>(3,320,005)</b>	<b>(151,058)</b>



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**29. Review of Group Performance - Airline (cont'd.)**

**(b) AirAsia (India) Limited (“AirAsia India”)**

**Financial Statements**

<b>Year Ended</b>	<b>Jun 2020 INR'000</b>	<b>Dec 2019 INR'000</b>
Property, plant and equipment	1,075,600	857,305
Rights of Use Asset	26,485,844	25,126,174
Inventory	482,645	407,522
Other debtors and prepayments	4,062,814	3,239,066
Amounts due from related parties	4,405,792	5,674,426
Cash and Short term deposits	1,457,115	4,981,350
<b>Total Assets</b>	<b>37,969,810</b>	<b>40,285,843</b>
Sales in advance	878,226	2,045,362
Other creditors and accruals	6,081,131	3,856,244
Amount due to related parties	5,663,538	8,870,530
Lease liabilities	29,669,296	27,094,238
Borrowings	5,500,000	1,699,564
<b>Total Liabilities</b>	<b>47,792,191</b>	<b>43,565,938</b>
Share capital	15,000,000	15,000,000
Retained earnings	(24,822,380)	(18,280,095)
<b>Total Equity</b>	<b>(9,822,380)</b>	<b>(3,280,095)</b>

AirAsia India recorded Total Revenue of INR806.9 million in 2Q20, a 91% decrease from that of 2Q19 as it announced suspension of flights from 25 March 2020. AirAsia India resumed flights on 25 May 2020.

AirAsia India reported a loss for the period of INR3,320.0 million as compared to the loss for 2Q19 of INR151.1 million as a result of the decrease in revenue from suspension of flights and the increase in operating expenses from operating 9 additional aircraft.



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**29. Review of Group Performance - Airline (cont'd.)**

**(c) AirAsia Japan Co. Ltd (“AirAsia Japan”)**

AirAsia Japan is an associate company which is incorporated in Japan. The Group’s equity interest in AirAsia Japan is 66.91% with voting rights of 33%.

AirAsia Japan recorded a Net loss of JPY1,072.5 million. AirAsia Japan has not adopted MFRS 16: Leases. The adoption of MFRS16 did not result in a material impact to income statement of AirAsia Japan.

**29. Review of Group Performance – Non Airline**

The EBITDA for Non Airline businesses are as follows:

	Quarter ended 30/06/2020				Quarter ended 30/06/2019			
	Teleport (Logistics)	AirAsia.com	Big Pay Group	Others	Teleport (Logistics)	AirAsia.com	Big Pay Group	Others
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	50,936	8,846	3,806	10,477	111,521	3,740	3,418	44,953
Operating expenses	(61,386)	(25,020)	(27,865)	(10,596)	(92,374)	(1,889)	(19,796)	(50,069)
Adjustment for intercompany elimination	5,061	-	-	-	36,725	-	-	-
<b>EBITDA</b>	<b>(5,389)</b>	<b>(16,174)</b>	<b>(24,059)</b>	<b>(119)</b>	<b>55,872</b>	<b>1,851</b>	<b>(16,378)</b>	<b>(5,115)</b>

During the quarter, Teleport revenue decreased as a result of flight suspensions in various countries. Excluding the write off of software development costs of RM6.9 million, Teleport reported a positive EBITDA. AirAsia.com saw a pick up in revenue as it offers deals and bundle packages to consumers.

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

The Group recorded a Net Loss of RM1,159.5 million for the quarter under review, against the Net Loss of RM953.3 million in the immediately preceding quarter ended 31 March 2020 mainly due to the impact of hibernation of flights and onerous travel restrictions caused by the Covid 19 pandemic.

**31. Profit forecast**

No profit forecast has been issued.



**AIRASIA GROUP BERHAD**

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## **NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

### **32. Commentary on prospects**

AirAsia Group has been severely affected by the global COVID-19 pandemic. AirAsia temporarily hibernated most of its fleet across the network in late March 2020 due to increasing movement restrictions and only slowly easing up with domestic travel in end May early June. We are guided by the government and health authorities of various countries in adding our frequencies and opening routes. AirAsia Group is looking forward to the gradual reopening of international borders in recognition that air transport provides the connectivity that is essential for the resumption of economic activities.

We have applied for bank loans in our operating countries to shore up our liquidity. In Malaysia, we are securing commitments from the banks for the government guarantee loan under the Danajamin Prihatin Guarantee Scheme while our Philippines and Indonesia entities are currently in various stages of bank loan applications. We have also been presented with proposals to raise capital to strengthen our equity base and/or liquidity from a number of investment bankers, lenders as well as potential investors to help the Company weather the storm caused by the Covid-19 pandemic. In addition, AirAsia has ongoing deliberations with a number of parties for joint-ventures and collaborations that may result in additional third party investments in specific segments of the group's business.

With the group reorganisation completed in 2019 into two pillars, the group will push further to build the AirAsia way of life ecosystem. Other than the airline group of companies, AirAsia Group has a strong and growing digital pillar which brings together all our digital businesses. AirAsia Digital is positioned to be an Asean triple play business covering e-commerce, logistics and finance, leveraging our extensive reach on AirAsia.com and its low customer acquisition cost.

Barring any reversal of flight resumption plans and any major shock to demand, we foresee that we have sufficient working capital to sustain the business operations.



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**33. Material Litigation**

As at 30 June 2020, there was no material litigation against the Group.

**34. Earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to owners of the Company for the financial period by the weighted average number of ordinary shares in issue during the financial period.

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Year ended	Year ended
	30/6/2020	30/6/2019	30/6/2020	30/6/2019
Net (loss)/profit attributable to owners of the Company (RM'000)	(992,889)	17,341	(1,796,734)	111,778
Weighted average number of ordinary shares in issue ('000)	3,341,974	3,341,974	3,341,974	3,341,974
Basic and diluted earnings per share (sen)	(29.7)	0.5	(53.8)	3.3

The Group does not have in issue any financial instruments on other contracts that may entitle its holder to ordinary shares and therefore, dilutive to its basic earnings per share.

**35. Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors.

By order of the Board

REBECCA KONG SAY TSUI  
(MAICSA 7039304)  
COMPANY SECRETARY  
25 AUGUST 2020