AIRASIA X BERHAD

2020/2021

2020/2021 ANNUAL REPORT

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CORPORATE PROFILE

AirAsia X Berhad (AirAsia X) is a long-haul, low-cost airline operating primarily in the Asia-Pacific region. Established as Fly Asian Express (FAX) in 2006, we started out servicing rural areas of Sarawak and Sabah with turboprop aircraft before undergoing a comprehensive rebranding in September 2007 followed by our first flight to Australia in November 2007.

At the onset of the COVID-19 pandemic, AirAsia X embarked on an ongoing period of hibernation of its scheduled flight operations. Prior to the hibernation, AirAsia X as a Group served destinations across Greater China, Japan, South Korea, India, Australia, the Middle East and the United States of America, and currently operates out of two hubs: Kuala Lumpur and Bangkok.

CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI RAFIDAH AZIZ
Senior Independent
Non-Executive Chairman

DATO' LIM KIAN ONN
Non-Independent
Non-Executive Deputy Chairman

DATUK KAMARUDIN BIN MERANUN
Non-Independent
Non-Executive Director

TAN SRI ANTHONY FRANCIS FERNANDES
Non-Independent
Non-Executive Director

DATO' YUSLI BIN MOHAMED YUSOFF
Independent
Non-Executive Director

TAN SRI ASMAT BIN KAMALUDIN
Independent
Non-Executive Director

DATO' FAM LEE EE
Non-Independent
Non-Executive Director

AUDIT COMMITTEE

Dato' Yusli bin Mohamed Yusoff
Tan Sri Asmat bin Kamaludin
Dato' Lim Kian Onn

NOMINATION AND REMUNERATION COMMITTEE

Tan Sri Rafidah Aziz
Dato' Yusli bin Mohamed Yusoff
Dato' Fam Lee Ee

RISK MANAGEMENT COMMITTEE

Tan Sri Rafidah Aziz
Dato' Yusli bin Mohamed Yusoff
Dato' Fam Lee Ee

SAFETY REVIEW BOARD

Tan Sri Rafidah Aziz
Datuk Kamarudin bin Meranun
Dato' Fam Lee Ee
Benyamin bin Ismail

COMPANY SECRETARY

Vimalraj a/l Shanmugam
(MAICSA 7068140)
(SSM PC No. 202008000925)

AUDITORS

Ernst & Young PLT
[202006000003
(LLP0022760-LCA) & AF 0039]
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Wilayah Persekutuan
Tel : +603 7495 8000
Fax : +603 2095 5332

REGISTERED OFFICE

RedQ
Jalan Pekeliling 5
Lapangan Terbang Antarabangsa
Kuala Lumpur (klia2)
64000 KLIA
Selangor Darul Ehsan
Tel : +603 8660 4600
Fax : +603 8660 7722
Email :
aax_shareholder@airasia.com
Website : www.airasiax.com

HEAD OFFICE

RedQ
Jalan Pekeliling 5
Lapangan Terbang Antarabangsa
Kuala Lumpur (klia2)
64000 KLIA
Selangor Darul Ehsan
Tel : +603 8660 4600
Fax : +603 8660 7722
Email :
aax_shareholder@airasia.com
Website : www.airasiax.com

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
(197101000970)(11324-H)
Unit 32-01, Level 32, Tower A,
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
Tel : +603 2783 9299
Fax : +603 2783 9222
Email :
is.enquiry@my.tricorglobal.com

SOLICITORS

Foong & Partners
13-1 Menara 1MK,
Kompleks 1 Mont' Kiara
No. 1 Jalan Kiara, Mont' Kiara
50480 Kuala Lumpur
Wilayah Persekutuan
Tel : +603 6419 0822
Fax : +603 6419 0823

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Listing Date : 10 July 2013
Stock Name : AAX
Stock Code : 5238

CORPORATE STRUCTURE *as at 11 October 2021*

AIRASIA X BERHAD

49%
THAI AIRASIA X CO., LTD
Thai associate

49%
PT. INDONESIA AIRASIA EXTRA
Indonesian joint venture

100%
AAX MAURITIUS ONE LIMITED
Aircraft leasing facilities

100%
AIRASIA X SERVICES PTY LTD
Logistical & marketing services

100%
AAX AVIATION CAPITAL LTD.
Holding co. of leasing entities

100%
AAX LEASING ONE LTD.
Leasing entity

100%
AAX LEASING TWO LTD.
Leasing entity

100%
AAX LEASING THREE LTD.
Leasing entity

100%
AAX LEASING FOUR LTD.
Leasing entity

100%
AAX LEASING FIVE LTD.
Leasing entity

100%
AAX LEASING SIX LTD.
Leasing entity

100%
AAX LEASING SEVEN LTD.
Leasing entity

100%
AAX LEASING EIGHT LTD.
Leasing entity

100%
AAX LEASING NINE LTD.
Leasing entity

100%
AAX LEASING TEN LTD.
Leasing entity

100%
AAX LEASING ELEVEN LTD.
Leasing entity

DIRECTORS' PROFILES

TAN SRI RAFIDAH AZIZ

Senior Independent Non-Executive Chairman

Tan Sri Rafidah (female), Malaysian, aged 78, was appointed as an Independent Non-Executive Director and Chairman of the Board, on 3 March 2011, and re-designated as a Senior Independent Non-Executive Chairman upon listing of the Company on 10 July 2013.

She is also the Chairman of the Nomination and Remuneration Committee, as well as the Risk Management Committee of the Board, and the Safety Review Board of the Company.

She holds a Bachelor of Arts degree in Economics, and a Master's degree in Economics, from the University of Malaya.

Tan Sri Rafidah served as a Senator from 1974 to 1978, and as a Member of Parliament, from 1978 to 2013. She was Malaysia's longest-serving Minister of International Trade and Industry, having served in that capacity, for 21 years, from 1987 to 2008.

Prior to this, she held the portfolio of Minister of Public Enterprises from 1980 to 1987, and Deputy Minister of Finance, from 1977 to 1980 after serving as Parliamentary Secretary of the Ministry of Public Enterprises in 1976.

Tan Sri Rafidah started her career in the University of Malaya, and lectured at the Faculty of Economics and Administration, between 1966 and 1976. She now serves as an Adjunct Professor at the College of Business, University Utara Malaysia, and is the Chancellor of the Meritus University.

She has received awards from the states of Selangor, Perak, Melaka, Sarawak and Terengganu, as well as from Thailand, Argentina and Chile. She has also been conferred Honorary Doctorates from University Putra Malaysia, University Utara Malaysia, University Tun Razak Malaysia, University of Malaya, HELP University and the Dominican University of California, United States of America.

Tan Sri Rafidah also serves as an Advisor to the Government of Sarawak on the Renewable Energy Corridor (RECODA). She is also Patron of several National NGOs, including the National Cancer Society of Malaysia, NCSM, and the Women's Entrepreneur Associations, NAWEM and PENIAGAWATI.

DATO' LIM KIAN ONN

Non-Independent Non-Executive Deputy Chairman

Dato' Lim (male), Malaysian, aged 65, was appointed as an Alternate Director to Dato' Seri Kalimullah bin Masheerul Hassan (Dato' Seri Kalimullah) on 11 June 2007. He ceased as an Alternate Director to Dato' Seri Kalimullah and was appointed as a Non-Independent Non-Executive Director of the Company on 10 July 2012. Dato' Lim was re-designated as an Independent Non-Executive Director on 26 February 2016. On 24 May 2016, he was re-designated as a Non-Independent Non-Executive Director of the Company. Subsequently, he was re-designated to Non-Independent Non-Executive Deputy Chairman on 7 October 2020. Dato' Lim is also a member of the Audit Committee of the Company.

He is a member of the Institute of Chartered Accountants in England & Wales and the Malaysian Institute of Accountants. He served his articleship with KMG Thomson McLintock in London and was a consultant with Andersen Consulting from 1981 to 1984. Between 1984 and 1993, he was with Hong Leong Group, Malaysia as an Executive Director in the stockbroking arm responsible for corporate finance, research and institutional sales.

Dato' Lim founded the Libra Capital Group in 1994 and co-founded the ECM Libra Group in 2002. He is the Managing Director of ECM Libra Group Berhad (formerly known as ECM Libra Financial Group Berhad) since 16 July 2015 and also serves as the Non-Executive Non-Independent Chairman of Plato Capital Limited, a company listed on the Stock Exchange of Singapore and a trustee of the ECM Libra Foundation.

DATUK KAMARUDIN BIN MERANUN

Non-Independent
Non-Executive Director

Datuk Kamarudin bin Meranun (male), Malaysian, aged 60, is the co-founder of the Company. Datuk Kamarudin was appointed as a Non-Independent Non-Executive Director of the Company on 6 June 2006. He was appointed as the Chairman of the Board on 3 February 2010 till 3 March 2011. Datuk Kamarudin was re-designated as the Non-Independent Executive Director and Group Chief Executive Officer on 30 January 2015. On 1 November 2018, he was re-designated as a Non-Independent Non-Executive Director. He is also a member of the Safety Review Board of the Company.

In December 2001, Datuk Kamarudin, together with Tan Sri Tony Fernandes, Dato' Pahamin Ab Rajab and Dato' Abdul Aziz bin Abu Bakar acquired struggling domestic airline AirAsia and, with the help of Conor McCarthy, relaunched it as a pioneer of budget travel in Asia, building AirAsia into the world's best low-cost carrier.

Prior to setting up the Company, Datuk Kamarudin worked at Arab-Malaysian Merchant Bank from 1988 to 1993 as a Portfolio Manager, managing both institutional and high net-worth individual clients' investment funds. In 1994, he was appointed Executive Director of Innosabah Capital Management Sdn Bhd, a subsidiary of Innosabah Securities Sdn Bhd. He subsequently acquired the shares of the joint venture partner of Innosabah Capital Management Sdn Bhd, which was later renamed Intrinsic Capital Management Sdn Bhd.

He holds a Diploma in Actuarial Science from University Technology MARA (UiTM), and graduated with a BSc with Distinction (Magna Cum Laude) majoring in Finance in 1986 and an MBA in 1987 from Central Michigan University.

He received the Darjah Panglima Jasa Negara (PJN), which carries the title Datuk, from the Malaysian King in November 2013.

Datuk Kamarudin is a Non-Independent Executive Chairman of AirAsia Group Berhad and AirAsia Berhad. He is also a Director of Red Giants Football Club and a member of Board of Trustees for Mahathir Science Award Foundation.

TAN SRI ANTHONY FRANCIS FERNANDES

Non-Independent
Non-Executive Director

Tan Sri Anthony Francis Fernandes (male), Malaysian, aged 57, is the co-founder of the Company. Fernandes was appointed as a Non-Independent Non-Executive Director of the Company on 18 July 2006 and was re-designated as the Non-Independent Executive Director and Co-Group Chief Executive Officer on 1 January 2018. On 1 November 2018, he was re-designated as a Non-Independent Non-Executive Director of the Company.

Fernandes is one of Asia's most recognisable entrepreneurs, best known for co-founding low-cost carrier AirAsia and democratising air travel in the region.

In December 2001, Fernandes, together with Datuk Kamarudin Meranun, Dato' Pahamin Ab Rajab and Dato' Abdul Aziz bin Abu Bakar acquired struggling domestic airline AirAsia and, with the help of Conor McCarthy, relaunched it as a pioneer of budget travel in Asia, building AirAsia into the world's best low-cost carrier.

Fernandes studied in the UK, and qualified as an Associate Member of the Association of Chartered Certified Accountants in 1991, then as a Fellow Member in 1996. An accountant by training, he began his career in Virgin Group before returning to Malaysia as Warner Music Group's Vice President for Southeast Asia before venturing into the airline business.

He has received numerous honours and awards over the course of his career. These include the Honour of the Commander of the Order of the British Empire, conferred by Her Majesty Queen Elizabeth II in 2011, and the Commander of the Legion d'Honneur, awarded by the French Government for outstanding contributions to the economy of France through the aviation industry.

He is also a Non-Independent Non-Executive Director and Chief Executive Officer of AirAsia Group Berhad.

DATO' YUSLI BIN MOHAMED YUSOFF

Independent
Non-Executive Director

Dato' Yusli (male), Malaysian, aged 62, was appointed as an Independent Non-Executive Director of the Company on 13 May 2013. He is the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee as well as the Risk Management Committee of the Company.

He graduated from the University of Essex, United Kingdom with a Bachelor of Economics in 1981. He qualified as a member of the Institute of Chartered Accountants England and Wales and is a member of the Malaysian Institute of Accountants.

He commenced his professional career in 1981 as a Trainee Accountant with Peat Marwick Mitchell & Co in London, United Kingdom. He returned to Malaysia and held various key positions at industrial and financial groups in the country's capital, providing him with experience in several different industries including property and infrastructure development, telecommunications, engineering and merchant banking.

Dato' Yusli entered the stockbroking industry when he was appointed as the Chief Executive Director of CIMB Securities Sdn. Bhd. from 2000 to 2004. He also served as the Chairman of the Association of Stockbroking Companies Malaysia from 2003 to 2004. From 2004 to 2011, he was the Executive Director/Chief Executive Officer of Bursa Malaysia Berhad, previously known as the Kuala Lumpur Stock Exchange. During the same period, he also sat on the Board of the Capital Market Development Fund and was an Executive Committee member of the Financial Reporting Foundation of Malaysia.

He also serves as an Independent Non-Executive Director on the Board of Directors of a few public listed companies in Malaysia, namely KPJ Healthcare Berhad, Mudajaya Group Berhad Group, Westports Holdings Berhad and FGV Holdings Berhad. He also sits on the Board of Tan Sri H.M. Shah Foundation, Australaysia Resources & Minerals Berhad and Malaysian Institute of Corporate Governance. Outside his professional engagements, he also serves as the Patron of the Victoria Institution Old Boys Association. Currently, Dato' Yusli is the President of the Malaysian Institute of Corporate Governance.

TAN SRI ASMAT BIN KAMALUDIN

Independent
Non-Executive Director

Tan Sri Asmat (male), Malaysian, aged 77, was appointed as an Independent Non-Executive Director of the Company on 13 May 2013. He is also a member of the Audit Committee of the Company.

Tan Sri Asmat graduated from the University of Malaya with a Bachelor of Arts (Honours) degree in Economics. He also holds a Diploma in European Economic Integration from the University of Amsterdam.

Tan Sri Asmat has vast experience of 35 years in various capacities in the public service and his last post as the Secretary General of the Ministry of International Trade & Industry Malaysia, a position he held since May 1992. In the last five (5) years prior to his retirement in 2001, Tan Sri Asmat served as a Board member of Malaysia Technology Development Corporation, Multimedia Development Corporation, Malaysian Trade Development Corporation, Permodalan Nasional Berhad, Small and Medium Industries Development Corporation and Perbadanan Johor.

Tan Sri Asmat was the Non-Executive Vice Chairman of YTL Cement Berhad from 19 March 2001 to 19 June 2019. He serves as the Non-Executive Chairman of Panasonic Manufacturing Malaysia Berhad and Compugates Holdings Berhad, and a Director of Malayan Cement Berhad (formerly known as Lafarge Malaysia Berhad), companies listed on the Main Market of Bursa Malaysia Securities Berhad. He is also a Director of JACTIM Foundation, a public company. Tan Sri Asmat is a Governor of JACTIM and has also represented Malaysia for several years as Governor on the Governing Board of The Economic Research Institute for Asean and East Asia.

DATO' FAM LEE EE

Non-Independent Non-Executive Director

Dato' Fam (male), Malaysian, aged 60, was appointed as Non-Independent Non-Executive Director of the Company on 24 March 2008. He is also a member of the Nomination and Remuneration Committee as well as Risk Management Committee of the Company, and a member of the Safety Review Board of the Company.

He received his BA (Hons) from the University of Malaya in 1986 and LLB (Hons) from the University of Liverpool, England in 1989. Upon obtaining his Certificate of Legal Practice in 1990, he has been practising law since 1991 and is currently a Senior Partner at Messrs Gan & Zul.

Dato' Fam sat on the Board of Trustees of Yayasan PEJATI from 1996 to 2007. Since 2001, he has served as a legal advisor to the Chinese Guilds and Association and charitable organisations such as Yayasan SSL Haemodialysis Centre in Petaling Jaya, Selangor.

He also serves as a Senior Independent Non-Executive Director of AirAsia Group Berhad.

Declaration of Directors:

- **Family Relationship**

None of the Directors has any family relationship with any other Director and/or major shareholder of AirAsia X.

- **Conflict of Interest**

None of the Directors has any conflict of interest with AirAsia X.

- **Conviction for Offences**

None of the Directors has been convicted for any public offence during the financial period ended 30 June 2021 or had any penalty imposed by the relevant regulatory bodies within the past five (5) years, other than traffic offences, if any.

PROFILES OF THE LEADERSHIP TEAM

NADDA BURANASIRI

GROUP CHIEF EXECUTIVE OFFICER

Age	59
Gender	Male
Nationality	Thai
Date of Appointment	1 November 2018

Responsibilities:

Group

- Aligns all AOCs within AirAsia X Group in a parallel direction to deliver sustainable business growth through focus on core markets
- Ensures all AOCs fully utilise the Group's strengths to reduce costs through negotiations and commercial activity
- Ensures all AOCs share best practices among each other while working collaboratively as one team

Thailand

- Provides leadership in guiding AirAsia X Thailand to achieve its vision and mission, while overseeing growth strategies as approved by the Board
- Ensures continuous improvements in safety, quality and security while maintaining high standards
- Supervises the operation to be more customer-centric by utilising available processes, technologies and training

Experience:

- Gained experience in marketing and sales from leading companies such as Siam Cement and American Express
- Joined J. Walter Thompson, the world-renowned marketing and communications company, as Account Group Director in 1991
- Part of the team that set up Universal Music (Thailand) Co, Ltd, and was promoted to Managing Director in 2007
- Joined Warner Music (Thailand) as Managing Director until 2014
- Part of the set-up team for Thai AirAsia X Co., Ltd, and appointed as Chief Executive Officer in 2014
- Appointed as Group Chief Executive Officer of AirAsia X Berhad, 1 November 2018

Qualifications and Professional Membership:

- Bachelor of Business Management in Marketing, Assumption University, Thailand
- Directors Certificate Program (DCP 254), Thai Institute of Directors Association (IOD)

Additional Information:

- Nadda is a member of the Board of Directors of Thai AirAsia X Co., Ltd
- Nadda does not own any shares of AirAsia X Berhad

BENYAMIN ISMAIL

CHIEF EXECUTIVE OFFICER

Age	44
Gender	Male
Nationality	Malaysian
Date of Appointment	1 September 2015

Responsibilities:

- Provides leadership and vision towards increasing shareholder value and growth of AirAsia X while delivering our sustainability commitments
- Manages the Group's business and affairs, ensuring operational excellence and strong governance
- Executes the turnaround plan of AirAsia X
- Develops and spearheads high-level business and growth strategies in line with AirAsia X's vision and mission, as approved by the Board

Experience:

- Handled Debt Capital Markets portfolio at Affin Investment Bank, 2003
- Joined Maybank Investment Bank to manage Debt Capital Markets, 2004
- Joined CIMB Investment Bank focusing on Debt Capital Markets, 2007
- Joined AirAsia as Head of Investor Relations, March 2010
- Promoted to Group Head of Investor Relations, Corporate Development and Implementation, 2014
- Appointed AirAsia X Chief Executive Officer (CEO) effective 1 September 2015 after assuming the role of Acting CEO on 30 January 2015

Qualifications and Professional Membership:

- Bachelor of Commerce (Banking & Finance), Curtin University of Technology, Australia
- Master of Electronic Commerce, Edith Cowan University, Australia

Membership of Board Committees in AirAsia X:

- Safety Review Board (Member)

Additional Information:

- Benyamin does not own any shares of AirAsia X Berhad

ANDREW LITTLEDALE

CHIEF FINANCIAL OFFICER

Age	57
Gender	Male
Nationality	British
Date of Appointment	8 November 2019

Responsibilities:

- Takes primary responsibility for the financial management of AirAsia X Berhad
- Oversees the Company's strategic planning process and annual budget
- Acts as a commercial partner to the Chief Executive Officer and senior team to facilitate the Company's growth
- Monitors and drives the financial progress of the business through timely and relevant financial reporting, while managing liquidity and cash flow
- Reviews the KPIs for all areas of the business in order to improve the quality and relevance of management information
- Oversees all financial controls and processes across all functions and business units
- Represents the Company to financial institutions, investors, public auditors and other officials

Experience:

- 10 years of Group Reporting experience in UK FTSE100 and FTSE250 companies
- Appointed as CFO of AirAsia X Sdn Bhd at the start-up of the airline in 2007
- Appointed as Group Financial Controller of AirAsia Berhad in March 2010
- Appointed as CFO of AirAsia Berhad in January 2012
- Appointed as Group CFO of Air Arabia PJSC, Sharjah, United Arab Emirates, in October 2017
- Appointed as CFO of AirAsia X Berhad in October 2019

Qualifications and Professional Membership:

- Bachelor of Science (Biology), University of London, United Kingdom
- Fellow of the Chartered Institute of Management Accountants (FCMA), United Kingdom
- Chartered Global Management Accountant (CGMA), United Kingdom

MOSES DEVANAYAGAM

SENIOR DIRECTOR

Age	70
Gender	Male
Nationality	Malaysian
Date of Appointment	1 October 2013

Responsibilities:

- Leads the coordination of operational functions within the AirAsia Group, airport authorities and government agencies including the Malaysian Aviation Commission and the Civil Aviation Authority of Malaysia
- Advises and mentors the Operations team
- Instrumental in setting up Operations functions including Cargo, Flight Operations, Engineering, Ground and Group Operations, In-Flight Operations, Safety and Security

Experience:

- 50 years of aviation experience including key positions in leading airlines in Singapore and Malaysia:
  - Joined Malaysia-Singapore Airlines, 1971
  - Served Malaysia Airline System Berhad in various senior management positions including General Manager-Operations, Head of Contracts Management and Warranty and Contracts Manager, 1972
  - Joined AirAsia X as Director of Operations, 2007
  - Regional Head of Operations of AirAsia Berhad, 2009

  Appointed as Senior Director, 2013

Qualifications and Professional Membership:

- Associate Member of the Royal Aeronautical Institute United Kingdom (by award), 1975
- Cadet/apprentice Technical Services in-house training with Malaysia-Singapore Airlines, 1971/72
- Type-rated Approvals from Qantas and Air New Zealand, 1971

CAPT SURESH BANGAH

DIRECTOR OF FLIGHT OPERATIONS

Age	46
Gender	Male
Nationality	Malaysian
Date of Appointment	1 October 2013

Responsibilities:
- Coordinates, supervises and monitors the functions and performance of management personnel, pilots, cabin crew and all departments within Flight Operations
- Manages the safety and security of all flights
- Liaison person with local and international regulators, ensuring operations are in line with the Air Operator Certificate
- Represents the company's interest in national and international bodies and institutions as far as flight operations are concerned

Experience:
- Started as a pilot with AirAsia, 2003
- Internal auditor of Flight Operations at AirAsia, 2005
- Cadet Pilot Coordinator managing the Cadet Pilot Training Programme, 2007 – 2009
- Flight Deck Recruitment Manager responsible for hiring and promoting pilots, 2009 – 2010
- Joined AirAsia X as Chief Pilot, Operations, 2010
- Flight Operations Director, 2013

Qualifications and Professional Membership:
- Air Transport Pilot License, 1999
- A320 Type Rating License, 2007
- A340 Type Rating License, 2009
- A330 Type Rating License, 2011

LIM KOK HOOI

HEAD OF CORPORATE SAFETY

Age	49
Gender	Male
Nationality	Malaysian
Date of Appointment	22 January 2018

Responsibilities:
- Provides guidance and direction for AirAsia X's Safety Management System
- Ensures safety documentation accurately reflects the current situation, monitors the effectiveness of corrective actions, and provides periodic reports on safety performance
- Provides independent advice to the CEO, senior managers and other personnel on safety-related matters

Experience:
- Kok Hooi has been in the airline industry since the early 1990s and has broad experience in safety and training with an accumulated more than 15,000 flying hours:
  - Started commercial flying in the Dornier 228, then Twin-Otter (DHC-6), Fokker 50, B737, A340 and now, A330
  - Joined Malaysian Helicopter Services as a co-pilot, and was seconded to Pelangi Air Sdn Bhd, Kuala Lumpur, and to Royal Air Cambodge, Phnom Penh, 1992
  - Joined Malaysia Airlines as a Captain of DHC 6 Twin Otter, based in Miri, Sarawak, following which he became a Captain of Fokker 50, B737- 400 and B737-800, 1997
  - Joined AirAsia X as a Captain of A340/330, leading the flight data monitoring team, 2011
  - Became Chief Pilot Flight Safety, 2016
  - Appointed to current post of Safety Director, January 2018

Qualifications and Professional Membership:
- Commercial Pilot License Australia
- Commercial Pilot License Malaysia
- Airline Transport Pilot License Malaysia
- Type Rated Instructor (TRI) A340/A330/Fokker 50/DHC-6 Twin Otter
- Member of Malaysia National Runway Safety Team
- Member of Malaysia Flight Safety team
- IATA qualified trained SMS implementer
- Cranfield University Certified Aviation Investigator
- IATA Trained Aviation Auditor

WONG OOI LING

HEAD OF INTERNAL AUDIT CUM CORPORATE QUALITY AND ASSURANCE

Age	50
Gender	Female
Nationality	Malaysian
Date of Appointment	1 July 2016

Responsibilities:

- Provides independent and objective assurance as to the adequacy and effectiveness of system of internal controls, risk management and governance processes
- Coordinates the implementation of Risk and Business Continuity Management Framework and risk management activities within AirAsia X including identification, monitoring and reporting of risks.

Experience:

- Joined PricewaterhouseCoopers in its Audit and Assurance Department, 1995
- Joined EON Bank Berhad as Corporate Planning Manager, 2000
- Vice President of Group Management Services and PMO, EON Bank Berhad, 2003
- Joined Measat Broadcast Network Systems Sdn Bhd (Astro) as a Senior Manager in Planning, Broadcast and Operation, 2007
- Joined Measat Broadcast Network Systems Sdn Bhd (Astro)'s PMO in 2007 ; then appointed for business planning role for Broadcast and Operation in 2009
- Joined DRB-HICOM Group as a Senior Manager in GST PMO, 2014
- Joined AirAsia X as Head of Corporate Quality and Assurance, 2016

Qualifications and Professional Membership:

- Bachelor of Business (Accounting), Monash University, Australia
- Member of the Malaysian Institute of Accountants (MIA)

CAROLINE LEE

HEAD OF LEGAL

Age	56
Gender	Female
Nationality	Malaysian
Date of Appointment	5 July 2021

Responsibilities:

- Manages the Group's legal risk by providing strategic and commercially driven legal advice to the Board of Directors and senior management
- Primary contact for advising on all legal matters for AirAsia X
- Collaborates with key stakeholders, leading internal and external legal negotiations and ensuring legal compliance in the conduct of business
- Manages the Legal Department, providing leadership and guidance to members of the team
- Works closely with external counsel to ensure effective and efficient delivery of commercial results for AirAsia X

Experience:

- Twelve years of legal practice in Singapore and Malaysia
- Partner, Banking and Capital Markets, Messrs Rashid & Lee (2000)
- Appointed as Head of Legal, Usaha Tegas Group, Oil & Gas in 2002
- Appointed as Chief Operating Officer, Melium Sdn Bhd in 2006
- Operated and owned several restaurants in Kuala Lumpur from 2011 – 2017
- Legal Consultant from 2017 to date - Dairy Farm (2018); J.P. Morgan (2018-2021)

Qualifications and Professional Qualifications:

- Advocate and Solicitor, Malaysia
- Barrister and Solicitor, Australian Capital Territory
- Advocate and Solicitor, Singapore
- Barrister-at-Law, England & Wales
- Bachelor of Laws (LL.B, Hons), University of London

SELVAM VELAITHAM

CONTINUING AIRWORTHINESS MANAGER
(AIRCRAFT ENGINEERING)

Age	53
Gender	Male
Nationality	Malaysian
Date of Appointment	1 August 2018

Responsibilities:
- Institutes and maintains an effective and efficient administrative system to ensure Continuing Airworthiness activities comply with Civil Aviation Authority of Malaysia (CAAM) requirements
- Ensures implementation of Safety Management System including management of safety risks within the organisation
- Provides communication and supports the senior leadership team on regulatory matters regarding airworthiness

Experience:
- Over 25 years experience in aircraft engineering & maintenance:
  - Licensed Aircraft Engineer in base maintenance and line maintenance at Malaysia Airlines Berhad, 1998 – 2004 and AirAsia Berhad, 2004 – 2006
  - Quality Assurance Inspector in AirAsia Berhad, 2006 – 2013
  - CAAM Nominated Post Holder as Quality Assurance Manager at AirAsia X Berhad, 2014 – 2018
  - Joined AirAsia X as a manager, January 2014
  - Became a CAAM Nominated Post Holder as Part M - Continuing Airworthiness Manager, August 2018

Qualifications and Professional Membership:
- Diploma of Aircraft Maintenance - Oxford Air Training School, 1998
- Aircraft Maintenance Engineer Licence - CAA UK, 1998
- Aircraft maintenance Engineer Licence - DCA Malaysia, 1998

Declaration of Leadership Team:

- **Family Relationship**

None of the Leadership Team has any family relationship with any other Director and/or major shareholder of AirAsia X.

- **Conflict of Interest**

None of the Leadership Team has any conflict of interest with AirAsia X.

- **Conviction for Offences**

None of the Leadership Team has been convicted for any public offence during the financial year ended 30 June 2021 or had any penalty imposed by the relevant regulatory bodies within the past 5 years, other than traffic offences, if any.

- **Other Directorship**

None of the Leadership Team has any other directorship in public companies.

CEO'S MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Group's Business and Operations

	FY2021 ('000)	FY2019 ('000)
Revenue (RM)	1,215,543	4,233,344
Total Operating Expenses (RM)	(33,902,769)	(4,394,835)
(L)/EBITDA (RM)	(31,729,655)	624,998
Net Operating Loss (RM)	(33,610,316)	(347,818)
Loss Before Taxation (RM)	(33,689,787)	(306,008)
Taxation (RM)	7	(344,309)
Net Loss (RM)	(33,689,780)	(650,317)
Total Assets (RM)	2,492,232	9,566,861
Basic Loss per Share (sen)	(812.2)	(15.7)

Review of Financial Results and Financial Condition

AirAsia X Group reported revenue of RM1.2 billion in the 18-month period ended 30 June 2021 (2019: RM4.2 billion), while total operating expenses were recorded as RM33.9 billion (2019: RM4.4 billion). The Group recorded a loss before interest, taxation, depreciation and amortisation (LBITDA) of RM31.7 billion (2019: EBITDA RM0.6 billion), and a net operating loss of RM33.6 billion (2019: RM0.3 billion). AirAsia X Group reported a loss before taxation (LBT) of RM33.7 billion (2019: RM0.3 billion) for the financial year, and net loss was recorded at RM33.7 billion (2019: RM0.7 billion).

Group's Earnings

Revenue

The Group reported revenue of RM1.2 billion (2019: RM4.2 billion), significantly lower than in 2019 due to an ongoing period of hibernation of its scheduled flights operations. Revenue from scheduled flights declined to RM0.6 billion (2019: RM2.9 billion), while ancillary revenue was recorded as RM175.8 million during the same period (2019: RM820.3 million). In the 18-month period ended 30 June 2021, revenue from charter flights was recorded as RM65.2 million (2019: RM114.9 million), while freight services revenue was reported as RM140.2 million (2019: RM183.0 million). Aircraft operating lease income was reported as RM244.6 million during the same period (2019: RM219.4 million).

Expenditure

The Group's aircraft fuel expenses totalled at RM0.5 billion (2019: RM1.7 billion) in the 18-month period ended 30 June 2021, lower than in the previous period and primarily due to the hibernation of its scheduled flights operations from March 2020. Depreciation was reported as RM1.0 billion (2019: RM0.7 billion), while maintenance and overhaul expenses were RM0.8 billion (2019: RM0.7 billion). Other operating expenses were recorded as RM6.1 billion (2019: RM0.4 billion) due to a RM5.8 billion allowance for impairment of assets.

During the same period, there was also a provision for termination amounting to RM25.2 billion (2019: nil). Staff costs were recorded as RM248.3 million (2019: RM429.0 million).

Group Financial Position

Below are the key highlights of the Group's financial position:

Total equity decreased to (RM33.6 billion) (2019: RM0.1 billion) mainly due to:
- The allowance for impairment of assets and provision for termination.

Total assets reduced to RM2.5 billion (2019: RM9.6 billion) driven by:
- An allowance amounting RM5.8 billion for impairment of assets.

Total liabilities stood at RM36.1 billion (2019: RM9.4 billion) due to:
- A provision of RM25.2 billion for termination.

Capital Structure and Capital Resources

Cash flow (used in)/generated from operations was (RM42.6 million) (2019: RM461.6 million) while the Group's borrowings stood at RM6.8 billion (2019: RM6.3 billion). The Group's cash balance stood at RM68.5 million as of the period ended 30 June 2021.

Review of Operating Activities

The Group's reportable operating segments have been identified as each company with an Air Operator's Certificate (AOC) held under the AirAsia X brand, namely Malaysia, Thailand and Indonesia. On the back of the persisting impact of the COVID-19 pandemic in the region, AirAsia X Malaysia and AirAsia X Thailand's scheduled flights operations remain in a phase of hibernation, while AirAsia X Indonesia's suspension remains in place. During the period under review, AirAsia X Malaysia returned a total of 4 aircraft, and transferred 2 aircraft from AirAsia X Indonesia into its fleet, ending the period with 22 Airbus A330 aircraft. AirAsia X Thailand on the other hand, returned 3 aircraft during this 18-month period, and its fleet size stands at 10 Airbus A330 aircraft as of 30 June 2021.

Segmental Performance Review

Revenue	FY2021 RM'000	FY2019 RM'000
Malaysia	1,215,543	4,233,344
Thailand	536,965	1,788,373
Indonesia	832	91,013
Elimination adjustment	(244,582)	(219,377)
Total	*1,508,758*	*5,893,353*

(LBITDA)/EBITDA	FY2021 RM'000	FY2019 RM'000
Malaysia	(31,729,655)	624,998
Thailand	(464,157)	180,521
Indonesia	(103,419)	(162,447)
Elimination adjustment	2,321	-
Total	*(31,680,648)*	*643,072*

Loss Before Taxation (LBT)	FY2021 RM'000	FY2019 RM'000
Malaysia	(33,689,787)	(306,008)
Thailand	(1,293,786)	(231,251)
Indonesia	(122,806)	(164,509)
Elimination adjustment	244,854	163,014
Total	*(34,861,525)*	*(538,754)*

Review of Corporate Exercises

We wish to assure our shareholders that every effort is being made to manage the crisis the Company is facing due to the onset of the pandemic. In October 2020, the Company put forth a Proposed Debt Restructuring and a Proposed Corporate Restructuring consisting of a Proposed Share Capital Reduction and Proposed Share Consolidation. Subsequently in December 2020, the Company had also announced a Proposed Fundraising which involves a Proposed Rights Issue and Proposed Share Subscription.

The Proposed Debt Restructuring has been undertaken pursuant to a scheme of arrangement under Section 366 of the Companies Act 2016, and aims to address the Company's debt in an orderly manner. This will allow the Company to attain a sustainable debt structure which is vital to the survival of the business. A court order was granted in February 2021 for AirAsia X Malaysia to hold a creditors' meeting by the 3rd quarter of 2021, and this period was further extended to March 2022. At the time of writing, the Company remains in active engagement with its creditors to reach a compromise for the scheme to be implemented, and each engagement is at varying stages of finalisation.

The Proposed Share Capital Reduction involves the reduction of 99.9% of the issued share capital of AirAsia X, cancelling paid-up share capital which is lost or unrepresented by available assets. At implementation, the issued share capital of AirAsia X will be reduced from RM1.5 billion to RM1.5 million, and the credit arising from this exercise will be used to offset the accumulated losses, with balance, if any, be credited to the retained earnings of AirAsia X.

The Proposed Share Consolidation consists of the consolidation of every 10 existing shares of AirAsia X into 1 consolidated share, which in effect will increase the trading prices of AirAsia X shares as a result of a reduced number of AirAsia X shares and this may reduce the volatility of of the shares' trading prices. When integrated with the Proposed Share Capital Reduction, this will provide a platform for the Company to raise funds.

The Proposed Fundraising involves a Proposed Rights Issue which aims to raise a gross proceeds of RM300 million, while the Proposed Share Subscription aims to raise gross proceeds of up to RM200 million by way of subscription of the Subscription Shares by Placees. That being said, it is intended that no Placee shall emerge as a new controlling shareholder of AirAsia X to ensure that a mandatory general offer will not be triggered. The Proposed Share Subscription is conditional upon the completion of the Rights Issue and the Subscription Period shall be three months from the completion of the Rights Issue.

As of 1 June 2021, all the above Proposed corporate exercises have been approved by the shareholders in the Extraordinary General Meeting of AirAsia X Berhad.

Outlook

The COVID-19 pandemic was, and still is, the biggest crisis AirAsia X has had to contend with since its inception. From severely impacting the Group's operations to its core markets of China, South Korea, Japan, Australia and India in the early months of 2020, the Group eventually came to face the implementation of the Movement Control Order effective 18 March 2020 by the Government of Malaysia which effectively ceased international travel on the back of border restrictions. AirAsia X Malaysia eventually announced a temporary hibernation of its scheduled flights operations effective 28 March 2020.

As of October 2021, the Movement Control Order remains in place in varying degrees across the country while international borders remain closed, and AirAsia X Malaysia's scheduled flights operations remain in hibernation. During this period of hibernation, the Company worked to pivot its cargo services to serve as an alternative source of income, and served cargo markets from across the Asian region. We continue to monitor the situation closely to be able to reinstate services as soon as the situation improves, subject to the necessary regulatory approvals.

With its initiatives in the above Proposed Debt Restructuring, Proposed Corporate Restructuring and Proposed Fundraising, following a successful restructuring, AirAsia X endeavours to optimise its network and rebalance its capital structure to ensure sufficient liquidity and sustained business going forward. Post-recapitalisation, AirAsia X will emerge with a much rationalised network and fleet. AirAsia X will operate only historically proven profitable routes, with capacity to be rationalised based on post-COVID-19 market recovery trajectory. This also means that investments in infant markets will be deferred, and loss-making routes will be removed.

In-line with an optimal network requirement, AirAsia X will ensure that its fleet size is rationalised accordingly and subsequently, such revitalised AirAsia X will see a reduced fleet size as it realigns its network focuses. In achieving this, negotiations are in full force for lease expenses reduction in the future to better align with current market lease rates. AirAsia X is also actively engaging aircraft lessors to follow through with a power-by-the-hour arrangement which will provide the airline with flexibility in cost controls during the post-COVID-19 recovery period. At the same time, commitments with key business partners are being renegotiated and new aircraft delivery will be deferred.

As it always has been, cost containment remains a vital point of consideration for AirAsia X. AirAsia X has embarked on the implementation of a lean management structure and it is continuously reviewing its business processes and expenditures. As previously mentioned, all investments in infant markets will be deferred and loss-making routes halted, immediately cutting losses. AirAsia X is also renegotiating its contracts based on its future business plan requirements and its manpower structure will be streamlined per revised operational requirements.

Appreciation and Acknowledgements

For and on behalf of AirAsia X's Leadership Team, I would like to express our deepest appreciation to our Chairman, Tan Sri Rafidah Aziz, Deputy Chairman Dato' Lim Kian Onn, co-founders Tan Sri Tony Fernandes and Datuk Kamarudin Meranun, and all other Board members for their guidance in this challenging period.

I would also like to thank our Allstars for their commitment over the course of a difficult year in helping the Company navigate such turbulent times. Last but not least, my gratitude and appreciation to all other stakeholders for the continued support for the Company. The pandemic remains daunting, but we believe we have what it takes to move forward and drive the sustainability of the business. With the support of our Allstars, we look forward to taking to the skies once more.

Thank you.

Benyamin Ismail
Chief Executive Officer
AirAsia X Berhad

SUSTAINABILITY STATEMENT

When AirAsia X prepared its 2019 Sustainability Statement in March 2020, the world had just seen the emergence of COVID-19- more than a year later, the virus remains a key threat to the world, and the level of urgency in this region remains as high, if not heightened.

AirAsia X announced its hibernation of scheduled flights operations in March 2020 as the Government of Malaysia announced the Movement Control Order effective 18 March 2020 and border restrictions were implemented. Today, as AirAsia X's 2020/2021 Sustainability Statement is being drafted, Malaysia's international borders remain closed, the Movement Control Order remains in place with varying degrees of phases across the country, and AirAsia X's hibernation remains in place.

That being said, we seek to learn from this pandemic. We have, last year, understood the importance of an organisation's resilience and values in ensuring survival through unforeseeable and non-mitigatable risks. Such risks could be handled if an organisation has a robust model that enables the organisation to restart once a certain level of normalcy returns as well as strong stakeholder relationships - the support of customers, business partners and employees remain the key pillars for a business in its recovery journey.

As AirAsia X's business is presented in our Management Discussion and Analysis, we seek to put forth in this Sustainability Statement our management of sound stakeholder relationships. The reporting boundaries of this Sustainability Statement covers AirAsia X Malaysia, and cover the period from January 2020 - June 2021 unless stated otherwise.

During the past year when operations are hibernated and physical engagements morphed to virtual ones, we have identified key areas that are important to maintaining stakeholder trust in the AirAsia X brand – health and safety, technology and innovation, welfare and wellbeing of our talents as well as operational eco-efficiency— covering the operational activities of AirAsia X Malaysia.

Through these domains, the working teams in AirAsia X seek to ensure compliance with regulatory requirements, including managing the potential impact of schemes such as the Carbon Offsetting & Reduction Scheme for International Aviation (CORSIA).

HEALTH AND SAFETY

Safety is paramount in our business, even during the hibernation for this COVID-19 pandemic period. AirAsia X remains intent on building organisational resilience in the face of threats, hazards and risks. We do this by creating and reinforcing all safety barriers in line with the Company's quest to provide travelling environments that are efficient, comfortable, and most importantly, safe.

Guided by the Safety Management System (SMS) established by the International Civil Aviation Organization (ICAO), our policies and processes are geared towards the consistent application of a risk-based approach to support timely hazard identification and the development of appropriate measures to ensure the risks are reduced to a level that is as low as reasonably practicable (ALARP). Throughout 2020, AirAsia X's SMS continues to be fortified by enhancing digital processes with the use of Google Cloud Platform, harnessing the power of big data and enabling seamless integration with risk management process.

AirAsia X seeks to continue close collaboration with AirAsia Group in leveraging the immense repository of data gathered across all AOCs under the AirAsia brand to devise safety strategies in enhancing the future growth of the organisation as we continue to thrive through these challenging times.

Flight Safety

Flight safety performance is monitored through a set of Safety Performance Indicators (SPI) obtained from Flight Data Monitoring and Air Safety Reports (ASR). All AirAsia X aircraft are retrofitted with wireless ground link data transfer which automatically transmits flight data upon landing. Deviations from the limits provided in the Standard Operating Procedure (SOP) are thoroughly analysed and, where necessary, corrective and/or preventive measures are taken.

Quarterly meetings with the Training Department are also conducted to identify training issues that can be addressed through simulators as well as recurrent training programmes. A Flight Data Analysis Monitoring Team (FMT) involving independent line pilots meet monthly to review, discuss and identify above mentioned deviations and propose corrective actions in line with the international standards and recommended practices. The FMT also ensures the risk levels of flight operations deviations are maintained at, or, below acceptable levels based on a Flight Safety risk register.

In the face of COVID-19, procedures and recommendations are established and enhanced to safeguard flight crew and cabin crew from infection risks of COVID-19. All crew members are required to conduct a self-test before a flight duty and are advised to avoid close contacts in the aircraft cabin during transit and during flight. Additionally, appropriate measures were taken to ensure that vital protections are given through the provision of personal protection equipment such as masks, gloves, clothing and goggles.

Cabin Safety

The Safety Action Group (SAG) which consists of members from our online Cabin Crew of all ranks, the management team of Cabin Crew Department and Corporate Safety meet every quarter to discuss and raise safety concerns. The quarterly sessions provide members with an effective platform to brainstorm corrective actions on significant and rising issues as well as improvement plans and projects that bring beneficial experience and knowledge.

Ground Safety

In 2020, we implemented Safe@Work policy to protect and minimise the risk of infection to Allstars and support public health policies. In the wake of the pandemic, we understand that AirAsia X has the responsibility to protect its Allstars and visitors from infection and to enable individuals to minimise the risk of infection.

Throughout the period under review, AirAsia X practiced remote work for non-operations Allstars and kept operations staff on-site to the bare minimum. Additionally, work areas are sanitised regularly and recalibrated to respect the requirements for social distancing to the greatest extent possible. Allstars are also required to wear masks while they are on-site and to adhere to the highest possible personal hygiene and safety standards. To ensure such adherence, hand sanitisers and the relevant safety signages are installed in key strategic areas in RedQ.

We also worked on the implementation of our own confined space program in accordance with the Industry Code of Practice for Safe Working in a Confined Space 2010. The Ground Safety team also organised a Chemical Health Risk Assessment training session for Allstars with the aim to drive awareness amongst Allstars on the hazards of working with chemicals and hazardaous substances.

In terms of occupational safety and health, multiple sessions of ergonomic assessment for operational Allstars have been organised in collaboration with the Physio Lab in our headquarters. With the guidance of such assessments, Allstars would be able to identify if their postures were correct when performing their daily tasks. Physiotherapeutic sessions were also arranged for Allstars who face any type of ergonomic-induced health issues

Emergency Response Plan

AirAsia X's Emergency Response Plan (ERP) meets strict international standards and has been endorsed by the Civil Aviation Authority of Malaysia (CAAM). Our procedures and plans are tested bi-annually through the ERP Table Top Exercises to ensure safe, orderly and timely transition to normal business operations following an emergency.

In 2020, "ROME X" was carried out at the Emergency Operations Centre at RedQ to test our emergency response procedures and to ensure key personnel including their alternates are in tune with the procedures. The four-hour exercise which simulated a crashed aircraft upon landing, revealed a good understanding of overall individual roles in times of emergency. Relevant steps have also been taken to fill the gaps where there was any room for improvement.

Engineering Safety

Aircraft Maintenance relates to the performance of tasks to ensure the Continuous Airworthiness for safe operations. This includes, but is not limited to, inspection, repair, replacement, overhaul and the embodiment of modifications, in compliance with the Airworthiness Directives. Engineering Safety performs the development, management and continuous improvement of Safety within Engineering and ensures the implementation of Safety is carried out by the respective stakeholders.

Engineering Safety Action Group (SAG) members meet on a quarterly basis to discuss and resolve grass-root issues. This platform consists of members from the frontline and the management team and allows Safety concerns to be raised and corrective actions to be developed. The effectiveness of the implementation plan for all medium-risk occurrences is also reviewed during this time.

Safety Promotion

We recognise that to maintain the highest level of safety at all times, continuous effort has to be made to ensure safety is constantly at the back of the head of every Allstar at all times. Safety promotions and awareness are regularly created through various corporate communication methods such as briefings, dialogues, alerts, drills, and workshops.

Apart from internal safety promotional activities, AirAsia X also actively engages with relevant safety groups and bodies such as the Association of Asia Pacific Airlines Flight Operations Safety Working Group, the Airservices Australia Safety Forum as well as the Department of Occupational Safety and Health. This allows AirAsia X to adopt best practices while sharing our own processes with the industry.

TECHNOLOGY AND INNOVATION

As with the wider AirAsia Group, we seek to utilise our rich repository of data optimally to create greater operational efficiencies, enhance our guests' experience and drive greater revenue for when international travels begin again.

FACES

FACES (Fast Airport Clearance Experience System) is a facial recognition system that facilitates an efficient, seamless and contactless travel experience for guests.

A form of biometric authentication, AirAsia as a Group uses such facial recognition technology as part of a digital identity system that uses cameras to identify individuals. This effectively reduces the need for guests to show or scan their travel documents.

Along with the wider AirAsia Group, AirAsia X seeks to implement a carefully curated deployment system for FACES touchpoints, which ushers in a completely contactless airline ecosystem for guests, effectively enhancing guests' experience. The five identified checkpoints to be facilitated by FACES include (i) check-in, (ii) self-baggage drop, (iii) pre-security/transit, (iv) boarding and (v) aerobridge.

Guests will have to perform a one-time enrolment into the FACES program via the AirAsia Super App and go through a one-time verification process at the service counters. Following this, guests could breeze through the checkpoints simply by using their faces for identity authentication. More importantly, FACES ensures compliance with data protection and General Data Protection Regulation (GDPR), and is also certified with Privacy by Design (PbP). Currently, FACES are undergoing trials at klia2 and will be rolled out to other airports in the future.

Galaxy Suite

The Galaxy Suite is an empowerment tool for Ground Allstars who are not curtailed by the challenges of airport infrastructure, and rather, are focused to bring services to guests irrespective of where they are as this tool provides unmatched autonomy and mobility. An app with a Departure Control System (DCS), it is used widely in service delivery and hosts various applications to accommodate the different needs across all business functions, including RedApp, Baggage Tracing, Knowledgebase, Turnaround, Roster Planning and Ground Dashboard.

The RedApp is currently used to perform check-ins for guests and include bag tags printing and verification of FACES profiles.Soon, it is envisioned to be able to accept payments for meal purchases, baggage allowance, seat change and duty free items purchases. Knowledgebase is an artificial intelligence chatbot that understands ground operations manuals and is a source of knowledge for understanding the processes and procedures on ground handling. The Ground Dashboard is a bird-eye view of all that is happening on the ground in each particular station, allowing stakeholders to make timely decisions based on real-time data.

Ground Command Centre (GCC) Dashboard

The GCC Dashboard was established from the multitude of needs for information and data for Ground Ops professionals, who need access to a spectrum of input to analyse the performances and robustness of the services delivered, on top of preparing for the challenges and loads that are expected in the future. The GCC Dashboard prepares the workforce in terms of resource management, infrastructure and stakeholder readiness in terms of volume as well as the relevant challenges.

Each basic and fundamental information from every Ground Operations field is available in detail for the consumption of various levels of Station Management and Leadership. The GCC Dashboard allows for more than 50 parameters to be ascertained in one single screen with options to deep-dive into each aspect, and has been conceived, built and delivered completely in-house along with the wider AirAsia Group.

WELFARE AND WELLBEING

2020 has been an extraordinary year for the airline and the aviation industry at large. As AirAsia X goes through major transformation in its overall business strategy and the restructuring process which ultimately drives the optimisation of our workforce, the COVID-19 pandemic serves in driving us to radically rethink new ways of working. Across AirAsia X and the wider AirAsia Group,

Our people and culture are the core of our existence. Our people, whom we refer to as Allstars, continued to be our backbone and a most critical pillar of support while we weather through this pandemic.

During this past year, we have stepped up on our efforts to reskill and upskill our Allstars during this downtime in operations and channeled focus on building internal capabilities, retaining critical talents, and developing key skills. Given that our Allstars have been relentlessly resilient during this tough time, we also consciously scale up our wellness programs anchoring on internal support systems and mental wellbeing.

Digital Reskilling and Upskilling

The Redbeat Academy was initially established in partnership with Google to intensify our efforts to upskill and reskill our workforce with the aim to build data literacy, develop a digital mindset among the Allstars and foster a data-driven work environment. The digital economy is here and the pandemic did not slow it down but instead catalysed its rapid growth. We aim to keep up in this race for digital transformation. In 2020, a total of 1,186 Allstars had undergone training in Redbeat Academy. The most popular of the digital training programmes include

Data Analytic, Digital Marketing and Software Engineering.

The People and Culture (PAC) Department, a Group function shared with the wider AirAsia Group, is responsible for the welfare and wellbeing of our Allstars. These programmes span across all business units, and in 2020, our focal point has been mental health. Recognising that it is a time of great emotional stress, we invested in multiple channels to ensure Allstars' mental and emotional wellbeing.

Allstar Peer Support

In June 2020, the scope of our Operations Critical Incidence and Stress Management (CISM) team was expanded to extend peer support services to Allstars. The CISM team comprises pilots and cabin crew who are trained to handle the emotional support needs of co-workers who experience distressing incidents onboard during the course of their duties. To cover the broader needs of Allstars during the pandemic, advanced training was provided by an appointed professional counsellor to the 70 CISM peer supporters and an additional 100 volunteers from multiple departments from AirAsia X and across the wider AirAsia Group.

To maintain anonymity and manage caseloads, a chatbot was introduced to receive enquiries and assign them to five categories of Work, Finance, Health, Personal and Others. Each request is picked up by a peer supporter within 24 hours, and cases requiring referrals are directed onwards to AirAsia's professional counsellor. As of the end 2020, about 500 Allstars had sought help through the platform. The volunteers meet online once a month to share and learn from each other. Recurrent training and mental health talks are also conducted periodically to enhance the knowledge and skills of the peer supporters. The programme has helped Allstars cope with the impact of the ongoing uncertainties and challenges.

Allstar Health Coach

Partnering with digital health and wellness brand Naluri, we launched the Allstar Health Coach, an interactive and educational online programme that provides the following key features:

- Digital health companion;
- Professional coaching by doctors, dietitians, fitness coaches, pharmacists, executive coaches and financial planners;
- Financial planning to a healthier wallet;
- Photo Food Journaling to keep count of calories intake; and
- Online assessments to identify at-risk individuals.

As at the end of 2020, about 2,000 Allstars Group-wide had signed up for the programme.

Wellness Webinars/Workshops

In this era of virtual meetings, a series of wellness workshops have also been organised for Allstars, including 15 webinars on emotional wellbeing which amassed 21,505 total views, three manager workshops focussing on emotional wellbeing with 155 participants, 7 webinars on financial wellbeing with 12,979 views as well as 27 online yoga classes with in-house cabin crew from Bangkok, amassing a total of 9,179 views.

Support for Furloughed and Retrenched Allstars

During the period under review, we have also provided support to Allstars and former Allstars who were affected by the cost containment measures as a result of the pandemic-induced operations scaledown. The support largely focussed on assistance with job placements within the AirAsia Group and outside the organisation. The initiatives undertaken includes:

- Developing an Allstars Separation Toolkit, a guide pack that provide information on transitioning to future employment;
- Preparing a Talent Directory comprising Allstars' CVs which are shared with AirAsia's partner companies;
- Conducting CV writing and interview techniques workshops with the Talent, Learning and Culture (TLC) and Recruitment teams;
- Organising an Allstar Virtual Career Fair @Alumni group on Workplace involving 2,000 Allstars, 25 prospective companies, 21 webinar sessions and 2 on-ground career fairs with prospective employers and training providers; and
- Establishing AirAsia's Got Talent – Allstars were encouraged to upload their latest résumés onto a newly created AI-driven platform, which then matched their skills, experience and interests with open positions, temporary assignments, short- and long-term part-time projects and any other initiative within the AirAsia Group requiring talent.

OPERATIONAL ECO-EFFICIENCY

Acknowledging that commercial airlines are responsible for 2.8% of total global carbon emissions, we are especially concerned about our carbon footprint which is given our top priority in our environmental agenda. In line with the initiatives undertaken by the wider AirAsia Group beginning 2019, we embarked on the introduction of sustainable aviation jet fuel-powered flights to replace conventional kerosene jet fuels and this vision is made possible with technical support from Airbus SE and Aerospace Malaysia Innovation Centre (AMIC). Research and development is ongoing and a demonstrator flight is in the pipeline.

Other significant steps are also being taken to reduce our emissions, including:

Compliance to the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)

Along with the wider AirAsia Group, AirAsia X seeks to comply with CORSIA and is exploring the prospect of voluntary offsetting options for non-CORSIA flights, which is expected to be implemented in the near term. Through this initiative, both AirAsia X and the wider AirAsia Group have seen the introduction of the Carbon Dashboard—an in-house tool for the monitoring of fuel burn as well as the computing of carbon dioxide emissions from each flight.

Fuel Efficiency

- **One Engine Taxi-Arrival (OET-A) and One Engine Taxi-Departure (OET-D)**

When conditions permit, one engine is shut down during taxi-in and taxi-out, saving up to 10kg of fuel per minute. Fuel savings are maximised when an aircraft stays at the tarmac for an extended period of time due to long taxi or parking bay allocation. AirAsia X has implemented OET-A for all destinations and will implement OET-D by Q2 2022, further contributing to reductions in CO2 emission.

- **Electronic Flight Bag (EFB)**

Prior to the implementation of Electronic Flight Bag (EFB) applications, we used to carry about 55kg worth of charts and manuals on board our planes. Since the implementation of EFB into the cockpit, we have achieved fuel savings of up to 8.25kg per sector from the removal of selected manual and documents. In addition, AirAsia X has implemented electronic weather reports and NOTAM. The reduction in paper documents is also beneficial to the environment as fewer trees are cut down. Furthermore, the EFB application allows for performance calculations and fuel uplift calculations at a much greater precision, further reducing fuel consumption across the fleet.

- **Idle factor**

AAX implemented an aircraft registration-specific IDLE factor that optimises the Flight Management Guidance Control (FMGC) computation of the vertical profile during the descent phase (idle path segment). The calculation of the profile takes into consideration the vertical flight plan, environmental conditions and aircraft weight. Fuel savings can be achieved by adjusting the point of the commencement of descent, with the objective of only using idle thrust during the descent phase.

- **Fuel savings between 1 January 2020 - 30 June 2021 for AirAsia X Malaysia and AirAsia X Thailand:**

Initiative	Fuel saved by AAX (kg)	Fuel saved by TAX (kg)
OET-A	172,420	141,094
Idle Reverse Landing	138,950	84,900
Reduced Flaps Landing	67,645	37,855
Packs Off Takeoff	23,680	14,505

Carbon Emissions

As above mentioned, we have committed to compliance with CORSIA and in last year's Sustainability Statement stated our commitment to offset our emissions to achieve carbon neutral growth from 2020 onwards. With the hibernation of our primary operations, during the period under review, AirAsia X's CO2 emissions dropped to 459,555 tonnes as compared to 1,997,551 tonnes reported in the previous period.

Apart from the abovementioned, we also place emphasis on preserving a healthy environment via efforts to better manage our waste and minimise the use of natural resources.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**Board**") of AirAsia X Berhad ("**AAX**" or "the **Company**") presents this Corporate Governance Overview Statement to provide shareholders and investors with an overview of the corporate governance practices of the Company under the leadership of the Board for the financial period ended 30 June 2021 ("**FPE 30 June 2021**"). In building a sustainable business for a leading long-haul, low-cost airline, operating primarily in the Asia-Pacific region, the Board is mindful of its accountability towards its shareholders and various stakeholders. The Board and Senior Management are committed to providing effective leadership and promoting uncompromising ethical standards in the organisation, and towards ensuring excellence in its corporate governance standards and practices throughout the Company, to which the explanations on each application of the recommended practices are disclosed in the Company's Corporate Governance Report 2021 ("**CG Report 2021**").

This statement is prepared in compliance with Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), and it is to be read together with the CG Report 2021 which is available on the Company's website at http://www.airasiax.com. The CG Report 2021 provides the details on how the Company has applied each Practice as set out in the Malaysian Code on Corporate Governance ("**MCCG**") during the FPE 30 June 2021.

The Board presents this statement to provide an insight into the corporate governance practices of the Company under the leadership of the Board with reference to three (3) key corporate governance principles :

(a) Board leadership and effectiveness;
(b) Effective audit and risk management; and
(c) Integrity in corporate reporting and meaningful relationship with stakeholders.

PRINCIPLE A
BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Responsibilities

The Board is responsible for overseeing the overall management of the Group and retains full and effective control over the business and affairs of the Group. The Board reviews the Group's key policies, business plans and strategies, actively oversees the conduct, management and business affairs of the Company and monitors the Senior Management's performance. The Board ensures the effective discharge of its fiduciary and leadership functions, as well as sustaining long-term shareholder value while safeguarding the interests of all the stakeholders. It works closely with the Senior Management to ensure that the operations of the Company are conducted prudently within the framework of relevant laws and regulations.

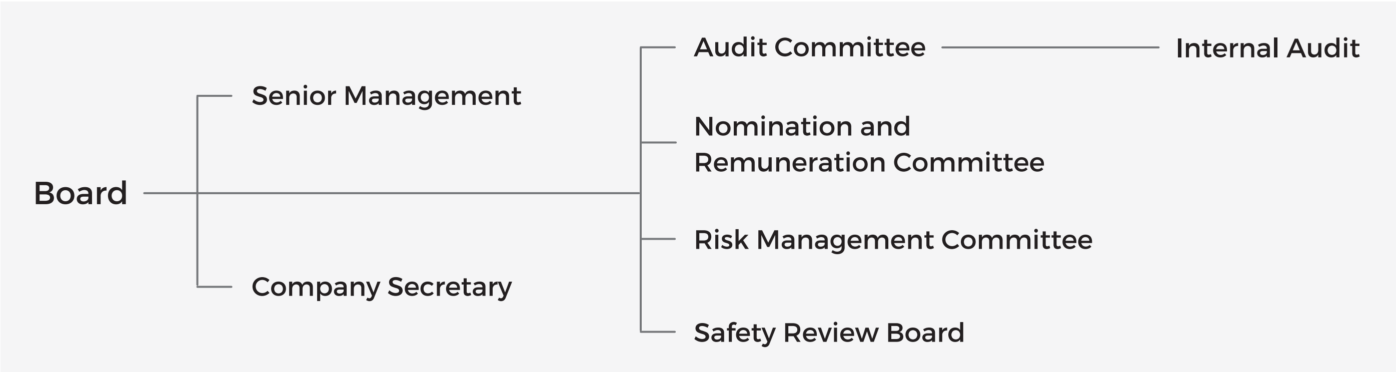
Directors have independent access to the advice and dedicated support services of the Company Secretary (who is legally qualified to act as company secretary under the Companies Act 2016) to ensure effective functioning of the Board. The Directors may seek advice from Senior Management on issues pertaining to their respective jurisdiction as well as independent professional advice in discharging their duties.

The Board recognises that having established and clearly defined roles and responsibilities of the Board and the Senior Management is important to strike a reasonable balance between the strategy foundation and policy-making on the one hand, and the conformance roles of executive supervision and accountability on the other.

Delegation of the Board's authority to the Senior Management is subject to defined limits of authority and monitoring by the Board. However, as the Board has the overall responsibility to manage and supervise the affairs of the Company in accordance with the law, there are matters which are reserved for the Board's consideration as set out in the Board Charter which is available on the Company's website at http://www.airasiax.com.

There is a clear separation of the positions and roles between the Chairman, the Group Chief Executive Officer ("**GCEO**") and the Chief Executive Officer ("**CEO**") to promote greater accountability to enhance checks and balances. The positions of the Chairman, GCEO and the CEO are held by three (3) different individuals. Their respectively roles are also described in the Board Charter.

The Board has delegated certain functions to the Board Committees it established to assist in the execution of its responsibilities. The Board Committees operate under clearly defined Terms of Reference which are also available on the Company's website at http://www.airasiax.com. The Board Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their Terms of Reference. The Chairs of the respective Board Committees report to the Board on the outcome of their Board Committee meetings. The governance structure of the Board is as follows:-



(i) Board

Our Board is collectively responsible for the effective oversight of the Company and its businesses by actively overseeing the conduct and direct the management of the business and affairs of the Company towards enhancing business prosperity and corporate accountability with the ultimate objective of meeting the goals of the Company, realising long term shareholder value and safeguarding the interests of stakeholders. The Board sets the risk appetite and determines the principal risks for the Company and takes the lead in areas such as safeguarding the reputation of the Company and its financial policy, as well as making sure to maintain a sound system of internal control and risk management.

The Chairman oversees the Board in the effective discharge of its role and to instill good corporate governance practices, leadership and effectiveness of the Board. To monitor the workings of the Board and the conduct of the Board meeting to ensure all relevant issues for the effective running of the Company's business are on the agenda for the Board meetings. The Chairman ensures that quality information to facilitate decision-making is delivered to Board members on a timely basis, to encourage all Directors to play an active role in Board activities, including leading Board meetings and discussions and encourage active participation and allowing dissenting views to be freely expressed. The Chairman manages the interface between Board and the Management and ensures that appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole, and to chair general meetings of shareholders.

(ii) Senior Management

The Senior Management is led by the GCEO and CEO of the Company.

GCEO

The GCEO steers the business of the Group's core Malaysian operations in the right direction, as well as its various investments in Malaysia and abroad to ensure a maximum financial return through consistent and synergetic application and implementation of the Company's business model and branding. The GCEO also chairs the Group's budget and strategy meeting to chart the direction for the current and near-term period ahead.

CEO

The CEO leads the management of the Company and provides direction for the implementation of the strategies and business plans as approved by the Board and the overall management of the business operations group-wide. The CEO also chairs the Senior Management Team which assists him in his management of the Company, particularly in relation to strategic business development, high impact and high value investments, and cross business matters of the Group.

(iii) Company Secretary

The Board is supported by a qualified and competent Company Secretary to provide sound governance advice, ensure adherence to

Board policies, rules and procedures, and advocate adoption of corporate governance best practices. The Directors always have access to the advice and services of the Company Secretary especially relating to procedural and regulatory requirements such as company and securities laws and regulations, governance matters and MMLR.

(iv) Audit Committee ("AC")

The AC assists the Board in fulfilling its oversight functions in relation to internal controls and financial reporting of the Company. The AC provides the Board with assurance on the quality and reliability of the financial information reported by the Company whilst promoting efficiency and good governance practices to ensure the proper conduct and safeguarding of the Company's and the Group's assets.

(v) Nomination and Remuneration Committee ("NRC")

The NRC was established to assist the Board in discharging its responsibilities in the determination of the remuneration and compensation of the Directors and Senior Management of the Company. The NRC recommends to the Board the remuneration policy for the Non-Executive Directors and Senior Management of the Company (as defined in its terms of reference). The NRC also reviews the Performance Scorecard of the CEO and recommends the rating of the scorecard to the Board for its approval and oversees the development of a succession management plan for the CEO. The NRC is also responsible for assessing the performance of the Board and Board Committees, as well as making recommendations on the nomination policy, succession planning framework, talent management, training programmes and any related matters for Directors and Senior Management and to oversee succession planning for the Chairman and Directors.

(vi) Risk Management Committee ("RMC")

The RMC was established to oversee the risk management activities of Company and the Group. It supports the Board in fulfilling its responsibility for identifying significant risks and ensuring the implementation of appropriate systems to manage the overall risk exposure of the Group.

(vii) Safety Review Board ("SRB")

The SRB provides oversight over the effective and efficient implementation of the Group's Safety Policy within the overall Group Safety Management System.

The members of the Board and its Committees have discharged their roles and responsibilities in respect of the FPE 30 June 2021, through their attendance at the meetings of the Company as set out in the table below: -

Directors	Board	AC	NRC	RMC	SRB
Tan Sri Rafidah Aziz Senior Independent Non-Executive Chairman	10/10		2/2	3/3	4/4
Dato' Lim Kian Onn Non-Independent Non-Executive Deputy Chairman	10/10	6/6			
Datuk Kamarudin bin Meranun Non-Independent Non-Executive Director	10/10				0/4
Tan Sri Anthony Francis Fernandes Non-Independent Non-Executive Director	9/10				
Dato' Yusli bin Mohamed Yusoff Independent Non-Executive Director	10/10		2/2	3/3	
Tan Sri Asmat bin Kamaludin Independent Non-Executive Director	8/10	6/6			
Dato' Fam Lee Ee Non-Independent Non-Executive Director	10/10	6/6	2/2	3/3	4/4

2. Board Composition

The size, balance and composition of the Board support its role that drives the long-term direction and strategy of the Company. A key function of the Board is to create value for shareholders and track the progress of each milestone that meets its business objectives. The Board also ensures that the Company upholds a high level of corporate governance while meeting its other obligations to its shareholders and other stakeholders. The Company has implemented procedures for the nomination and election of Directors through the NRC. The NRC assesses candidates against the skills, knowledge and experience required by the Company. The Company recognises the benefits of having a diverse Board. In line with the Company's Board Diversity Policy, selection of candidates to join the Board is in part dependent on the pool of candidates with the necessary skills, knowledge, and experience. The Board believes that a truly diverse and inclusive Board will leverage the differences of its members, to achieve effective stewardship and in turn, retains its competitive advantage. In this respect, the Board through its NRC conducts an annual review of its size and composition, to determine if the Board has the right size and sufficient diversity with independence elements that fit the Company's objectives and strategic goals.

The profile of each Director can be found on pages 5 to 8 of the Annual Report 2021. The Company's diverse Board includes and makes good use of differences in skills, regional and industry experience, background, race, gender, ethnicity, age and other attributes of the Directors. The Board recognises the recommendation of the MCCG for maintaining at least 30% of the Board with women and will take necessary measures to meet the target. However, the selection of the female candidates to join the Board will be, in part, dependent on the available pool of female candidates with the necessary skills, knowledge and experience. The ultimate decision to appoint female candidates will be based on merit and contribution that the chosen candidate will bring to the Board.

An Independent Director may remain as Independent Director after serving a cumulative term of nine (9) years, provided that the Board recommends this upon concrete justification and after seeking its shareholders' approval at a general meeting. The Company has adopted the two-tier voting process in its Constitution for retention of any Independent Directors who have served for more than 12 years in that capacity. The Constitution of the Company provides that at least one-third of the Directors are subject to retirement by rotation at every Annual General Meeting ("AGM") such that each Director shall retire from office once in every three (3) years and are eligible to offer themselves for re-election. The Constitution also provides that a Director who is appointed during the year shall be subject to re-election at the next AGM to be held following his appointment. The names of the Directors seeking for the re-election at the forthcoming AGM are disclosed in the Notice of AGM dated 29 October 2021.

3. Nomination and Remuneration Committee

The NRC comprises wholly of Non-Executive Directors, with majority of them being Independent Directors. Tan Sri Rafidah Aziz, the Senior Independent Non-Executive Director, is the Chairman of the NRC, and the other members are Dato' Yusli bin Mohamed Yusoff and Dato' Fam Lee Ee. The Terms of Reference of the NRC are available for reference at http://www.airasiax.com.

In respect of the FPE 30 June 2021, the following activities were undertaken by the NRC:-

(a) The re-election of Directors who retire by rotation pursuant to the Company's Constitution.

(b) The review of performance of the Board of Directors, Board Committees, and individual Directors, including an assessment of Independence of the Independent Directors.

(c) The review of fees and benefits payable to Non-Executive Directors.

4. Board Effectiveness Evaluation

In 2021, the Company had conducted an assessment on the performance of the Board as a whole, Board Committees, and individual Directors. The assessment is carried out annually as recommended by Practice 5.1 of the MCCG 2017. The Chairman of the NRC oversaw the overall evaluation process while the responses were reviewed and analysed by the NRC before the assessment was tabled and communicated to the Board.

During the assessment, each Director was assessed whether he/she was able to contribute to the discussions at the Board and Board Committee meetings. Overall, the Board was satisfied with the commitment of the Directors and the time contributed by each of them.

5. Professional Development of Directors

In line with Paragraph 15.08 of the MMLR, the Directors recognise the importance and value of continuous professional development to keep themselves abreast with the changes in the aviation industry, as well as new statutory and regulatory requirements. The Directors attended and participated in training programmes, conferences and seminars that covered the areas of corporate governance, finance, global business developments and relevant industry updates, which enable them to discharge their duties effectively.

The details of training programmes, conferences and seminars attended by the Directors during the FPE 30 June 2021 are outlined below:

Names	Programmes
Tan Sri Rafidah Aziz	• Tan Sri Rafidah Aziz spoke at various seminars, forums, and conferences on various topics and issues.
Dato' Lim Kian Onn	• Corporate Governance Monitor 2020, on 25 November 2020. • 24th Credit Suisse Asian Investment Conference, on 22 March 2021. • Revised Malaysian Code on Corporate Governance, on 24 May 2021.
Datuk Kamarudin bin Meranun	• COVID-19: Possibility or Difficulty for Airspace Industry, on 20 August 2021.
Tan Sri Anthony Francis Fernandes	• Visa AP Senior client Council Virtual Meeting, on 28 April 2020. • Bain Leaders Forum 2.0, on 6 October 2020. • MaGIC's 2nd E-Nation 2020, on 20 October 2020. • Business Foresight Forum BFF 2020, on 19 November 2020. • Philippine Center for Entrepreneurship Online Conference, on 23 November 2020. • ASB Board of Governors - Section 17A Training, MACC Act, on 4 December 2020. • Singapore Fintech Festival SFF 2020 - The Great Rebundling of Finance, on 7 December 2020. • CAPA Live Virtual Event, on 9 December 2020. • Nomura Asean Conference 2021, on 4 March 2021. • The 46th ASEAN-Japan Business Meeting Virtual Conference, on 17 March 2021. • GeoConnect Asia 2021 Virtual Conference, on 25 March 2021. • CITIC CLSA Asean Access Month, on 30 March 2021. • RESET 2021, on 6 April 2021. • Global Leaders Roundtable, 12 April 2021. • Reviving Malaysia Tourism Virtual Summit 2021 by Hospitality Asia Channel, on 27 April 2021 • Singapore and Southeast Asia Summit - Re-imagining the Future of Civil Aviation – Digital, Resilient (inc. Bio Safe) and Sustainable, on 12 May 2021. • National Food Security Webinar 2021, on 27 May 2021. • Fortune Global Technology Forum Online Conference, on 8 June 2021. • CNBC Evolve Summit, on 16 June 2021. • Communication & Organizational Change Across Culture, on 19 June 2021.
Dato' Yusli bin Mohamed Yusoff	• The clear and present risks facing organisations under COVID-19, on 13 May 2020. • What are the temporary relief measures for listed issuers during the COVID-19 pandemic?, on 15 May 2020. • How to be an effective NED in a disruptive world?, on 21 September 2020. • Briefing on Section 17A of MACC Act 2009 and Private Healthcare Act 1988, on 15 October 2020. • Shipping & cargo trends and Sustainability requirements for Ports, on 25 November 2020.

Names	Programmes
Dato' Yusli bin Mohamed Yusoff	• Malaysian Financial Reporting Standards, on 1 December 2020. • Primer on Climate Governance, on 15 January 2021. • Sustainable and Responsible Investment 2021, on 17 June 2021.
Tan Sri Asmat bin Kamaludin	• YTL Anti-Bribery & Corruption Online Training – Module II: Gifts, Hospitality and Entertainment, in August 2020. • YTL LEAD Conference 2020, from 24-27 November 2020. • YTL Anti-Bribery & Corruption Online Training – Module III: Whistleblowing and Code of Conduct & Business Ethics, in December 2020. • Top 10 Issues for Boards in 2021: A Brave New World, from 14-22 June 2021.
Dato' Fam Lee Ee	• Webinar "Malaysia-IR4.0", on 4 June 2020. • Webinar "Invest in Malaysia Service Industry – Digital Economy", on 9 July 2020. • Webinar "Global Post-Pandemic Healthcare Market Outlook", on 28 October 2020. • Webinar "Global Economic & Financial Trend", on 15 September 2020. • Virtual First General Assembly of International Commercial Dispute Prevention and Settlement Organisation, on 29 September 2020. • Webinar "AI in the New Normal", on 4 November 2020. • Webinar "Invest in China 2021", on 6 November 2020. • Webinar "Malaysia2China – Seizing Opportunities in China's Technological Rise", on 10 December 2020.

6. Remuneration

The Board has established a formal and transparent process for approving the remuneration of the Board and Board Committees, and the Senior Management of the Company. The NRC is responsible to formulate and review the remuneration policies for the Board and Board Committees as well as the Senior Management of the Company to ensure the same remain competitive, appropriate, and in alignment with the prevalent market practices. The Company's remuneration policy is available on the Company's website at http://www.airasiax.com.

The following table shows the remuneration details of the Directors of the Company during the FPE 30 June 2021: -

Directors	Fees (RM)	Other Fees (RM)	Salaries (RM)	Bonuses (RM)	Allowance (RM)	Total (RM)
Tan Sri Rafidah Aziz	382,500.00	-	-	-	19,000.00	401,500.00
Dato' Lim Kian Onn	142,500.00	-	-	-	16,000.00	158,500.00
Datuk Kamarudin bin Meranun	127,500.00	-	-	-	10,000.00	137,500.00
Tan Sri Anthony Francis Fernandes	97,500.00	-	-	-	9,000.00	106,500.00
Dato' Yusli bin Mohamed Yusoff	217,500.00	-	-	-	21,000.00	238,500.00
Tan Sri Asmat bin Kamaludin	142,500.00	-	-	-	14,000.00	156,500.00
Dato' Fam Lee Ee	187,500.00	-	-	-	19,000.00	206,500.00

Notes:-
The basic Board fee shall be RM65,000.00 each per annum.
The basic Board Chairman fee shall be RM165,000.00 per annum.
The allowance shall be RM1,000.00 per meeting.

7. Limits of Authority

The Company has a Limits of Authority ("LOA") manual, which defines the decision-making limits of each level of Management within the Group. The LOA manual clearly outlines matters over which the Board reserves authority and those delegated to the Senior Management. These limits cover, amongst others, authority over payments, investment, capital and revenue expenditure spending limits, budget approvals and contract commitments, as well as authority over non-financial matters. The LOA manual provides a framework of authority and accountability within the Company and facilitates decision-making at the appropriate level in the organisation's hierarchy.

Principle B
EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit Committee

The AC comprises of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. It is chaired by Dato' Yusli bin Mohamed Yusoff, who is an Independent Non-Executive Director and he is not the Chairman of the Board. The Company has a policy which requires a former key audit partner to observe a cooling off period of at least two (2) years before being appointed as a member of the AC. During the FPE 30 June 2021, no member of the AC was a former key audit partner.

In the annual assessment on the suitability, objectivity and independence of the external auditors, the AC is guided by the factors as prescribed under Paragraph 15.21 of the MMLR as well as the Company's External Auditor Independence Policy.

The term of office and performance of the AC and each of its members are reviewed annually to ensure the Chairman and members of the AC are financially literate and are able to carry out their duties in accordance with the Terms of Reference of the AC. The AC members are expected to update their knowledge continuously and enhance their skills.

The Board is satisfied that the Chairman and members of the AC have discharged their responsibilities effectively. The AC's report is set out on pages 36 to 37 of the Annual Report 2021.

2. Risk Management Committee

The RMC of the Company comprises three (3) Non- Executive Directors with a majority of them being the Independent Directors. The RMC is chaired by Tan Sri Rafidah Aziz, who is the Senior Independent Non-Executive Chairman. The RMC enables the Board to undertake and evaluate key areas of risk exposures. The primary responsibilities of the RMC are as follows:

(a) To oversee and recommend the Enterprise Risk Management ("ERM") strategies, frameworks and policies of Group;

(b) To implement and maintain sound ERM frameworks, which identify, assess, manage and monitor the Group's strategic, financial, operational and compliance risks; and

(c) To develop and inculcate a risk awareness culture within the Group. In fulfilling its responsibilities in risk management, the RMC is assisted by the Risk Management Department ("RMD").

The Company's ERM framework standardises the process of identifying, evaluating and managing significant risks face by Group. It covers the following key features:

- Roles and responsibilities of the RMC, RMD, Management and departments;
- Guidance on the risk management process and the associated methodologies and tools; and
- Guidance on risk register and controls assessments.

The Group has established a structured process for risk management and reporting within the ERM Framework as follows:

(a) The first line of defence is provided by Management and departments, which are accountable for identifying and evaluating risks under their respective areas of responsibilities;

(b) The second line of defence is provided by the RMD and RMC, which are responsible for facilitating and monitoring risk management process and reporting; and

(c) The third line of defence is provided by the Internal Audit Department which provides assurance on the effectiveness of the ERM framework.

Based on the performance evaluation for the RMC, the Board is satisfied that the Chairman and members of the RMC have discharged their responsibilities effectively.

The Statement on Risk Management and Internal Control is set out on pages 30 to 35 of the Annual Report 2021.

Principle C
INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. Effective Communication with Shareholders and Investors

The Company is committed to communicating openly and regularly with shareholders and investors through platforms such as the corporate section of its website, the Annual Report, Financial Announcements and Key Operating Statistics and Announcements through Bursa Malaysia and AGMs. The Investor relations page of its website is updated regularly to provide stakeholders with all relevant information on the Company to enable them to make an informed decision. The Company has a dedicated Investor Relations team which supports the Senior Management in their active participation in investor relations activities, including road shows, conferences and quarterly investor briefings locally and globally with financial analysts, institutional investors and fund managers. The Company continues to fulfil its disclosure obligations as per Bursa Malaysia's Corporate Governance Guidelines. All disclosures of material corporate information are disseminated in an accurate, clear and timely manner via Bursa Malaysia announcements.

2. Annual General Meeting

The AGM is another important forum for interaction with this group of stakeholders. All shareholders will be notified of the meeting and provided with a digital copy of the Annual Report at least 28 days before the meeting. At the 14th AGM of the Company held on 15 September 2020, all members of the Board were present to respond to questions raised by the members of the meeting. The voting process at the 14th AGM was conducted through an electronic poll voting system and scrutinised by an independent scrutineer. The Company will continue to leverage technology to enhance the quality of its shareholder engagement and facilitate further participation by shareholders at the Company's AGMs.

This Corporate Governance Overview Statement was approved by the Board of the Company on 27 October 2021.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

As part of our corporate governance and in line with best practices, AirAsia X Berhad ("AAX") and the subsidiaries of AAX ("the Group") are committed to maintaining a comprehensive and robust risk management and internal control system. The Board of Directors ("the Board") of AAX is guided by the requirements set out within Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") as well as the Malaysian Code on Corporate Governance released by the Securities Commission Malaysia. The following statement outlines the nature and scope of Group's internal controls and risk management framework for the 18-month financial period ended 30 June 2021 ("FPE").

RESPONSIBILITIES OF THE BOARD

The Board is committed to implementing and maintaining a robust risk management and internal control environment and is responsible for the system of risk management and internal control. The Board acknowledges that the risk management and internal control systems are designed to manage and minimise risks as it may not be possible to totally eliminate the occurrence of unforeseeable circumstances or losses.

AUDIT COMMITTEE

The Audit Committee ("AC") monitors the adequacy and effectiveness of the system of internal controls through a review of the results of work performed by the Internal Audit Department ("IAD") and External Auditors and discussions with Senior Management.

The AC, established by the Board, comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The AC Report is disclosed on pages 36 to 37 of this Annual Report.

The duties and responsibilities of the AC are set out in its Terms of Reference which is available on AAX's corporate website at (http://www.airasiax.com/misc/tor_ac_2018.pdf)

RISK MANAGEMENT COMMITTEE

The Board has delegated the governance of the Group's risk to the Risk Management Committee ("RMC"). The RMC comprises three (3) Non-Executive Directors with a majority of Independent Directors.

The RMC enables the Board to undertake and evaluate key areas of risk exposures. The primary responsibilities of the RMC are as follows:

- To oversee and recommend the Enterprise Risk Management ("ERM") strategies, frameworks and policies of the Group
- To implement and maintain sound ERM frameworks, which identify, assess, manage and monitor the Group's strategic, financial, operational and compliance risks
- To develop and inculcate a risk awareness culture within the Group

In fulfilling its responsibilities in risk management, the RMC is assisted by the Risk Management Department ("RMD").

MANAGEMENT

The Management team is responsible for ensuring that policies and procedures on risk and internal control are effectively implemented. The Management team is accountable for identifying and evaluating risks as well as monitoring the achievement of business goals and objectives within the risk appetite parameters approved by the Board.

RISK MANAGEMENT DEPARTMENT

The Risk Management framework is coordinated by the RMD. The RMD develops risk policies, sets minimum standards, provides guidance on risk related matters, coordinates risk management activities with other departments, as well as monitors AAX's risks. The RMD's principal roles and responsibilities are as follows:

- Review and update risk management methodologies, specifically those related to identification, measuring, controlling, monitoring and reporting of risks
- Provide risk management training and workshops
- Review risk profiles and mitigation plans of departments
- Identify and inform the RMC and Management of critical risks faced by the Group
- Monitor action plans for managing critical risks

INTERNAL AUDIT DEPARTMENT ("IAD")

The IAD regularly reviews the AAX's systems of internal controls and evaluates the adequacy and effectiveness of the controls, risk management and governance processes implemented by Management. It integrates a risk-based approach in determining the auditable areas and frequency of audits. The annual audit plan for AAX is reviewed and approved by the AC.

IAD is guided by its Internal Audit Charter that provides independence and reflects the roles, responsibilities, accountability and scope of work of the department. For any significant gaps identified in the governance processes, risk management processes and controls during the engagements, IAD provides recommendations to Management to improve their design and effectiveness of controls where applicable. The IAD's functions are disclosed in the AC Report on pages 36 to 37 of this Annual Report.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

The ERM framework standardises the process of identifying, evaluating and managing risks faced by the Group for the Financial Period.

The ERM framework covers the following key features:

- Roles and responsibilities of the RMC, RMD, Management and departments
- Guidance on risk management processes and associated methodologies and tools
- Guidance on risk register and controls assessments

The Group has established a structured process for risk management and reporting within the ERM framework as follows:

- The first line of defence is provided by Management and departments which are accountable for identifying and evaluating risks under their respective areas of responsibilities
- The second line of defence is provided by the RMD and RMC which are responsible for facilitating and monitoring risk management process and reporting
- The third line of defence is provided by the IAD which provides assurance on the effectiveness of the ERM framework

A key component of the ERM framework is Business Continuity Management and the Group has established business continuity plans which enable it to respond effectively in the event of a crisis and to prevent significant disruption to operations.

RISK MANAGEMENT INITIATIVES

The key focus of risk management activities carried out for the FPE under review has been on identifying and managing risks related to the on-going COVID-19 pandemic and establishing mitigation plans. The pandemic remains the top risk facing the Group given its ongoing financial and operational impact. The continuing mitigation actions across the Group have been reviewed and progress tracked, which include debt restructuring, reorganisation exercise, cash preservation, cost containment and enhanced operational measures to ensure the health and safety of customers and employees.

Key risks that the Group continues to track closely are broadly categorised as follows:

Risk	Mitigation
STRATEGIC RISK	
Political and Environmental Uncertainty - Political instability, market downturn and natural disasters, health epidemics or other events outside of the Group's control in countries that AAX operates could affect demand for flights or operations to destinations	The Group mitigates this risk through environmental scanning and information dissemination which include monthly market profit reviews and response e.g., launching of low-fare promotions in periods of low demand, fleet reallocation, and capacity management. Responding to the impact of COVID-19 pandemic on international travel demand, AAX pivoted from carrying passengers to focus on cargo and built up freight carriage capabilities during the financial period in review.
Competition - Intense competition in the market arising from entry of new players in the market, expansion of competitors' network and fare wars	AAX mitigates this risk by strengthening its route network, expanding into greenfield markets to achieve "first entrant" incentives e.g., lower airport charges, and competes and secures market share by offering competitive fares on routes through dynamic pricing.
Reputation and Branding - Reputational damage stemming from adverse media publicity or social networks that serve as platforms for airing consumer grievances or anti-organisation campaigns	AAX mitigates this risk by conducting ongoing real time media monitoring, social media monitoring and customer sentiment monitoring to enable quick action and response to all stakeholder communication channels. A dedicated AAX team is established to ensure necessary and effective response to mitigate any potential brand and reputational threat

Risk	Mitigation
OPERATIONAL RISK	
System Outages - Outages of mission-critical systems required for continuity of flight operations and revenue channels which may result in significant losses	AAX mitigates this risk by developing, implementing and testing systems-specific backup and failovers to reduce the impact of system outages and ensure that the business continues to run in the event of a critical system outage.
Value Chain Disruption - Failure in airport services such as airport fuelling systems, baggage handling systems or customs, immigration and quarantine processing may lead to significant delays and business disruption	AAX mitigates this risk by monitoring and communicating any potential service disruption to service providers to prevent or ensure minimal disruption to operations. AAX has also created and tested incident-specific business continuity plans for its main hubs while partnering closely with airport operators and authorities. BCP is in place for AAX to utilise KLIA Airport in the event there are disruptions in KLIA2. At present AAX is able to utilise KLIA with all system functions.
Cyber Threats - Cyber security risk arising from heavy focus on online sales channels, guest feedback, help channels and other digital solutions	The Group has a dedicated information security team that focuses on detecting, containing and remediating these cyber threats. The Group adopts the ISO/IEC 27002 the International Code for Information Security Controls into our processes, procedures and technology. Regular security assessments, penetration tests and source code reviews are performed on the systems to ensure cyber resilience. The Group constantly assesses and implements various new technologies/ tools to mitigate emerging threats.
Safety Threats – Increasing exposure to operational safety hazards and risks as AAX grows its routes, flights and passenger volume	AAX mitigates this risk by identifying, assessing and managing safety risks to an As Low As Reasonably Practicable (ALARP) level and implements necessary mitigation actions through a robust Safety Management System. The Safety Review Board ("SRB") oversees safety performance to ensure safety targets are met and that the highest safety and quality standards are upheld across the Group. Through the use of new digital tools, safety risk analysis and data capture has been made more efficient and accurate to improve risk identification and mitigation. AAX is also subject to routine mandatory audits by local civil aviation authorities which issue operating licenses to airline operating companies. In addition, both AAX and Thai AirAsia X have completed the IATA Operational Safety Audit (IOSA) and obtained IOSA certification accordingly. Since the start of the COVID-19 pandemic, the Group has implemented a series of precautionary measures to safeguard the health and safety of AAX's customers and employees, while ensuring compliance with civil aviation and public health directives.

<table>
<tr><th>Risk</th><th>Mitigation</th></tr>
<tr><td colspan="2">FINANCIAL RISK</td></tr>
<tr><td>Liquidation Risk
The Group’s ability to meet its immediate debt and financial commitments has been adversely impacted by the outbreak of COVID-19 pandemic at the beginning of 2020 and the subsequent implementation of the travel and border restrictions, resulting in suspension of the Group’s scheduled flight operations.

A default of such commitments will result in early termination of arrangements with suppliers, creditors and financiers that will precipitate a potential liquidation of the airline.</td><td>To avoid a liquidation, AAX is undertaking a Proposed Debt Restructuring which has been formulated to :
- enable the AAX and its Leasing Subsidiaries to address their debt obligations in an orderly manner and to arrive at a business and debt structure which is sustainable. Accordingly, the debts/liabilities are proposed to be reduced to an affordable amount and rendered reflective of the Revised Business Plan;
- strengthen the financial position of the Group and to allow the Group to carry out its revised business plan and
- allow AAX to thereafter engage with financial institutions and stakeholders to obtain new financing/funding to support its future operations.

In addition, AAX also intends to implement a Proposed Corporate Restructuring and Proposed Fundraising, which will only be implemented if the Proposed Debt Restructuring is approved by Scheme Creditors and sanctioned by the High Court.</td></tr>
<tr><td>Financial Risk
The Group’s airline operations carry certain financial risks, including the effects of changes in jet fuel prices, foreign currency exchange rates, interest rates and the market value of financial investments, credit risks as well as liquidity risk.</td><td>The Group’s Financial Management policies and mitigation to moderate the effects of such volatility on its financial performance are detailed in notes to financial statements, Note 40 and Note 46 Financial Risk Management Policies on page 165 and 195 respectively.</td></tr>
<tr><td colspan="2">COMPLIANCE RISK</td></tr>
<tr><td>Non-Compliance to Regulatory Requirements
- Litigation risk arising from potential breach of local laws and regulations, contracts, industry guidelines and regulator/ consumer authority requirements in multiple jurisdictions</td><td>The Group mitigates this risk by maintaining a high level of engagement with local regulators and authorities to ensure any new regulatory requirement is understood and swiftly adhered to.

The Group also constantly monitors the local regulatory landscape for new or amended regulations affecting the Group.</td></tr>
<tr><td>Data Security & Privacy – Violation of data privacy laws and regulations and loss of customer confidence due to a data breach</td><td>The Group has established a data governance framework and data security & privacy working group to review existing policies and ensure compliance to laws, regulations and best practices.</td></tr>
<tr><td>Anti-Bribery and Anti-Corruption Regulatory Requirements
Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) puts all Management and the Board of Directors to be held accountable and responsible for any act of bribery and corruption with the organisation in any jurisdiction that it has business operations.</td><td>The Group has put in place Anti-Bribery and Anti-Corruption Policy, which has been disseminated to all internal personnel and to all external parties that conduct business transactions with the Group. All internal personnel would need to acknowledge their awareness of this policy.

The policy is available on AAX’s corporate website: http://www.airasiax.com/misc/AAX_ABAC_Policy.pdf</td></tr>
<tr><td colspan="2">SUSTAINABILITY RISK</td></tr>
<tr><td>Sustainability Risk - Economic, environmental and social impact that, if not managed, may adversely affect the Group</td><td>AAX ensures compliance with environmental regulatory requirements, including managing the potential impact of environmental related schemes such as the Carbon Offsetting & Reduction Scheme for International Aviation (CORSIA).</td></tr>
</table>

INTERNAL CONTROL FRAMEWORK

The following key internal control structures (including the AC and the IAD disclosed above) are in place to assist the Board to maintain a proper internal control system:

Board Governance

The Board has governance over the Group's operations. The Board is kept updated on the Group's activities and operations on a timely and regular basis through Board meetings with a formal agenda on matters for discussion. The Board of AAX has established four (4) committees, namely the AC, RMC, Nomination and Remuneration Committee and SRB, to assist it in executing its governance responsibilities. Further information on the various Board Committees is provided in the Corporate Governance Overview Statement from pages 22 to 29 of this Annual Report.

Senior Management Responsibilities

Regular management and operations meetings are conducted by Senior Management, which comprises the Group Chief Executive Officer ("GCEO"), Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and Heads of Department.

The Board of our associated company includes our representatives. Information on the financial performance of our associated company is provided regularly to the Management and Board of AAX via regular management reports and presentations at Board meetings.

In respect to the joint venture entered into by the Group, the Management of the joint venture, which consists of representatives from the Group and other joint venture partners, are responsible to oversee the administration, operation and performance of the joint venture. Financial and operational reports of the joint venture are provided regularly to the Management of AAX.

Culture

The Board believes that good governance reflects the culture of an organisation. This is more significant than any written procedures. The Group aims at all times to act ethically and with integrity, and to instill this behaviour in all its employees by example from the Board down.

As provided in AAX's Code of Business Conduct, AAX is committed to uphold high standards of business ethics in all aspects of its business and expects the same within its relationships with all those with whom it engages and does business with.

AAX also has a Code of Conduct ("the Code") which governs the conduct of its employees, officers and directors. The Code sets out the standards and ethics that they are expected to adhere to. It highlights AAX's expectations on their professional conduct which includes:

- The environment inside and outside of workplace
- The working culture
- Conflict of interest
- Confidentiality and disclosure of information
- Good practices and controls
- Duty and declaration

The Code also sets out the circumstances in which an employee, officer and director would be deemed to have breached the Code after due inquiry and disciplinary actions that can be taken against them if proven guilty.

Segregation of Duties

Segregation of duties is embedded in the key business processes. The Group has in place a system to ensure there are adequate risk management, financial and operational policies and procedures.

Internal Policies and Procedures

Policies, procedures and processes governing the Group's businesses and operations are documented and readily made available to employees across the Group on the AAX's intranet portal. These policies, procedures and processes are reviewed and updated by the business and functional units through a structured and standardised process of review. This is to ensure that appropriate management controls are in place to manage risks arising from changes in legal and regulatory requirements as well as the business and operational environment.

Financial Budgets

A detailed budgeting process has been established requiring all Heads of Department to prepare budgets and business plans annually for deliberation and approval by the Board. In addition, AAX has a reporting system on actual performance against the approved budgets, which requires explanations for significant variances and plans by Management to address such variances.

Human Resource Management

AAX acknowledges that a robust risk management and internal control system is dependent on its employees applying responsibility, integrity and good judgment to their duties. As such, AAX has in place policies and procedures that govern its recruitment, appointment, performance management, compensation and reward mechanisms as well as policies and procedures that govern discipline, termination and dismissal of employees and ensures compliance of the same with all applicable laws and regulations.

Limits of Authority

AAX documented its Limits of Authority ("LOA") clearly defining the level of authority and responsibility in making operational and commercial business decisions. Approving authorities cover various levels of Management and the Board. The LOA is reviewed regularly and any amendments made must be tabled to and approved by the Board.

Insurance

The Group maintains adequate insurance and physical safeguards on assets to ensure these are sufficiently covered against any incident that could result in material losses. Specifically, AAX maintains its Aviation Insurance which provides coverage for the following:

- Aviation Hull and Spares All Risks and Liability
- Aviation Hull and Spares War and Allied Perils (Primary and Excess)
- Aircraft Hull and Spares Deductible
- Aviation War, Hijacking and other Perils Excess Liability (Excess AVN52)

AAX also maintains adequate general Insurance to mitigate other risks and financial losses arising from fire, burglary, employee fidelity, public liability, and loss of cash in transit.

Information Security

Information Security protects information (data), the systems it is housed in and the users of these systems from a wide range of threats, as well as safeguards the confidentiality, integrity and availability of information. Information security in the Group is achieved through a set of controls which includes policies, standards, procedures, guidelines, organisation structures and software control functions.

The Group acknowledges the importance of leveraging Information Technology ("IT") to promote effectiveness and efficiency of business operations. Heavy reliance on IT exposes us to emerging cyber security threats, hence Information Security Management is in place to manage cyber security risk. The Information Security Management programme includes:

- Evaluations of the adequacy of controls for new infrastructures and information systems
- Evaluations of emerging security technologies
- Adequacy of information asset protection within the Group
- Assurance of the adequacy of security controls by coordinating security reviews such as penetration testing and vulnerability assessment

Whistleblowing Policy

AAX has in place a Whistleblowing Policy which provides a platform for employees or third parties to report instances of unethical behaviour, actual or suspected fraud or dishonesty, or a violation of AAX's Code of Conduct. It provides protection for the whistle-blowers from any reprisals as a direct consequence of making such disclosures. It also covers the procedures for disclosure, investigations and the respective outcomes of such investigations. AAX expects its employees to act in AAX's best interests and to maintain high principles and ethical values. AAX will not tolerate any irresponsible or unethical behaviour that would jeopardise its good standing and reputation.

Conclusion

The Board has received assurance from the Group CEO, CEO and CFO of AAX that AAX's risk management and internal control system are operating adequately and effectively in all material aspects. For areas which require improvement, action plans are being developed with implementation dates being monitored by the respective Heads of Department. The Board also receives updates on key risk management and internal control matters through its Board Committees. Based on assurance received from Management and updates from the Board Committees, the Board is of the view that the Group's risk management and internal control systems were operating adequately and effectively during the Financial Year and up to the date of approval of this statement.

AAX's associate company is in the process of fully adopting AAX's risk management and internal controls. The disclosure in this statement does not include the risk management and internal control practices of AAX's material joint venture.

Review of the Statement by External Auditors

As required by Paragraph 15.23 of the MMLR of Bursa Malaysia, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. The AAPG 3 does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

This statement is in accordance with the resolution of the Board of Directors of AAX on 27 October 2021.

AUDIT COMMITTEE ("AC") REPORT

This report outlines the activities of the AC of AirAsia X Berhad ("AAX" or "the Company") for the 18 month financial period ended 30 June 2021 ("FPE").

This report has been reviewed by the AC and approved by the Board of Directors ("the Board") of AAX on 27 October 2021, for inclusion in this Annual Report.

The AC assists the Board in fulfilling its duties with respect to its oversight responsibilities over AAX and the subsidiaries of AAX ("the Group"). The AC is committed to its role of ensuring the integrity of the financial reporting process; the management of risks and systems of internal controls, external and internal audit processes and compliance with legal and regulatory matters; and the review of related party transactions and other matters that may be specifically delegated to the AC by the Board. The AC's responsibility for the internal audit of the Group is fulfilled through reviews of the quarterly and other reports of the Internal Audit Department ("IAD").

A. Composition of AC

The AC is established by the Board and comprises (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, including the Chairman and none of them are an alternate director. The Chairman of AC, Dato' Yusli bin Mohamed Yusoff, is appointed by the Board and is not the Chairman of the Board. He is a member of The Institute of Chartered Accountants in England and Wales and Malaysia Institute of Accountants, therefore the Company meets the Para 15.09(1)(c)(i) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR").

The duties and responsibilities of the AC are set out in its Terms of Reference, which is published on AAX's corporate website at www.airasiax.com.

B. Attendance of Meetings

A total of six (6) meetings were held during the Financial Period with full attendance by all AC members.

The Head of Internal Audit of AAX attended the AC meetings to present the audit and investigation reports. Representing the senior management team, the GCEO, CEO and CFO were invited to attend all the AC meetings to facilitate deliberations as well as to provide clarification on the audit issues. Where required, the management of the audit subjects was also invited to provide an explanation to the AC on specific control lapses and issues arising from the relevant audit reports.

C. Activities of the AC for FPE 30 June 2021

In discharging its duties and responsibilities, the AC is guided by the AC Terms of Reference, which was approved by the Board and aligned with the provisions of the MMLR, Malaysian Code on Corporate Governance and other best practices. A summary of the work of the AC during the Financial Period is as set out below:

Financial Reporting

- Reviewed and deliberated on all quarterly financial results and annual audited financial statements for recommendation to the Board for approval.
- The AC's review focused on any change in Accounting Policies and Practices, and the implementation of such changes; significant and unusual events; significant adjustments arising from the Audit; litigation that could affect the results materially; the going concern assumption; compliance with Accounting standards, other legal requirements and regulatory requirements; review and ensure corporate disclosure policies and procedures of the Group (as they pertain to accounting, audit and financial matters) comply with the disclosure requirements as set out in the MMLR.

External Audit

- Reviewed the external auditor's overall work plan and recommended to the Board their remuneration, terms of engagement and considered in detail the results of the audit, external auditor's performance and independence and the effectiveness of the overall audit process.
- Reviewed updates on the Malaysian Financial Reporting Standards and how they will impact the Company and has monitored progress in meeting the new reporting requirements.
- Updated continuously by the external auditors on changes to the relevant guidelines on the regulatory and statutory requirements.
- Deliberated and reported the results of the annual audit for recommendation to the Board.
- Met with the external auditors without the presence of the Management to discuss any matters that they may wish to present.

Internal Audit

- Deliberated and approved the Internal Audit Plan for the Financial Period to ensure adequate scope and comprehensive coverage of audit as well as to ensure the audit resources are sufficient to enable AC to discharge its functions effectively.
- Deliberated on the investigation reports and after having understood the case in detail, directed the Management to implement controls to strengthen the control environment and prevent recurrence.
- Reviewed the quarterly status reports on audit finding and deliberated on the rectification actions and timeline taken by the Management to ensure the control lapses are

addressed and resolved promptly.

- Reviewed the results of operational audit reports.
- Providing assistance to the appointed external auditor in all oversight of the operational audits on each quarterly review

Related Party Transactions

- Reviewed the related party transactions entered into by the Company and its affiliates in conformity to the established procedures in adherence to the MMLR.

Annual Report

- Reviewed the Statement on Risk Management and Internal Control and the Corporate Governance Overview Statement prior to their inclusion in the Company's Annual Report.
- Further information on the summary of the AC activities in discharging its functions and duties for the Financial Period and how it has met its responsibilities are provided in the Corporate Governance Report in accordance with Practice 8.5 of the The Malaysian Code on Corporate Governance ("MCCG")

D. Internal Audit Function and Summary of Work

AAX has an in-house Internal Audit Department ("IAD") to assist the AC in carrying out its functions. IAD is guided by its Internal Audit Charter approved by AC that provides independence & reflects the function and responsibilities of the department. IAD carries out its audits in accordance with the International Professional Practices Framework issued by the Institute of Internal Auditors.

IAD reports functionally to AC and administratively to the CEO. IAD executives declare yearly that they are free from any conflict of interest, which could impair their objectivity and independence.

The principal responsibility of IAD is to undertake regular and systematic reviews of the systems of internal controls to provide reasonable assurance that the systems continue to operate efficiently and effectively. IAD adopts a risk-based methodology to develop its audit plans by determining the priorities of the internal audit activities.

The audits cover the review of the adequacy of risk management, the strength and effectiveness of internal controls, compliance to internal statutory requirements, governance and management efficiency, among others.

At the beginning of the Financial Period, audit reviews were conducted based on a risk-based Internal Audit Plan approved by the AC for the year 2020. The areas reviewed include overseas stations audits and financial operation processes. IAD had subsequently revised the audit plan, with the approval of AC, to reprioritise the audit plan on new and/or elevated risks as a result of COVID-19 pandemic. The areas of reprioritised focus of the internal audit activities include risks and business processes related to cost and cash management, receivables recovery and cargo revenue.

The audit reports which provide the results of the audit conducted, as well as key control issues and recommendations are highlighted and submitted to the AC for review and execution. The Management is to ensure that corrective actions are implemented within the required time frame.

The AC reviews and approves the Internal Audit's human resource requirements to ensure that the function is adequately resourced with a competent and proficient internal auditor. The IAD had a team of four executives in 2020, however, due to resignations in 2021, the team has been downsized to two executives. The Head of Internal Audit, Ms. Wong Ooi Ling was appointed in November 2020. She is a Chartered Accountant of Malaysian Institute of Accountants.

Total operational costs of the IAD for the FPE were RM731,629.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the financial period ended 30 June 2021 (“FPE 30 June 2021”) for AirAsia X Berhad (“the Company”).

1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSAL

There were no proceeds raised by the Company from any corporate proposals during FPE 30 June 2021.

2. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts entered into by the Company and its subsidiaries involving directors’ and major shareholders' interests still subsisting at the end of the FPE 30 June 2021.

3. AUDIT AND NON-AUDIT FEES

The audit and non-audit fees of the Company and its Group as below are also disclosed in the Audited Financial Statements set out under Note 9 to the Financial Statements on page 108 of this Annual Report:-

Audit Fees	Group RM’000	Company RM’000
Audit fees charged by the External Auditors for the FPE 30 June 2021	621	445

Non-Audit Fees	Group RM’000	Company RM’000
Non-audit fees charged by the External Auditors for the FPE 30 June 2021 in connection with advisory related work	14	-

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the Annual General Meeting (“AGM”) held on 15 September 2020, the Company had obtained a shareholders’ mandate to allow the Company to enter into recurrent related party transactions of a revenue or trading nature (“RRPT”).

Pursuant to paragraph 10.09(2)(b) and paragraph 3.1.5 of Practice Note 12 of the MMLR of Bursa Securities, details of the RRPT entered into during the FPE 30 June 2021 are as follows:

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual value
EXPENSE				
1.	AirAsia Berhad (Company No.: 199301029930) (284669-W) (“AirAsia”)	Rights granted by AirAsia to our Company to operate air services under the “AIRASIA” trade name and livery in respect of our low-cost, long-haul air services.	**Interested Directors** Tan Sri Anthony Francis Fernandes (“Tan Sri Tony”) Datuk Kamarudin bin Meranun (“Datuk Kamarudin”) Dato’ Fam Lee Ee (“Dato’ Fam”)	NIL

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual value
			Interested Major Shareholders AirAsia Tune Group Sdn. Bhd. (Company No.: 200701040836) (798868-P) ("Tune Group") Tan Sri Tony Datuk Kamarudin	
2.	AirAsia	Provision of the following range of services by AirAsia to our Company: (a) Commercial - Sales and distribution - Sales support - Direct channel - Branding and Creative • Protection of brand to ensure proper public perception is built • Manage communication imagery, sponsorships (e.g. sports and youth marketing) and commercial branding • Creative includes graphic designs supporting branding activities - Web team: Manage, plan, build and develop airasia.com website - Digital Marketing - Ancillary (b) Treasury - Fuel procurement - Fuel hedging (c) Revenue Assurance - Credit card fraud unit Internal Audits (d) Group Inflight Ancillary (e) Engineering (f) Customer Support	**Interested Directors** Tan Sri. Tony Datuk Kamarudin Dato' Fam	RM3,604,436

No	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual value
3.	Rokki Sdn. Bhd. (Company No.: 201101006967) (935105-W) ("Rokki")	Supply of in-flight entertainment system, hardware, software, content and updates by Rokki.	**Interested Directors** Tan Sri Tony Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Datuk Kamarudin	NIL
4.	BIGLIFE Sdn. Bhd. (Company No.: 201001040731) (924656-U) ("BIGLIFE")	Purchase of loyalty points from BIGLIFE, which operates and manages a loyalty program branded as the BIG Loyalty Program.	**Interested Directors** Tan Sri Tony Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Datuk Kamarudin	RM109,511
5.	Tune Insurance Malaysia Berhad (Company No.: 197601004719) (30686-K) ("Tune Insurance")	Payment to Tune Insurance of insurance premiums collected on its behalf pursuant to our Company's role as a corporate agent of Tune Insurance for the provision of AirAsia Insure, a travel protection plan which provides coverage for losses arising from, amongst others, personal accident, medical and evacuation, emergency medical evacuation and mortal remains repatriation, travel inconvenience such as flight cancellation or loss or damage to baggage and personal effects, flight delay and on-time guarantee.	**Interested Directors** Tan Sri Tony Datuk Kamarudin **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Datuk Kamarudin	RM29

No	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual value
6.	AirAsia SEA Sdn. Bhd. (Company No.: 201301015339) (1045172-A) ("AirAsia SEA")	Provision of the following shared services by AirAsia SEA to our Company: 1. Finance and accounting support operation services; 2. People department support operation services; 3. Information and technology operation support services; and 4. Sourcing and procurement operation support services.	**Interested Directors** Tan Sri Tony Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Datuk Kamarudin	RM1,188,850
7.	Ormond Lifestyle Services Sdn. Bhd. *(formerly known as Yummy Kitchen Sdn. Bhd.)* (Company No.: 201601003986) (1174912-W)	Provision of food catering services at the AAX airport lounge located at Kuala Lumpur International Airport 2 (klia2)	**Interested Directors** Tan Sri Tony Datuk Kamarudin Dato' Lim Kian Onn ("Dato' Lim") **Interested Major Shareholders** Tan Sri Tony Datuk Kamarudin	NIL
8.	Ground Team Red Sdn. Bhd. (Company No.: 200701042697) (800730-V) ("GTR")	Provision of ground handling services at Kuala Lumpur International Airport 2 (klia2) and diversion airports at Penang and Langkawi (if required).	**Interested Directors** Tan Sri Tony Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Datuk Kamarudin	RM1,780,858
9.	AirAsia (Guangzhou) Aviation Service Limited (Company Registration No.: 91440101MA5ALG3R31) ["AirAsia (Guangzhou)"]	Provision of operational services by AirAsia (Guangzhou) to AAX in China.	**Interested Directors** Tan Sri Tony Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Datuk Kamarudin	CNY309,767 (RM201,349)

No	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual value
10.	AirAsia (India) Limited (Company No. U62200KA2013PLC086204)	Provision of the following services by AAIL to AAX at Delhi Airport and Jaipur Airport, including but not limited to: 1. Ground handling services; and 2. Government and regulatory liaison	**Interested Directors** Tan Sri Tony Fernandes Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	RM237,089

Reveue / Income				
1.	Tune Insurance	Receipt of commission income of 25% on all insurance premiums received by Tune Insurance pursuant to our Company's role as a corporate agent of Tune Insurance for the provision of AirAsia Insure, a travel protection plan which provides coverage for losses arising from, amongst others, personal accident, medical and evacuation, emergency medical evacuation and mortal remains repatriation, travel inconvenience such as flight cancellation or loss or damage to baggage and personal effects, flight delay and on-time guarantee.	**Interested Directors** Tan Sri Tony Datuk Kamarudin **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Datuk Kamarudin	RM116
2.	AirAsia	Services provided by AAX to AirAsia for AAX airport lounge usage by AirAsia's passengers.	**Interested Directors** Tan Sri Tony Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Datuk Kamarudin	NIL

No	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual value
3.	AirAsia Japan Co. Ltd (Company No.: 1800-01-113372) ("AAJ")	Provision of the following commercial services by AAX to AAJ, including but not limited to: 1. Line Operations Department; and 2. People Department.	**Interested Directors** Tan Sri Tony Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Datuk Kamarudin	RM20,291
4.	Philippines AirAsia Inc. (Registration No.: A199707490) ("PAA")	Provision of the following commercial services by AAX to PAA, including but not limited to: 1. Airport management and group handling; and 2. Government and regulatory liaison	**Interested Directors** Tan Sri Tony Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Datuk Kamarudin	RM182,984
5.	Thai AirAsia Company Limited (Company No.: 0105546113684) ("TAA")	Provision of the following commercial services by AAX to TAA, including but not limited to: 1. Airport management and group handling; and 2. Government and regulatory liaison	**Interested Directors** Tan Sri Tony Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Datuk Kamarudin	RM17,020
6.	PT Indonesia AirAsia (Company No.: 30.06.1.51.07399) ("IAA")	Provision of the following commercial services by AAX and AAX Service Pty. Ltd. (Company No. 141 326 463) to IAA, including but not limited to: 1. Airport management and group handling; and 2. Government and regulatory liaison	**Interested Directors** Tan Sri Tony Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Datuk Kamarudin	RM97,572

No	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual value
7.	BIGLIFE	Revenue from ticket sales and/or other ancillary sales arising from redemption of loyalty points from BIGLIFE which operates and manages a loyalty program branded as the BIG Loyalty Program.	**Interested Directors** Tan Sri Tony Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Datuk Kamarudin	RM2,354
8.	AAJ	Provision of ground handling services to AAJ.	**Interested Directors** Tan Sri Tony Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Datuk Kamarudin	NIL
9.	Teleport Everywhere	Novation of the Master General Cargo Sales Agent cum Management Services Agreement entered into between AAX and Teleport Malaysia on 27 June 2018, for Teleport Malaysia to purchase cargo transportation capacity on routes operated by AAX, to Teleport Everywhere	**Interested Directors** Tan Sri Tony Fernandes Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	RM127,591,171

No	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual value
10.	AirAsia	Provision of ground handling services by AAX to AirAsia in Taipei, Taiwan	**Interested Directors** Tan Sri Tony Fernandes Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	NIL
11.	PAA	Provision of ground handling services by AAX to AirAsia in Taipei, Taiwan	**Interested Directors** Tan Sri Tony Fernandes Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	NIL
12.	TAA	Provision of ground handling services by AAX to AirAsia in Taipei, Taiwan	**Interested Directors** Tan Sri Tony Fernande Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	NIL

The shareholdings of the interested Directors and interested Major Shareholders in our Company as at 30 June 2021 are as follows:

	<------------ Direct ------------>		<----------- Indirect ----------->	
	No. of Shares	**%**	**No. of Shares**	**%**
Interested Directors				
Tan Sri Tony Fernandes	111,587,228	2.69	1,310,331,376 (1)	31.59
Datuk Kamarudin	370,709,939	8.94	1,310,331,376 (1)	31.59
Dato' Fam	-	-	-	-
Dato' Lim	-	-	175,833,356 (2)	4.24
Interested Major Shareholders				
AirAsia	570,728,502	13.76	-	-
Tune Group	739,602,874	17.83	-	-
Tan Sri Tony Fernandes	111,587,228	2.69	1,310,331,376 (1)	31.59
Datuk Kamarudin	370,709,939	8.94	1,310,331,376 (1)	31.59

Notes:

(1) Deemed interested via their interests in AirAsia and Tune Group, being the Major Shareholders of our Company pursuant to Section 8 of the Companies Act 2016.

(2) Deemed interest via shareholdings of his spouse and children.

Please refer to the notes of Section 2.3 of the Circulars to Shareholders dated 29 October 2021 on the directorships and shareholdings of the interested Directors and interested Major Shareholders in the transacting parties as stated above.

Directors' report

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial period ended 30 June 2021.

Principal activities

The principal activity of the Company is that of providing long haul air transportation services.

The Company has temporarily grounded most of its fleet across the network due to the COVID-19 pandemic.

The principal activity of the subsidiary, associate and joint venture companies is disclosed in Notes 19, 20 and 21 to the financial statements.

Change of financial year end

During the financial period, the Group and the Company changed its financial year end from 31 December to 30 June. Accordingly, the current financial period covers a period of 18 months, from 1 January 2020 to 30 June 2021. Consequently, the comparative amounts for the statements of comprehensive income, statements of changes in equity, statements of cash flows and related notes to the financial statements are not comparable.

Financial results

	Group RM'000	Company RM'000
Loss for the financial period	(33,689,780)	(33,757,566)

There were no material transfers to or from reserves or provisions during the financial period other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature except for the provision for termination of RM25.16 billion as disclosed in Note 10 to the financial statements and impairment of right of use assets of RM4.01 billion as disclosed in Note 17 to the financial statements.

Directors

The names of the Directors of the Company in office since the beginning of the financial period to the date of this report are :

Tan Sri Rafidah Aziz
Datuk Kamarudin Bin Meranun
Tan Sri Anthony Francis Fernandes
Dato' Yusli Bin Mohamed Yusoff
Dato' Lim Kian Onn
Tan Sri Asmat Bin Kamaludin
Dato' Fam Lee Ee

The names of the Directors of the Company's subsidiaries in office since the beginning of the financial period to the date of this report (not including those Directors listed above) are:

Jean Marc Kin Voon Likamtin
Benyamin Bin Ismail
Natacha Sabrina Kong Hung Cheong
Tommy Lo Seen Chong

Directors' benefits

Neither at the end of the financial period, nor at any time during the period, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which the Director has a substantial financial interest, other than as disclosed in Note 39 to the financial statements.

Indemnity and insurance for Directors and officers

The Directors and officers of the Company and its subsidiaries are covered under a Directors' and Officers' Liability Insurance up to an aggregate limit of RM10 million against any legal liability, if incurred by the Directors and officers of the Company and its subsidiaries in the discharge of their duties while holding office for the Company and its subsidiaries. The insurance premium paid by the Company was RM498,200.

Directors' remuneration

The Directors' remuneration are disclosed in Note 8 to the financial statements.

Directors' interests

According to the Register of Directors' Shareholdings, the interests of the Directors in office at the end of the financial period in shares in the Company or its related corporations during and at the end of the financial period are as follows:

	Number of ordinary shares			
	1.1.2020	Acquired	Disposed	30.06.2021
The Company				
Datuk Kamarudin Bin Meranun				
Direct interest	370,709,939	-	-	370,709,939
Indirect interest *	1,310,331,376	-	-	1,310,331,376
Tan Sri Anthony Francis Fernandes				
Direct interest	111,587,228	-	-	111,587,228
Indirect interest *	1,310,331,376	-	-	1,310,331,376
Dato' Lim Kian Onn				
Indirect interest **	175,833,356	-	-	175,833,356
Tan Sri Rafidah Aziz				
Direct interest	175,000	-	-	175,000
Indirect interest ***	100,000	-	-	100,000
Tan Sri Asmat Bin Kamaludin				
Direct interest	297,400	-	-	297,400
Indirect interest ****	40,000	-	-	40,000

* Deemed interest by virtue of their shareholding interests in AirAsia Berhad and Tune Group Sdn Bhd pursuant to Section 8A of the Companies Act 2016.

** Pursuant to Section 59(11)(c) of the Companies Act 2016, the interests of spouse and children of Dato' Lim Kian Onn in the shares of the Company shall also be treated as the interest of Dato' Lim Kian Onn.

*** Pursuant to Section 59(11)(c) of the Companies Act 2016, the interest of spouse (deceased) of Tan Sri Rafidah Aziz in the shares of the Company shall also be treated as the interest of Tan Sri Rafidah Aziz.

**** Pursuant to Section 59(11)(c) of the Companies Act 2016, the interests of spouse and children of Tan Sri Asmat Bin Kamaludin in the shares of the Company shall also be treated as the interest of Tan Sri Asmat Bin Kamaludin.

Directors' interests (cont'd.)

None of the other Directors in office at the end of the financial period had any interest in shares in the Company or its related corporations during the financial period.

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in these financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are aware of the COVID-19 pandemic, which may have an impact on certain values attributed to current assets and valuation methods adopted by the Group and the Company.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial period which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial period.

Other statutory information (cont'd.)

(f) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial period in which this report is made except for matters disclosed in Note 10 and Note 46.

(g) As at 30 June 2021, the net current liabilities shortfall position of the Group and of the Company amounted to RM34.21 billion and RM34.30 billion respectively. Management is taking steps to address the current situation arising from the court convene meeting as described in Note 10 and Note 46 of the financial statements. The Board of Directors is confident that based on the debt restructuring, corporate restructuring, fundraising exercise and the revised business plan, the Group and the Company will be in good stead to weather the current challenging environment.

Auditors and auditors' remuneration

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration are disclosed in Note 9 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been paid to indemnify Ernst & Young PLT during or since the end of the financial period.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 29 October 2021.

Tan Sri Rafidah Aziz
Director

Dato' Yusli Bin Mohamed Yusoff
Director

Kuala Lumpur, Malaysia

STATEMENTS OF PROFIT OR LOSS

For the financial period ended 30 June 2021

	Note	Group 1.1.2020 to 30.6.2021 RM'000	Group 1.1.2019 to 31.12.2019 RM'000	Company 1.1.2020 to 30.6.2021 RM'000	Company 1.1.2019 to 31.12.2019 RM'000
Revenue	4	1,215,543	4,233,344	1,215,544	4,231,015
Operating expenses					
- Staff costs	5	(248,318)	(429,016)	(239,624)	(418,640)
- Depreciation	6	(961,502)	(745,434)	(971,788)	(755,567)
- Aircraft fuel expenses		(538,450)	(1,680,688)	(538,450)	(1,680,688)
- Maintenance and overhaul	7	(785,425)	(701,627)	(785,425)	(701,627)
- User charges		(96,979)	(431,336)	(96,979)	(431,336)
- Aircraft operating lease expenses		(2,417)	-	(2,417)	-
- Other operating expenses	9	(6,106,334)	(406,734)	(6,184,881)	(440,635)
- Provision for termination	10	(25,163,344)	-	(25,163,344)	-
Other income	11	6,997	41,055	5,406	23,209
Other losses	13	(10,928)	-	(10,928)	-
Operating loss		(32,691,157)	(120,436)	(32,772,886)	(174,269)
Finance income	12	144,051	137,529	144,006	137,441
Finance costs	12	(1,063,210)	(364,911)	(1,043,553)	(345,706)
Net operating loss		(33,610,316)	(347,818)	(33,672,433)	(382,534)
Net foreign exchange (loss)/gain	12	(79,471)	42,914	(85,031)	43,524
Share of results of an associate	20	-	(1,104)	-	-
Share of results of a joint venture	21	-	-	-	-
Loss before taxation		(33,689,787)	(306,008)	(33,757,464)	(339,010)
Taxation					
- Current taxation	14	7	495	(102)	650
- Deferred taxation	14	-	(344,804)	-	(344,174)
		7	(344,309)	(102)	(343,524)
Loss for the financial period/year		(33,689,780)	(650,317)	(33,757,566)	(682,534)
Loss per share (sen)					
- Basic	15	(812.2)	(15.7)		
- Diluted	15	(812.2)	(15.7)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

For the financial period ended 30 June 2021

	Group		Company	
	1.1.2020 to 30.6.2021 RM'000	1.1.2019 to 31.12.2019 RM'000	1.1.2020 to 30.6.2021 RM'000	1.1.2019 to 31.12.2019 RM'000
Loss for the financial period/year	(33,689,780)	(650,317)	(33,757,566)	(682,534)
Other comprehensive (loss)/income				
Items that may be subsequently reclassified to profit or loss				
Cash flow hedges	(30,452)	129,621	(30,452)	129,621
Foreign currency translation differences	638	60	-	-
Other comprehensive (loss)/income for the financial period/year, net of tax	(29,814)	129,681	(30,452)	129,621
Total comprehensive loss for the financial financial period/year	(33,719,594)	(520,636)	(33,788,018)	(552,913)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2021

	Note	2021 RM'000	2019 RM'000
Group			
Assets			
Non-current assets			
Property, plant and equipment	16	-	623,445
Right-of-use assets	17	-	4,959,771
Finance lease receivables	18	-	842,043
Investment in an associate	20	-	-
Investment in a joint venture	21	-	-
Trade and other receivables	24	2,118,782	1,588,833
Amount due from an associate	25	23,434	50,165
Derivative financial assets	22	-	1,311
		2,142,216	8,065,568
Current assets			
Inventories	23	-	13,102
Trade and other receivables	24	119,604	671,902
Amount due from an associate	25	150,540	117,772
Amount due from a joint venture	27	-	4,501
Amount due from related parties	28	4,068	119,328
Finance lease receivables	18	-	170,631
Derivative financial assets	22	-	44,615
Tax recoverable		1,694	1,481
Deposits, cash and bank balances	32	74,110	357,961
		350,016	1,501,293
Total assets		2,492,232	9,566,861
Equity and liabilities			
Current liabilities			
Sales in advance	2.18	504,841	730,725
Derivative financial liabilities	22	-	2,317
Trade and other payables	33	1,741,420	823,811
Provision for termination	10	25,163,344	-
Amount due to an associate	29	3,625	45,391
Amount due to related parties	31	353,906	30,616
Borrowings	34	6,766,607	860,070
Provision for aircraft maintenance	35	29,469	88,710
		34,563,212	2,581,640
Net current liabilities		(34,213,196)	(1,080,347)

	Note	2021 RM'000	2019 RM'000
Group (cont'd.)			
Non-current liabilities			
Derivative financial liabilities	22	-	3,541
Trade and other payables	33	589	14,818
Amount due to an associate	29	170,284	213,708
Borrowings	34	2	5,405,541
Provision for aircraft maintenance	35	1,339,809	1,209,684
		1,510,684	6,847,292
Total liabilities		36,073,896	9,428,932
Net (liabilities)/assets		(33,581,664)	137,929
Equity attributable to equity holders of the Company			
Share capital	36	1,534,044	1,534,043
Warrant reserve	37	-	62,222
Other reserves	37	-	30,452
Currency translation reserve		727	89
Accumulated losses		(35,116,435)	(1,488,877)
Total equity		(33,581,664)	137,929

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Note	2021 RM'000	2019 RM'000
Company			
Assets			
Non-current assets			
Property, plant and equipment	16	-	623,445
Right-of-use assets	17	-	5,041,965
Finance lease receivables	18	-	842,043
Investments in subsidiaries	19	4	4
Investment in an associate	20	-	-
Investment in a joint venture	21	-	-
Trade and other receivables	24	2,118,782	1,588,833
Amount due from an associate	25	23,434	50,165
Derivative financial assets	22	-	1,311
		2,142,220	8,147,766
Current assets			
Inventories	23	-	13,102
Trade and other receivables	24	119,485	671,802
Amount due from subsidiaries	26	170,238	134,229
Amount due from an associate	25	18,481	16,568
Amount due from a joint venture	27	-	4,501
Amount due from related parties	28	4,068	119,328
Finance lease receivables	18	-	170,631
Derivative financial assets	22	-	44,615
Tax recoverable		1,695	1,616
Deposits, cash and bank balances	32	73,993	337,947
		387,960	1,514,339
Total assets		2,530,180	9,662,105
Equity and liabilities			
Current liabilities			
Sales in advance	2.18	504,841	730,725
Derivative financial liabilities	22	-	2,317
Trade and other payables	33	1,471,064	811,539
Provision for termination	10	25,163,344	-
Amount due to subsidiaries	30	268,658	2,898
Amount due to an associate	29	41,870	72,013
Amount due to related parties	31	353,906	33,084
Borrowings	34	6,851,341	876,590
Provision for aircraft maintenance	35	29,469	88,710
		34,684,493	2,617,876
Net current liabilities		(34,296,533)	(1,103,537)

	Note	2021 RM'000	2019 RM'000
Company (cont'd.)			
Non-current liabilities			
Derivative financial liabilities	22	-	3,541
Trade and other payables	33	589	14,818
Amount due to an associate	29	170,284	213,708
Borrowings	34	2	5,479,458
Provision for aircraft maintenance	35	1,339,809	1,209,684
		1,510,684	6,921,209
Total liabilities		36,195,177	9,539,085
Net (liabilities)/assets		(33,664,997)	123,020
Equity attributable to equity holders of the Company			
Share capital	36	1,534,044	1,534,043
Warrant reserve	37	-	62,222
Other reserves	37	-	30,452
Accumulated losses		(35,199,041)	(1,503,697)
Total equity		(33,664,997)	123,020

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended 30 June 2021

		<------------------------- Attributable to equity holders of the Group					------------------>
		<--------------- Non-Distributable			--------------->	Distributable	
	Number of shares '000	Share capital 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
Group							
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	-	-	-	-	-	(33,689,780)	(33,689,780)
Transfer of warrant reserve upon expiry of warrants to accumulated losses	-	-	(62,222)	-	-	62,222	-
Other comprehensive income/(loss) for the financial period	-	-	-	(30,452)	638	-	(29,813)
Total comprehensive income/(loss) for the financial period	-	-	(62,222)	(30,452)	638	(33,627,558)	(33,719,594)
Issuance of new shares from warrant exercise	1	1	-	-	-	-	1
At 30 June 2021	4,148,149	1,534,044	-	-	727	(35,116,435)	(33,581,664)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial period ended 30 June 2021

		<------------------------ Attributable to equity holders of the Group ------------------>						
		<--------------- Non-Distributable --------------->					Distributable	
	Note	Number of shares '000	Share capital 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
Group (cont'd.)								
At 1 January 2019		4,148,148	1,534,043	62,222	(99,169)	29	(923,463)	573,662
Effects of adoption of MFRS 16	2.2	-	-	-	-	-	84,903	84,903
At 1 January 2019 (As restated)		4,148,148	1,534,043	62,222	(99,169)	29	(838,560)	658,565
Net loss for the financial year		-	-	-	-	-	(650,317)	(650,317)
Other comprehensive income for the financial year		-	-	-	129,621	60	-	129,681
Total comprehensive income/ (loss) for the financial year		-	-	-	129,621	60	(650,317)	(520,636)
At 31 December 2019		4,148,148	1,534,043	62,222	30,452	89	(1,488,877)	137,929

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
For the financial period ended 30 June 2021

		<----------------------- Attributable to equity holders of the Company ------------->				
		<---------- Non-Distributable ---------->			Distributable	
	Number of shares '000	Share capital RM'000	Warrant reserve RM'000	Cash flow hedge reserve RM'000	Accumulated losses RM'000	Total equity RM'000
Company						
At 1 January 2020	4,148,148	1,534,043	62,222	30,452	(1,503,697)	123,020
Loss for the financial period	-	-	-	-	(33,757,566)	(33,757,566)
Transfer of warrant reserve upon expiry of warrants to accumulated losses	-	-	(62,222)	-	62,222	-
Other comprehensive income/(loss) for the financial period	-	-	-	(30,452)	-	(30,451)
Total comprehensive income/(loss) for the financial period	-	-	(62,222)	(30,452)	(33,695,344)	(33,788,018)
Issuance of new shares from warrant exercise	1	1	-	-	-	1
At 30 June 2021	4,148,149	1,534,044	-	-	(35,199,041)	(33,664,997)

STATEMENT OF CHANGES IN EQUITY
For the financial period ended 30 June 2021

	Note	Number of shares '000	Share capital RM'000	Warrant reserve RM'000	Cash flow hedge reserve RM'000	Accumulated losses RM'000	Total equity RM'000
		<---------------------- Attributable to equity holders of the Company ------------->					
		<---------- Non-Distributable ---------->				Distributable	
Company (cont'd.)							
At 1 January 2019		4,148,148	1,534,043	62,222	(99,169)	(906,066)	591,030
Effects of adoption of MFRS 16	2.2	-	-	-	-	84,903	84,903
(As restated)		4,148,148	1,534,043	62,222	(99,169)	(821,163)	675,933
Loss for the financial year		-	-	-	-	(682,534)	(682,534)
Other comprehensive income for the financial year		-	-	-	129,621	-	129,621
Total comprehensive income/(loss) for the financial year		-	-	-	129,621	(682,534)	(552,913)
At 31 December 2019		4,148,148	1,534,043	62,222	30,452	(1,503,697)	123,020

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
For the financial period ended 30 June 2021

		Group		Company	
		1.1.2020 to 30.6.2021	1.1.2019 to 31.12.2019	1.1.2020 to 30.6.2021	1.1.2019 to 31.12.2019
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Loss before taxation		(33,689,787)	(306,008)	(33,757,464)	(339,010)
Adjustments for:					
Property, plant and equipment and right-of-use assets					
- Depreciation	6	961,502	745,434	971,788	755,567
- Impairment loss	9	4,577,165	-	4,649,885	-
- Disposal loss	9	10,594	-	9,541	-
- Write off	9	-	10	-	10
Allowance for impairment:					
- Finance lease receivables	9	794,250	-	794,250	-
- Trade and other receivables	9	60,937	69,404	60,937	69,404
- Inventories	9	9,245	-	9,245	-
- Amount due from associates	9	389,329	-	-	-
- Amount due from subsidiaries	9	-	-	391,129	-
- Amount due from related parties	9	12,188	-	12,188	-
Provision for termination	10	25,163,344	-	25,163,344	-
Impairment loss on investment in an associate	9	-	-	-	21,122
Loss on disposal of non-current assets held for sale	9	-	90,416	-	90,416
(Gain)/loss on lease modification on right-of-use assets	9,11	-	(16,337)	-	8,992
Finance income	12	(78,764)	(78,890)	(78,719)	(78,802)
Finance costs	12	986,408	315,536	966,751	296,331
Impact of discounting effect on financial instruments (net)	12	11,515	(9,264)	11,515	(9,264)
Fair value losses on derivative financial instruments	13	10,928	-	10,928	-
Share of results of an associate		-	1,104	-	-
Net unrealised foreign exchange loss/(gain)	12	67,298	(39,299)	73,038	(39,909)
Operating (loss)/profit before working capital changes		(713,848)	772,106	(711,644)	774,857

	Note	Group 1.1.2020 to 30.6.2021 RM'000	Group 1.1.2019 to 31.12.2019 RM'000	Company 1.1.2020 to 30.6.2021 RM'000	Company 1.1.2019 to 31.12.2019 RM'000
Cash flows from operating activities (cont'd.)					
Changes in working capital:					
Inventories		3,857	155	3,857	155
Trade and other receivables		(32,197)	(24,634)	(32,178)	(24,611)
Related parties balances		(30,556)	(239,813)	237,405	(244,879)
Trade and other payables		955,014	(80,321)	705,409	(88,440)
Sales in advance		(225,884)	33,599	(225,884)	33,599
Cash flows generated from operations		(43,614)	461,092	(23,035)	450,681
Finance costs paid		(2,546)	(3,951)	(2,545)	(3,933)
Interest received		3,495	5,177	3,450	5,089
Tax paid		91	(676)	91	(676)
Net cash (used in)/generated from operating activities		(42,574)	461,642	(22,039)	451,161
Cash flows from investing activities					
Additions of property, plant and equipment		(4,346)	(46,336)	(4,346)	(46,336)
Proceeds from disposal of non-current assets held for sale		-	908,596	-	908,596
Additional subscription of shares in an associate		-	(1,104)	-	(1,104)
Receipt of principal portion of finance lease receivables		-	163,014	-	163,014
Net cash (used in)/generated from investing activities		(4,346)	1,024,170	(4,346)	1,024,170
Cash flows from financing activities					
Repayment of lease liabilities	34	(211,336)	(1,029,785)	(211,336)	(1,037,799)
Repayment of term loans	34	(21,180)	(395,468)	(21,180)	(395,468)
Repayment of hire purchase	34	(20)	(14)	(20)	(14)
Deposits pledged as securities		44,698	(5,337)	44,698	(5,337)
Net cash used in financing activities		(187,838)	(1,430,604)	(187,838)	(1,438,618)

	Note	Group 30.6.2021 to 30.6.2021 RM'000	Group 31.12.2019 to 31.12.2019 RM'000	Company 30.6.2021 to 30.6.2021 RM'000	Company 31.12.2019 to 31.12.2019 RM'000
Net (decrease)/increase in cash and cash equivalents		(234,758)	55,208	(214,223)	36,713
Currency translation differences		(4,395)	(193)	(5,033)	(253)
Cash and cash equivalents at beginning of the financial period/year		307,619	252,604	287,605	251,145
Cash and cash equivalents at end of the financial period/year	32	68,466	307,619	68,349	287,605

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur, Wilayah Persekutuan Malaysia. The principal place of business of the Company is located at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur (KLIA2), 64000 KLIA, Selangor Darul Ehsan.

During the financial period, the Group and the Company changed its financial year end from 31 December to 30 June. Accordingly, the current financial period covers a period of 18 months, from 1 January 2020 to 30 June 2021. Consequently, the comparative amounts for the statements of comprehensive income, statements of changes in equity, statements of cash flows and related notes to the financial statements are not comparable.

The principal activity of the Company is that of providing long haul air transportation services. The Company has temporarily grounded most of its fleet across the network due to the COVID-19 pandemic. The principal activity of the subsidiary companies is disclosed in Notes 19.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 October 2021.

2. Summary of significant accounting policies

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements:

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis except as disclosed in this summary of significant accounting policies below.

2. Summary of significant accounting policies (cont'd.)

2.1 Basis of preparation (cont'd.)

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM’000) except when otherwise indicated.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial period. It also requires Directors to exercise their judgment in the process of applying the Group’s and the Company’s accounting policies. Although these estimates and judgment are based on the Directors’ best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The global economy and in particular, the commercial airline industry, faces uncertainty over the expected timing of the recovery from the COVID-19 pandemic. The travel and border restrictions implemented by countries around the world have led to a significant fall in demand for international air travel which has impacted the Group’s and the Company’s financial position, financial performance and cash flows. The Group and the Company have reported a net loss of RM33.72 and RM33.79 billion respectively for the financial period ended 30 June 2021 and current liabilities exceeded current assets by RM34.21 billion and RM34.30 billion respectively. In addition, the Group and the Company also reported a shareholders’ deficit of RM33.58 billion and RM33.66 billion respectively.

As a result of the pandemic, the Group and the Company have grounded most of the fleet since March 2020 and have deferred payment to creditors. Consequently, the Group and the Company have triggered events of default for various contracts and have made a provision for termination claims of RM25.16 billion, which is an integral part of the total provisional scheme amounts owing to scheme creditors of RM33.65 billion as disclosed in Note 3(iv) and 10.

2. Summary of significant accounting policies (cont'd.)

2.1 Basis of preparation (cont'd.)

These conditions or events, along with other matters as disclosed in Note 46, indicate the existence of material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. The ability of the Group and of the Company to continue as a going concern is dependent on the successful implementation and favourable outcome of various ongoing plans to respond to the conditions above, including the approval and completion of the proposed debt restructuring exercise, the completion of the proposed fundraising exercise as well as the successful implementation of the revised business plan. Further details are disclosed in Note 46. The Board of Directors is optimistic of the successful and timely implementation of the aforementioned plans. Accordingly, the financial statements for the financial period ended 30 June 2021 of the Group and of the Company have been prepared on a going concern basis.

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.

2.2 Adoption of new and revised pronouncements

As at 1 January 2020, the Group and the Company have adopted the following pronouncements that are applicable and have been issued by the MASB as listed below:

Effective for annual periods beginning on or after 1 January 2020

Amendments to MFRS 3	Business Combinations: Definition of a Business
Amendments to MFRS 7	Financial Instruments: Disclosures: Interest Rate Benchmark Reform
Amendments to MFRS 9	Financial Instruments: Interest Rate Benchmark Reform
Amendments to MFRS 16	Leases: Covid-19-Related Rent Concessions
Amendments to MFRS 16	Leases: Annual Improvements to MFRS Standards 2018-2020 Cycle
Amendments to MFRS 101	Presentation of Financial Statements: Definition of Material

2. Summary of significant accounting policies (cont'd.)

2.2 Adoption of new and revised pronouncements (cont'd.)

Effective for annual periods beginning on or after 1 January 2020 (cont'd.)

Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement: Interest Rate Benchmark Reform

The adoption of these amendments did not have any material impact on the current period or any prior period.

2.3 Pronouncements yet in effect

The following pronouncements that have been issued by the MASB will become effective in future financial reporting periods and have not been adopted by the Group and/or the Company in these financial statements:

Effective for annual periods beginning on or after 1 January 2021

Amendments to MFRS 4	Insurance Contracts: Interest Rate Benchmark Reform - Phase 2
Amendments to MFRS 9	Financial Instruments: Interest Rate Benchmark Reform - Phase 2
Amendments to MFRS 7	Financial Instruments: Disclosures: Interest Rate Benchmark Reform - Phase 2
Amendments to MFRS 16	Leases: Interest Rate Benchmark Reform - Phase 2
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement: Interest Rate Benchmark Reform - Phase 2
Amendments to MFRS 16	Leases: Covid-19-Related Rent Concessions beyond 30 June 2021

2. Summary of significant accounting policies (cont'd.)

2.3 Pronouncements yet in effect (cont'd.)

Effective for annual periods beginning on or after 1 January 2022

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards: Annual Improvements to MFRS Standards 2018-2020 Cycle
Amendments to MFRS 3	Business Combinations: Reference to the Conceptual Framework
Amendments to MFRS 9	Financial Instruments: Annual Improvements to MFRS Standards 2018-2020 Cycle
Amendments to MFRS 116	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRS 141	Agriculture: Annual Improvements to MFRS Standards 2018-2020 Cycle

Effective for annual periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
Amendments to MFRS 112	Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

2. Summary of significant accounting policies (cont'd.)

2.3 Pronouncements yet in effect (cont'd.)

Effective for a date yet to be confirmed

Amendments to MFRS 10	Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 128	Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company are expected to apply the abovementioned pronouncements beginning from the respective dates the pronouncements become effective. The initial application of the abovementioned pronouncements are not expected to have any material impacts to the financial statements of the Group and the Company.

2.4 Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

2. Summary of significant accounting policies (cont'd.)

2.4 Basis of consolidation (cont'd.)

(i) Subsidiaries (cont'd.)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets.

Acquisition-related costs are expensed as incurred.

When a business combination is achieved in stages, the Group remeasures its previously held non-controlling equity interest in the acquiree at fair value at the acquisition date, with any resulting gain or loss recognised in the profit or loss. Increase in the Group’s ownership interest in an existing subsidiary is accounted for as equity transactions, with differences between the fair value of consideration paid and the Group’s proportionate share of net assets acquired, recognised directly in equity.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Where necessary, amounts reported by subsidiaries have been adjusted to conform with the Group’s accounting policies.

2. Summary of significant accounting policies (cont'd.)

2.4 Basis of consolidation (cont'd.)

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor’s share of the profit or loss of the investee after the date of acquisition. The Group’s investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group’s share of post-acquisition profit or loss is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of profits equals the share of losses not recognised.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to ‘share of results of an associate’ in the profit or loss.

2. Summary of significant accounting policies (cont'd.)

2.4 Basis of consolidation (cont'd.)

(ii) Associates (cont'd.)

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group’s financial statements only to the extent of unrelated investor’s interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising from investments in associates are recognised in profit or loss.

(iii) Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

The Group’s interest in a joint venture is accounted for in the financial statements using the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the group’s share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group’s share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group’s net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of profits equals the share of losses not recognised. Where an entity loses joint control over a joint venture but retains significant influence, the Group does not re-measure its continued ownership interest at fair value.

2. Summary of significant accounting policies (cont'd.)

2.4 Basis of consolidation (cont'd.)

(iii) Joint arrangements (cont'd.)

Where an indication of impairment exists, the carrying value of the investment is assessed and written down immediately to its recoverable amount. Refer to accounting policy Note 2.7 on impairment of non-financial assets.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Costs also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to accounting policy Note 2.15 on borrowing costs).

Where significant parts of an item of property, plant and equipment are required to be replaced at intervals, the Group and the Company recognises such parts in the carrying amount of the property, plant and equipment as a replacement when it is probable that future economic benefits associated with the parts will flow to the Group and the Company and the cost of the parts can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the period in which they are incurred.

2. Summary of significant accounting policies (cont'd.)

2.5 Property, plant and equipment (cont'd.)

Significant parts of an item of property, plant and property are depreciated separately over their estimated useful lives in accordance with the principle in MFRS 116 “Property, Plant and Equipment”. Depreciation is calculated using the straight-line method to write-off the cost of the assets to their residual values over their estimated useful lives.

The useful lives for this purpose are as follows:

Aircraft	
- engines and airframe excluding service potential	25 years
- service potential of engines and airframe	6 or 12 years
Aircraft spares	10 years
Aircraft fixtures and fittings	Useful life of aircraft or remaining lease term of aircraft, whichever is shorter
Motor vehicles	5 years
Office equipment, furniture and fittings	5 years

Service potential of 6 years represents the period over which the expected cost of the first major aircraft engine overhaul is depreciated. Subsequent to the engine overhaul, the actual cost incurred is capitalised and depreciated over the subsequent 6 years.

Certain elements of the cost of an airframe are attributed on acquisition to 6 years interval check or 12 years interval check, reflecting its maintenance conditions. This cost is amortised over the shorter of the period to the next scheduled heavy maintenance or the remaining life of the aircraft.

Assets not yet in operation are stated at cost and are not depreciated until the assets are ready for their intended use. Useful lives of assets are reviewed and adjusted if appropriate, at the financial position date.

Residual values, where applicable, are reviewed annually against prevailing market values at the financial position date for equivalent aged assets, and depreciation rates are adjusted accordingly on a prospective basis.

2. Summary of significant accounting policies (cont'd.)

2.5 Property, plant and equipment (cont'd.)

An element of the cost of an acquired aircraft is attributed on acquisition to its service potential, reflecting the maintenance condition of its engines and airframe. This cost, which can equate to a substantial element of the total aircraft cost, is amortised over the shorter of the period to the next checks or the remaining life of the aircraft.

The costs of upgrades to leased assets are capitalised and amortised over the shorter of the expected useful life of the upgrades or the remaining life of the aircraft.

Pre-delivery payments on aircraft purchase are included as part of the cost of the aircraft and are depreciated from the date that the aircraft is ready for its intended use.

At each financial period/year, the Group and the Company assess whether there is any indication of impairment. If such an indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. Refer to accounting policy Note 2.7 on impairment of non-financial assets.

Gains and losses on disposals are determined by comparing net proceeds with carrying amounts and are included in the profit or loss.

Non-current assets are classified as assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

2. Summary of significant accounting policies (cont'd.)

2.5 Property, plant and equipment (cont'd.)

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

2.6 Investments in subsidiaries, associates and joint ventures

In the Group's and the Company’s separate financial statements, investments in subsidiaries, associates and joint ventures are stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. Refer to Note 2.7 on impairment of non-financial assets.

On disposal of investments in subsidiaries, associates and joint ventures, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2. Summary of significant accounting policies (cont'd.)

2.7 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows or cash generating units (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal at each reporting date.

Any impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

2.8 Maintenance and overhaul

(i) Owned aircraft

The accounting for the cost of major airframe and certain engine maintenance checks for own aircraft is described in the accounting policy in Note 2.5 for property, plant and equipment.

(ii) Leased aircraft

Where the Group and the Company have a commitment to maintain aircraft held under operating leases, a provision is made during the lease term for the rectification obligations contained within the lease agreements. The provisions are based on estimated future costs of major airframe, certain engine maintenance checks and one-off costs incurred at the end of the lease by making appropriate charges to the profit or loss calculated by reference to the number of flying hours, flying cycles operated during the financial period/year and calendar months of the components used.

2. Summary of significant accounting policies (cont'd.)

2.9 Leases

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group and Company as a lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Aircraft and engines	2 to 10 years
- Office	2 to 19 years

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment in accordance with accounting policy set out in Note 2.7.

2. Summary of significant accounting policies (cont'd.)

2.9 Leases (cont'd.)

Group and Company as a lessee (cont'd.)

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Company use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group’s and the Company's lease liabilities are included in Note 34 Borrowings.

(iii) Short-term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2. Summary of significant accounting policies (cont'd.)

2.9 Leases (cont'd.)

Group and Company as a lessee (cont'd.)

(iv) Sale and leaseback transactions

Sale and leaseback transactions are tested under MFRS 15 Revenue from Contracts with Customers at the date of the transaction to assess whether the transaction qualifies as a sale. If the transfer of the asset is a sale, the seller-lessee will:

- Derecognise the underlying asset; and

- Recognise the gain or loss, if any, that relates to the rights transferred to the buyerlessor and adjusted for off-market terms.

If the transaction does not qualify as sale under MFRS 15, a financial liability equal to the sale value is recognised in the financial statements.

Group and Company as a lessor

As a lessor, the Group and the Company determine at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group and the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee.

(i) Finance leases

The Group and the Company classify a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

2. Summary of significant accounting policies (cont'd.)

2.9 Leases (cont'd.)

Group and Company as a lessee (cont'd.)

(i) Finance leases (cont'd.)

The Group and the Company derecognise the underlying asset and recognise a receivable at an amount equal to the finance lease receivables in a finance lease. Finance lease receivables in a finance lease are measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the finance lease receivables. The finance lease receivables are subject to MFRS 9 impairment (refer to Note 2.22) on impairment of financial assets. In addition, the Group and the Company review regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the finance lease receivables method so as to reflect a constant periodic rate of return. The Group and the Company revise the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

(ii) Operating leases

The Group and the Company classify a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and the Company recognise lease payments received under operating lease as lease income on a straight-line basis over the lease term.

(iii) Sublease classification

When the Group and the Company are intermediate lessors, they assess the lease classification of a sublease with reference to the right-of-use ("ROU") asset arising from the head lease, not with reference to the underlying asset. If a head lease is short-term lease to which the Group and the Company apply the exemption described above, then they classify the sublease as an operating lease.

2. Summary of significant accounting policies (cont'd.)

2.9 Leases (cont'd.)

Group and Company as a lessor (cont'd.)

(iii) Sublease classification (cont'd.)

The Group and the Company as intermediate lessors account for the sublease as follows:

- If the sublease is classified as an operating lease, the original lessee continues to account for the lease liability and ROU asset on the head lease.

- If the sublease is classified as a finance lease, the original lessee derecognises the ROU asset on the head lease at the sublease commencement date and continues to account for the original lease liability. The original lessee, as the sublessor, recognises finance lease receivables in the sublease and evaluates it for impairment.

2.10 Inventories

Inventories comprising consumables used internally for repairs and maintenance and in-flight merchandise, are stated at the lower of cost and net realisable value.

Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price in the ordinary course of business, less all estimated costs to completion and applicable variable selling expenses. In arriving at net realisable value, due allowance is made for all damaged, obsolete and slow-moving items.

2.11 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

2. Summary of significant accounting policies (cont'd.)

2.11 Derivative financial instruments and hedging activities (cont'd.)

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for as financial liabilities in accordance with the accounting policy set out in Note 2.25. The Group and the Company designate certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group and the Company document at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group and the Company also document their assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 22. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss.

Amounts accumulated in equity are reclassified to the profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

2. Summary of significant accounting policies (cont'd.)

2.11 Derivative financial instruments and hedging activities (cont'd.)

Cash flow hedge (cont'd.)

When the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or property, plant and equipment), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in the cost of goods sold in the case of inventory or in depreciation in the case of property, plant and equipment.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit or loss.

2.12 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances, demand deposits, bank overdrafts and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Deposits held as pledged securities for term loans granted are not included as cash and cash equivalents.

2. Summary of significant accounting policies (cont'd.)

2.13 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the Group and the Company expect a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in profit or loss.

Contingent liabilities are not recognised in the consolidated statement of financial position but are disclosed in the notes to consolidated financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised but disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable. If it is virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the consolidated financial statements.

2.14 Share capital

(i) Classification

Ordinary shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

(ii) Share issue costs

Incremental external costs directly attributable to the issuance of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. Summary of significant accounting policies (cont'd.)

2.14 Share capital (cont'd.)

(iii) Dividends to shareholders of the Company

Dividends are recognised as a liability in the period in which they are declared. A dividend declared after the end of the reporting period, but before the financial statements are authorised for issue, is not recognised as a liability at the end of the reporting period.

2.15 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Interest, dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in the profit or loss.

Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least twelve months after the financial period/year.

2. Summary of significant accounting policies (cont'd.)

2.16 Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associate and joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the forseeable future.

2. Summary of significant accounting policies (cont'd.)

2.16 Income taxes (cont'd.)

(ii) Deferred tax (cont'd.)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associate and joint venture, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. Summary of significant accounting policies (cont'd.)

2.17 Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the financial period/year in which the associated services are rendered by the employees of the Group and of the Company.

(ii) Defined contribution plan

The Group's and the Company's contributions to the Employees' Provident Fund are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.18 Revenue recognition

(a) Revenue from contracts with customers

The Group and the Company recognise revenue from contracts with customers for the provision of services and sale of goods based on the five-step model as set out below:

(i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

(iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

2. Summary of significant accounting policies (cont'd.)

2.18 Revenue recognition (cont'd.)

(a) Revenue from contracts with customers (cont'd.)

The Group and the Company recognise revenue from contracts with customers for the provision of services and sale of goods based on the five-step model as set out below (cont'd.):

(iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group and the Company allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.

(v) Recognise revenue when (or as) the Group and the Company satisfy a performance obligation.

The Group and the Company satisfy a performance obligation and recognise revenue over time if the Group's and the Company's performance:

(i) Do not create an asset with an alternative use to the Group and the Company and have an enforceable right to payment for performance completed to-date;

(ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or

(iii) Provide benefits that the customer simultaneously receives and consumes as the Group and the Company perform.

Revenue from scheduled passenger flights is recognised upon the rendering of transportation services net of discounts. The revenue of seats sold for which services have not been rendered is included in current liabilities as sales in advance.

Revenue from charter flights is recognised upon the rendering of transportation services.

Ancillary revenue including fuel surcharge, insurance surcharge, administrative fees, assigned seat, change fees, convenience fee, baggage fee, connecting fee, cancellation, documentation and other fees, and on-board sale of meals and merchandise are recognised upon the completion of services rendered net of discounts.

2. Summary of significant accounting policies (cont'd.)

2.18 Revenue recognition (cont'd.)

(a) Revenue from contracts with customers (cont'd.)

Freight revenue is a distinct performance obligation and recognised upon the completion of services rendered net of discounts.

Management fees, incentives and commission income are recognised on an accrual basis.

Interest income is recognised using the effective interest method.

(b) Other revenue

Revenue from aircraft operating lease is recorded on a straight line basis over the term of the lease.

2.19 Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses arising from operations are included in arriving at the operating profit. Foreign exchange gains and losses arising from borrowings (after effects of effective hedges) are separately disclosed after net operating profit.

2. Summary of significant accounting policies (cont'd.)

2.19 Foreign currencies (cont'd.)

(iii) Group companies

The results and financial position of all entities within the Group (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each financial position presented are translated at the closing rate at the date of that financial position;

- income and expenses for each profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is disposed of or sold, such exchange differences that were recorded in equity are recognised in the profit or loss as part of the gain or loss on disposal.

2.20 Contingent liabilities

The Group and the Company do not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group and of the Company, or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably. However contingent liabilities do not include financial guarantee contracts.

The Group and the Company recognise separately the contingent liabilities of the acquirees as part of allocating the cost of a business combination where their fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisitions.

2. Summary of significant accounting policies (cont'd.)

2.20 Contingent liabilities (cont'd.)

Subsequent to the initial recognition, the Group and the Company measure the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with the provisions of MFRS 137 “Provisions, Contingent Liabilities and Contingent Assets” and the amount initially recognised.

2.21 Financial assets

(i) Recognition and initial measurement

Financial assets are classified, at initial recognition, as well as subsequent measurement at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s and the Company's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, transaction costs, in the case of a financial asset not at fair value through profit or loss.

Prior to 1 January 2020, trade receivables are carried at amortised cost.

Trade receivables that do not contain a significant financing component or if the period between performance and payment is 1 year or less under practical expedient of MFRS 15, are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place ("regular way trades") are recognised on the trade date, that is the date that the Group or the Company commit to purchase or sell the asset.

2. Summary of significant accounting policies (cont'd.)

2.21 Financial assets (cont'd.)

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

(a) Financial assets at amortised cost (debt instruments)

(b) Financial assets at fair value through OCI (debt instruments)

(c) Financial assets at fair value through profit or loss

Financial assets at amortised cost

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

i. The financial assets are held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

ii. The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(iii) Derecognition

A financial asset is derecognised when:

(a) The rights to receive cash flows from the asset have expired, or

(b) The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

   i. The Group and the Company have transferred substantially all the risks and rewards of the asset, or

   ii. The Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

2. Summary of significant accounting policies (cont'd.)

2.21 Financial assets (cont'd.)

(iii) Derecognition (cont'd.)

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

2.22 Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments carried at amortised cost and fair value through OCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2. Summary of significant accounting policies (cont'd.)

2.22 Impairment of financial assets (cont'd.)

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.23 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is presented in the financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.24 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2. Summary of significant accounting policies (cont'd.)

2.25 Financial liabilities

(i) Recognition and initial measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables and loans and borrowings.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gain or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

2. Summary of significant accounting policies (cont'd.)

2.25 Financial liabilities (cont'd.)

(ii) Subsequent measurement (cont'd.)

The measurement of financial liabilities depends on their classification, as described below: (cont'd.)

Loans and borrowings

This is the category most relevant to the Group and the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Subsequent to initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

2. Summary of significant accounting policies (cont'd.)

2.26 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Chief Executive Officer ("Group CEO") that makes strategic decisions.

2.27 Warrant reserve

Warrant reserve arising from the issuance of free warrants together with the rights issue, is determined based on the allocation of the proceeds from the rights issue using the fair value of the warrants and the ordinary shares on a pro-rate basis. Proceeds from warrants which are issued at a value, are credited to a warrant reserve. Warrant reserve is non-distributable, and is transferred to the share capital account upon the exercise of warrants. Warrant reserve in relation to unexercised warrants at the expiry of the warrants period is transferred to accumulated losses.

3. Critical accounting estimates and judgements

Estimates and judgments are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact to the Group's and the Company's results and financial position are tested for sensitivity to changes in the underlying parameters.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(i) Estimated useful lives and residual values of aircraft frames and engines

The Group and the Company reviews annually the estimated useful lives and residual values of aircraft frames and engines based on factors such as business plan and strategies, expected level of usage, future technological developments and market prices.

3. Critical accounting estimates and judgements (cont'd.)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below (cont'd.):

(i) Estimated useful lives and residual values of aircraft frames and engines (cont'd.)

Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction of 5% in the residual values of aircraft airframes and engines as disclosed in Note 2.5, would increase the recorded depreciation for the financial period ended 30 June 2021 by RM921,000 (2019: RM865,000) and decrease the carrying amount of property, plant and equipment as at 30 June 2021 by RM7,061,000 (2019: RM5,635,000).

(ii) Impairment assessment of property, plant and equipment and right-of-use assets

The Group and the Company is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. This requires an estimation of the value in use of the airline cash generating units.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

There is a high degree of estimation uncertainty inherent in estimating the duration and severity of the economic downturn caused by the COVID-19 pandemic, and the pattern of any expected recovery. As a result, the estimates and assumptions used in the cash flow projections which form the basis of the recoverable amounts attributable to the CGUs require significant judgement. These judgements require estimates to be made over areas including those relating to the timing of recovery of the COVID-19 pandemic, future revenues, operating costs, growth rates, projected aircraft usage, aircraft capital expenditure, foreign exchange rates and discount rates.

Further details of the carrying value, the key assumptions applied in the impairment assessment of property, plant and equipment and right-of-use assets are disclosed in Notes 16 and 17.

3. Critical accounting estimates and judgements (cont'd.)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below: (cont'd.)

(iii) Provision for aircraft maintenance

The Group and the Company operate aircraft under the operating leases. In respect of these operating lease arrangements, the Group and the Company are contractually obligated to maintain the aircraft during the lease period and to redeliver the aircraft to the lessors at the end of the lease term, in certain pre-agreed conditions.

Management estimates the overhaul, restoration and redelivery costs and accrues such costs over the lease term. The calculation of such costs includes management assumptions and estimates in respect of the anticipated rate of aircraft utilisation which includes flying hours and flying cycles and calendar months of the asset as used. These aircraft utilisation and calendar months affect the extent of the restoration work that will be required and the expected costs of such overhaul, restoration and redelivery at the end of the lease term.

(iv) Provision for termination

The Group and the Company are required to recognise a provision when there is a present obligation (legal or constructive) as a result of a past event that it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations. The Group and the Company have triggered events of default for various contracts and have made additional provision for termination claims of RM25.16 billion, which is an integral part of the provisional scheme amounts of RM33.65 billion owing to scheme creditors, in respect of obligations arising from these contracts.

3. Critical accounting estimates and judgements (cont'd.)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below: (cont'd.)

(iv) Provision for termination (cont'd.)

In conjunction with the proposed debt restructuring exercise, the scheme creditors submitted a proof of debt (including termination claims) amounted to RM65.14 billion. However, the Group and the Company have applied significant judgement in estimating the provisional scheme amounts totalling to RM33.65 billion based on the relevant provisions in the applicable law of the relevant contracts that creditors are required to take action to mitigate their losses and to reduce their termination claims including offsetting against any deposits and prepayments wherever applicable. The Group and the Company have engaged an expert to assist in applying judgement in assessing and estimating the provisional scheme amount of RM33.65 billion which comprise provision for termination of RM25.16 billion and other liabilities of RM8.49 billion.

(v) Impairment assessment of financial assets

The Group and the Company applies the MFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance ("ECL") for all receivables (including intercompanies and related parties' balances).

The Group and the Company assesses the credit risk at each reporting date, whether there have been significant increases in credit risk since initial recognition. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group and the Company uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's and the Company’s past history, existing market conditions as well as forward-looking estimates specific to the debtors at the end of each reporting period.

4. Revenue

	Group		Company	
	1.1.2020 to 30.6.2021 RM'000	1.1.2019 to 31.12.2019 RM'000	1.1.2020 to 30.6.2021 RM'000	1.1.2019 to 31.12.2019 RM'000
Revenue from contracts with customers	970,913	4,013,967	970,914	4,011,638
Aircraft operating lease income	244,630	219,377	244,630	219,377
	1,215,543	4,233,344	1,215,544	4,231,015

Revenue from contracts with customers

	Group		Company	
Type of goods or services				
Scheduled flights	589,689	2,893,458	589,690	2,893,458
Charter flights	65,192	114,946	65,192	114,946
Freight services	140,192	182,955	140,192	182,955
Ancillary revenue	175,840	820,279	175,840	820,279
Management fees	-	2,329	-	-
	970,913	4,013,967	970,914	4,011,638
Timing of revenue recognition				
At a point of time	970,913	4,013,967	970,914	4,011,638

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

5. Staff costs

	Group		Company	
	1.1.2020 to 30.6.2021 RM'000	1.1.2019 to 31.12.2019 RM'000	1.1.2020 to 30.6.2021 RM'000	1.1.2019 to 31.12.2019 RM'000
Wages, salaries, bonuses and allowances	227,962	394,635	219,268	385,073
Defined contribution retirement plan	20,356	34,381	20,356	33,567
	248,318	429,016	239,624	418,640

6. Depreciation

	Group		Company	
	1.1.2020 to 30.6.2021 RM'000	1.1.2019 to 31.12.2019 RM'000	1.1.2020 to 30.6.2021 RM'000	1.1.2019 to 31.12.2019 RM'000
Property, plant and equipment (Note 16)	56,447	47,845	56,447	47,845
Right-of-use assets (Note 17)	905,055	697,589	915,341	707,722
	961,502	745,434	971,788	755,567

7. Maintenance and overhaul

Maintenance and overhaul includes routine and non-routine maintenance of the aircraft airframe, engines, landing gear, wheels and other consumable spares.

8. Directors' remuneration

The details of remuneration paid to Directors of the Group and of the Company during the financial period/year ended 30 June 2021 and 31 December 2019, respectively, are as follows:

	Fees RM'000	Other allowances RM'000	Total RM'000
2021			
Non-executive Directors:			
Datuk Kamarudin Bin Meranun	128	10	138
Tan Sri Anthony Francis Fernandes	98	9	107
Dato' Lim Kian Onn	143	16	159
Dato' Fam Lee Ee	188	19	207
Tan Sri Rafidah Aziz	383	19	402
Tan Sri Asmat Bin Kamaludin	143	14	157
Dato' Yusli Bin Mohamed Yusoff	218	21	239
Total Non-Executive Directors	1,301	108	1,409

8. Directors' remuneration (cont'd.)

The details of remuneration paid to Directors of the Group and of the Company during the financial period/year ended 30 June 2021 and 31 December 2019, respectively, are as follows: (cont'd.)

	Fees RM'000	Other allowances RM'000	Total RM'000
2019			
Non-executive Directors:			
Datuk Kamarudin Bin Meranun	85	6	91
Tan Sri Anthony Francis Fernandes	65	5	70
Dato' Lim Kian Onn	95	11	106
Dato' Fam Lee Ee	125	15	140
Tan Sri Rafidah Aziz	255	15	270
Tan Sri Asmat Bin Kamaludin	95	10	105
Dato' Yusli Bin Mohamed Yusoff	145	17	162
Total Non-Executive Directors	865	79	944

The remuneration paid to the Directors of the Group and of the Company is analysed as follows:

	Number of Directors 30.6.2021	Number of Directors 31.12.2019
Non-executive Directors:		
Less than RM100,000	-	2
RM100,001 to RM150,000	2	3
RM150,001 to RM200,000	2	1
More than RM200,000	3	1

9. Other operating expenses

The following items have been charged in arriving at other operating expenses:

	Group	
	1.1.2020 to 30.6.2021 RM'000	1.1.2019 to 31.12.2019 RM'000
Management fee	983	-
Rental of land and buildings	978	781
Auditors' remuneration		
- Statutory audit	621	621
- Non-audit fees	14	14
Rental of equipment	354	247
Advertising expenses	-	52,976
Credit card charges	7,314	41,333
In-flight meal expenses	11,857	24,152
Insurance expenses	43,062	26,620
Allowance for impairment:		
- Inventories	9,245	-
- Trade and other receivables	60,937	69,404
- Amount due from associates (Note 25)	389,329	-
- Amount due from related parties (Note 28)	12,188	-
- Right-of-use assets (Note 17)	4,006,080	-
- Finance lease receivables (Note 18)	794,250	-
- Property, plant and equipment (Note 16)	571,085	-
Property, plant and equipment written off (Note 16)	-	10
Impairment loss on investment in an associate (Note 20)	-	-
Loss on disposal of non-current assets held for sale	-	90,416
Loss on termination of lease	10,594	-
Loss on lease modification on right-of-use assets (Note 17)	-	-

9. Other operating expenses (cont'd.)

The following items have been charged in arriving at other operating expenses: (cont'd.)

	Company	
	1.1.2020 to 30.6.2021 RM'000	1.1.2019 to 31.12.2019 RM'000
Management fee	7,285	8,930
Rental of land and buildings	761	758
Auditors' remuneration		
- Statutory audit	445	445
- Non-audit fees	-	-
Rental of equipment	354	247
Advertising expenses	-	52,976
Credit card charges	7,314	41,333
In-flight meal expenses	11,857	24,152
Insurance expenses	43,062	26,620
Allowance for impairment:		
- Inventories	9,245	-
- Trade and other receivables (Note 24)	60,937	69,404
- Amount due from associates (Note 25)	-	-
- Amount due from subsidiaries (Note 26)	391,129	-
- Amount due from related parties (Note 28)	12,188	-
- Right-of-use assets (Note 17)	4,078,800	-
- Finance lease receivables (Note 18)	794,250	-
- Property, plant and equipment (Note 16)	571,085	-
Property, plant and equipment written off (Note 16)	-	10
Impairment loss on investment in an associate (Note 20)	-	21,122
Loss on disposal of non-current assets held for sale	-	90,416
Loss on termination of lease	9,541	-
Loss on lease modification on right-of-use assets (Note 17)	-	8,992

10. Provision for termination

	Group		Company	
	1.1.2020 to 30.6.2021 RM'000	1.1.2019 to 31.12.2019 RM'000	1.1.2020 to 30.6.2021 RM'000	1.1.2019 to 31.12.2019 RM'000
Provision for termination	25,163,344	-	25,163,344	-

The movements in the provision account are as follows:

	Group		Company	
	1.1.2020 to 30.6.2021 RM'000	1.1.2019 to 31.12.2019 RM'000	1.1.2020 to 30.6.2021 RM'000	1.1.2019 to 31.12.2019 RM'000
At 1 January	-	-	-	-
Additions during the period	25,163,344	-	25,163,344	-
At 31 December	25,163,344	-	25,163,344	-

The Group and the Company have made an estimated provision for termination of RM25.16 billion as of 30 June 2021 where the Group and the Company are in default under the terms of the relevant contracts, though the aforementioned provision will be waived upon a successful completion of the proposed debt restructuring exercise as disclosed in Notes 46. In conjunction with the proposed debt restructuring exercise, the scheme creditors submitted a proof of debt (including termination claims) amounted to RM65.14 billion. The scheme creditors are creditors of the Group and the Company whose debts are to be dealt with under the proposed debt restructuring exercise.

Based on the relevant provisions in the applicable law of the relevant contracts, creditors are required to take action to mitigate their losses and to reduce their termination claims. Accordingly, management had engaged an expert to assist in determining the provisional scheme amounts and applied significant judgement in assessing and estimating the provisional scheme amounts totalling to RM33.65 billion, which includes the provision for termination claims of RM25.16 billion.

11. Other income

	Group		Company	
	1.1.2020 to 30.6.2021 RM'000	1.1.2019 to 31.12.2019 RM'000	1.1.2020 to 30.6.2021 RM'000	1.1.2019 to 31.12.2019 RM'000
Gain on lease modification on right-of-use assets (Note 17)	-	16,337	-	-
Carbon credit sale	-	8,353	-	8,353
Others	6,997	16,365	5,406	14,856
	6,997	41,055	5,406	23,209

12. Finance income/(costs) and net foreign exchange (loss)/gain

	Group	
	1.1.2020 to 30.6.2021 RM'000	1.1.2019 to 31.12.2019 RM'000
(a) Finance income:		
Interest income from deposits with licensed bank	3,495	5,177
Interest income from finance lease receivables (Note 17)	62,277	61,904
Other interest income	12,992	11,809
	78,764	78,890
Impact of discounting effect on financial instruments	65,287	58,639
	144,051	137,529
Finance Costs:		
Interest expense on lease liabilities (Note 17 and Note 34)	(764,493)	(293,901)
Interest expense on term loans (Note 34)	(6,268)	(17,682)
Interest expense on hire purchase (Note 34)	(2)	(2)
Bank facilities and other charges	(215,645)	(3,951)
	(986,408)	(315,536)
Impact of discounting effect on financial instruments	(76,802)	(49,375)
	(1,063,210)	(364,911)

12. Finance income/(costs) and net foreign exchange (loss)/gain (cont'd.)

		Group	
		1.1.2020 to 30.6.2021 RM'000	1.1.2019 to 31.12.2019 RM'000
(b)	Net foreign exchange (loss)/gain:		
	Realised	(12,173)	3,615
	Unrealised	(67,298)	39,299
		(79,471)	42,914

		Company	
		1.1.2020 to 30.6.2021 RM'000	1.1.2019 to 31.12.2019 RM'000
(a)	Finance income:		
	Interest income from deposits with licensed bank	3,450	5,089
	Interest income from finance lease receivables (Note 17)	62,277	61,904
	Other interest income	12,992	11,809
		78,719	78,802
	Impact of discounting effect on financial instruments	65,287	58,639
		144,006	137,441
	Finance Costs:		
	Interest expense on lease liabilities (Note 17 and Note 34)	(744,837)	(274,714)
	Interest expense on term loans (Note 34)	(6,268)	(17,682)
	Interest expense on hire purchase (Note 34)	(2)	(2)
	Bank facilities and other charges	(215,644)	(3,933)
		(966,751)	(296,331)
	Impact of discounting effect on financial instruments	(76,802)	(49,375)
		(1,043,553)	(345,706)
(b)	Net foreign exchange (loss)/gain:		
	Realised	(11,993)	3,615
	Unrealised	(73,038)	39,909
		(85,031)	43,524

13. Other losses

	Group and Company	
	1.1.2020 to 30.6.2021 RM'000	1.1.2019 to 31.12.2019 RM'000
Other losses from fuel contracts held for trading	10,928	-

14. Taxation

	Group		Company	
	1.1.2020 to 30.6.2021 RM'000	1.1.2019 to 31.12.2019 RM'000	1.1.2020 to 30.6.2021 RM'000	1.1.2019 to 31.12.2019 RM'000
Current taxation:				
Malaysian income tax	115	1,402	115	1,222
Foreign tax	-	280	-	-
	115	1,682	115	1,222
Overprovision in respect of prior years	(122)	(2,177)	(13)	(1,872)
	(7)	(495)	102	(650)
Deferred taxation:				
Relating to origination and reversal of temporary differences	22,154	356,237	22,154	355,607
Overprovision in respect of prior years	(22,154)	(11,433)	(22,154)	(11,433)
	-	344,804	-	344,174
Total income tax expenses	(7)	344,309	102	343,524

14. Taxation (cont'd.)

The Group and Company are subject to income tax on an entity basis on the profit arising in or derived from the tax jurisdictions in which members of the Group and Company are domiciled and operate.

Domestic current income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group	
	1.1.2020 to 30.6.2021 RM'000	1.1.2019 to 31.12.2019 RM'000
Loss before taxation	(33,689,787)	(306,008)
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	(8,085,549)	(73,442)
Expenses not deductible for tax purposes	1,572,040	56,297
Income not subject to tax	(36,252)	(29,377)
Deferred tax assets not recognised	6,572,030	241,915
Utilisation of previously unrecognised unutilised reinvestment allowance	-	(14,490)
Utilisation of previously unrecognised unutilised investment tax allowance	-	177,016
Overprovision of deferred tax in respect of prior years	(22,154)	(11,433)
Overprovision of income tax in respect of prior years	(122)	(2,177)
Total income tax expenses	(7)	344,309

14. Taxation (cont'd.)

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows (cont'd.):

	Company	
	1.1.2020 to 30.6.2021 RM'000	1.1.2019 to 31.12.2019 RM'000
Loss before taxation	(33,757,464)	(339,010)
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	(8,101,791)	(81,362)
Expenses not deductible for tax purposes	1,582,656	62,680
Income not subject to tax	(30,626)	(28,930)
Deferred tax assets not recognised	6,572,030	241,915
Utilisation of previously unrecognised unutilised reinvestment allowance	-	(14,490)
Utilisation of previously unrecognised unutilised investment tax allowance	-	177,016
Overprovision of deferred tax in respect of prior years	(22,154)	(11,433)
Overprovision of income tax in respect of prior years	(13)	(1,872)
Total income tax expenses	102	343,524

Deferred tax assets not recognised in respect of the following items:

	Group and Company	
	1.1.2020 to 30.6.2021 RM'000	1.1.2019 to 31.12.2019 RM'000
Unutilised business losses	2,337,877	540,265
Unabsorbed capital allowances	759,697	740,915
Unutilised reinvestment allowances	310,168	310,168
Provision for termination	25,163,344	-
Other temporary differences	555,834	152,112
	29,126,920	1,743,460

14. Taxation (cont'd.)

Effective from the year of assessment 2019 in accordance to the Income Tax Act 1967, any unutilised tax losses of the Company as at 30 June 2021 for the year of assessment 2021 will only be made available for utilisation for seven (7) consecutive years of assessment, i.e. from the year of assessment 2021 until the year of assessment 2027. Any unutilised tax losses after year of assessment 2027 shall be disregarded. Unabsorbed capital allowances, unutilised investment tax allowances and other deductible temporary differences do not expire under current tax legislation.

Estimating the future taxable profits involves significant assumptions, especially in respect of fares, load factor, fuel price, maintenance costs and currency movements. These assumptions have been built based on past performance and adjusted for non-recurring circumstances and a reasonable growth rate.

15. Loss per share (sen)

(a) Basic loss per share

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

	Group	
	1.1.2020 to 30.6.2021	1.1.2019 to 31.12.2019
Loss for the financial period/year (RM'000)	(33,689,780)	(650,317)
Weighted average number of ordinary shares in issue ('000)	4,148,149	4,148,148
Loss per share (sen)	(812.2)	(15.7)

(b) Diluted loss per share

The diluted loss per share of the Group is similar to the basic loss per share as the Group has no dilutive potential ordinary shares as at the end of the reporting date. There has been no other transaction involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

16. Property, plant and equipment

	Aircraft engines, airframes and service potential RM'000	Aircraft spares RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Ramp equipment RM'000	Pre-delivery payments RM'000	Total RM'000
Group and Company							
2021							
Net book value							
At 1 January 2020	432,982	53,380	262	3,101	-	133,720	623,445
Additions	1,384	2,947	-	15	-	-	4,346
Depreciation (Note 6)	(38,478)	(15,665)	(217)	(2,087)	-	-	(56,447)
Disposal	-	(248)	(10)	(1)	-	-	(259)
Impairment loss (Note 9)	(395,888)	(40,414)	(35)	(1,028)	-	(133,720)	(571,085)
At 30 June 2021	-	-	-	-	-	-	-
2019							
Net book value							
At 1 January 2019	459,007	53,258	410	4,472	1	107,816	624,964
Additions	6,913	12,584	-	935	-	25,904	46,336
Depreciation (Note 6)	(32,938)	(12,452)	(148)	(2,306)	(1)	-	(47,845)
Write off (Note 9)	-	(10)	-	-	-	-	(10)
At 31 December 2019	432,982	53,380	262	3,101	-	133,720	623,445

16. Property, plant and equipment (cont'd.)

The reconciliation of the gross carrying amount and the accumulated depreciation and impairment losses at the beginning and end of the financial period/year is as follows:

	Aircraft engines, airframes and service potential RM'000	Aircraft spares RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Ramp equipment RM'000	Pre-delivery payments RM'000	Total RM'000
Group and Company							
2021							
Cost	678,609	157,880	3,455	17,898	-	133,720	991,562
Accumulated depreciation	(282,721)	(106,839)	(3,420)	(16,460)	-	-	(409,440)
Accumulated impairment losses	(395,888)	(51,041)	(35)	(1,438)	-	(133,720)	(582,122)
	-	-	-	-	-	-	-
2019							
Cost	677,225	155,636	3,475	17,890	-	133,720	987,946
Accumulated depreciation	(244,243)	(91,628)	(3,213)	(14,379)	-	-	(353,463)
Accumulated impairment losses	-	(10,628)	-	(410)	-	-	(11,038)
	432,982	53,380	262	3,101	-	133,720	623,445

16. Property, plant and equipment (cont'd.)

The additions and net book value of assets under hire purchase are as follows:

	Group and Company	
	2021	2019
	RM'000	RM'000
Assets under hire purchase:		
Net book value at the end of financial period/year	-	33

Included in property, plant and equipment of the Group and Company are aircraft pledged as security for borrowings (Note 34) with a net book value of RM Nil (2019: RM424 million).

The beneficial ownership and operational control of certain aircraft pledged as security for borrowings rests with the Group and the Company when the aircraft is delivered to the Group and the Company. Where the legal title to the aircraft is held by the financiers during delivery, the legal title will be transferred to the Group and the Company only upon settlement of the respective facilities.

On 17 December 2020, the Group and the Company has received the termination and enforcement notice in relation to the aircraft pledged.

Pre-delivery payments on aircraft purchases are denominated in US Dollar which represent initial payment made in respect of the price of the aircraft and are deducted from the final price on delivery.

17. Right-of-use assets

The Group and the Company leases various aircraft, engines and office used in its operations. Leases of aircraft and engines generally have lease terms between 6 to 12 years, while office generally have lease terms between 2 to 20 years. The Group's and the Company's obligations under its leases are secured by the lessor's title to the leased assets.

The Group and the Company also has certain leases of office with the lease terms of 12 months or less and leases of office equipment with low value. The Group and the Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

17. Right-of-use assets (cont'd.)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Aircraft and engines RM'000	Office RM'000	Total RM'000
Group			
As at 1 January 2020	4,920,926	38,845	4,959,771
Lease modification	25,930	-	25,930
Lease termination	(74,566)	-	(74,566)
Depreciation expense (Note 6)	(901,424)	(3,631)	(905,055)
Impairment loss (Note 9)	(3,970,866)	(35,214)	(4,006,080)
As at 30 June 2021	-	-	-
As at 1 January 2019	-	-	-
Additions	5,613,880	43,480	5,657,360
Depreciation expense (Note 6)	(692,954)	(4,635)	(697,589)
As at 31 December 2019	4,920,926	38,845	4,959,771
Company			
As at 1 January 2020	5,003,120	38,845	5,041,965
Lease modification	26,700	-	26,700
Lease termination	(74,524)	-	(74,524)
Depreciation expense (Note 6)	(911,710)	(3,631)	(915,341)
Impairment loss (Note 9)	(4,043,586)	(35,214)	(4,078,800)
As at 30 June 2021	-	-	-
As at 1 January 2019	-	-	-
Additions	5,706,207	43,480	5,749,687
Depreciation expense (Note 6)	(703,087)	(4,635)	(707,722)
As at 31 December 2019	5,003,120	38,845	5,041,965

17. Right-of-use assets (cont'd.)

The following are the amounts recognised in profit or loss:

	Group	
	2021	2019
	RM'000	RM'000
Impairment loss for right-of-use assets (Note 9)	4,006,080	-
Depreciation on right-of-use assets (Note 6)	905,055	697,589
Interest income from finance lease receivables (Note 12(a))	(62,277)	(61,904)
Interest expense on lease liabilities (Note 12(a))	764,493	293,901
(Gain)/loss on lease modification (Note 9 and Note 11)	-	(16,337)
Unrealised foreign exchange loss/(gain)	34,086	(39,299)
Total amount recognised in profit or loss	5,647,437	873,950

	Company	
	2021	2019
	RM'000	RM'000
Impairment loss for right-of-use assets (Note 9)	4,078,800	-
Depreciation on right-of-use assets (Note 6)	915,341	707,722
Interest income from finance lease receivables (Note 12(a))	(62,277)	(61,904)
Interest expense on lease liabilities (Note 12(a))	744,837	274,714
(Gain)/loss on lease modification (Note 9 and Note 11)	-	8,992
Unrealised foreign exchange loss/(gain)	48,281	(39,908)
Total amount recognised in profit or loss	5,724,982	889,616

Impairment testing on right-of-use assets

The recoverable amounts were based on value in use as at 30 June 2021. The recoverable amounts of the CGU have been measured based on cash flow projections approved by the management. The airline CGU comprise right-of-use assets and aircraft related property, plant and equipment.

17. Right-of-use assets (cont'd.)

Impairment testing on right-of-use assets (cont'd.)

The discount rates applied to the cash flow projections ranged from 7% to 9%. The assumptions used to determine the recoverable amounts include revenue per passenger, load factor and growth rate which may change significantly depending on the recovery of the aviation industry internationally.

18. Finance lease receivables

	Weighted average rate of finance		Group and Company	
	2021	2019	2021	2019
	%	%	RM'000	RM'000
Secured:				
Current	5.45%	5.45%	-	170,631
Non-current	5.45%	5.45%	-	842,043
			-	1,012,674

Total finance lease receivables consist of the operating leases to an associate. The finance lease receivables are denominated in US Dollar.

The carrying amounts of finance lease receivables individually determined to be impaired are as follows:

	Group and Company	
	2021	2019
	RM'000	RM'000
Finance lease receivables	794,250	1,012,674
Less: Allowance for impairment of finance lease receivables (Note 9)	(794,250)	-
	-	1,012,674

The Group's and Company's finance lease receivables are as follows:

	Group and Company	
	2021	2019
	RM'000	RM'000
Not later than 1 year	-	170,631
Later than 1 year and not later than 5 years	-	601,904
Later than 5 years	-	240,139
	-	1,012,674

19. Investments in subsidiaries

	Company 2021 RM'000	2019 RM'000
Unquoted investments, at cost	4	4

The details of the subsidiaries are as follows:

Name	Country of incorporation/ Principal place of business	Group's effective equity interest 2021 %	2019 %	Principal activities
AirAsia X Services Pty Ltd*	Australia	100	100	Provision of management logistical and marketing services
AAX Mauritius One Limited	Mauritius	100	100	Provision of aircraft leasing facilities
AAX Aviation Capital Ltd	Malaysia	100	100	Holding company
AAX Leasing One Ltd	Malaysia	100	100	Provision of aircraft leasing facilities
AAX Leasing Two Ltd	Malaysia	100	100	Provision of aircraft leasing facilities
AAX Leasing Three Ltd	Malaysia	100	100	Provision of aircraft leasing facilities
AAX Leasing Four Ltd	Malaysia	100	100	Provision of aircraft leasing facilities

19. Investments in subsidiaries (cont'd.)

The details of the subsidiaries are as follows (cont'd):

Name	Country of incorporation/ Principal place of business	Group's effective equity interest 2021 %	2019 %	Principal activities
AAX Leasing Five Ltd	Malaysia	100	100	Provision of aircraft leasing facilities
AAX Leasing Six Ltd	Malaysia	100	100	Provision of aircraft leasing facilities
AAX Leasing Seven Ltd	Malaysia	100	100	Provision of aircraft leasing facilities
AAX Leasing Eight Ltd	Malaysia	100	100	Provision of aircraft leasing facilities
AAX Leasing Nine Ltd	Malaysia	100	100	Provision of aircraft leasing facilities
AAX Leasing Ten Ltd	Malaysia	100	100	Provision of aircraft leasing facilities
AAX Leasing Eleven Ltd	Malaysia	100	100	Provision of aircraft leasing facilities

* Audited by a firm other than Ernst & Young PLT.

20. Investment in an associate

	Group 2021 RM'000	Group 2019 RM'000
Unquoted investments, at cost	21,122	21,122
Group's share of post-acquisition losses	(21,122)	(21,122)
Accumulated impairment loss	-	-
	-	-

	Company 2021 RM'000	Company 2019 RM'000
Unquoted investments, at cost	21,122	21,122
Group's share of post-acquisition losses	-	-
Accumulated impairment loss	(21,122)	(21,122)
	-	-

The details of the associate are as follows:

Name	Country of incorporation	Group's effective equity interest 2021 %	Group's effective equity interest 2019 %	Principal activity
Thai AirAsia X Co., Ltd ("TAAX")*	Thailand	49	49	Commercial air transport services

* Audited by a member of Ernst & Young Global.

TAAX is a private company for which there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Group's investment in TAAX.

TAAX is an operator of commercial air transport services which is based in Thailand. This associated company is a strategic investment of the Group and forms an essential part of the Group's growth strategy. It provides access to a wider geographical market and network coverage in the provision of air transport services across the ASEAN region.

20. Investment in an associate (cont'd.)

Set out below is the summarised financial information for the associate which is accounted for using the equity method:

Summarised statement of financial position

	TAAX	
	2021	2019
	RM'000	RM'000
Current:		
Cash and cash equivalents	68,459	84,047
Other current assets	269,106	468,945
Total current assets	337,565	552,992
Non-current:		
Assets	1,727,635	2,301,725
Current:		
Financial liabilities	(152,531)	(184,428)
Other current liabilities	(1,643,973)	(782,577)
Total current liabilities	(1,796,504)	(967,005)
Non-current:		
Liabilities	(1,759,255)	(2,114,064)
Net (liabilities)/assets	(1,490,559)	(226,352)

Summarised statement of comprehensive income

	TAAX	
	2021	2019
	RM'000	RM'000
Revenue	536,965	1,788,373
Cost of sales	(975,278)	(1,892,865)
Other operating expenses	(748,477)	(77,133)
Finance income	12,111	-
Finance cost	(138,737)	(86,238)
Other income	19,630	36,612
Loss before tax	(1,293,786)	(231,251)
Taxation	784	1,363
Loss after tax	(1,293,002)	(229,888)
Other comprehensive loss	-	3,743
Total comprehensive loss	(1,293,002)	(226,145)
Dividend received from associate	-	-

20. Investment in an associate (cont'd.)

Reconciliation of summarised financial information

	TAAX	
	2021	2019
	RM'000	RM'000
Opening net liabilities at 1 January	(268,616)	(32,791)
Total comprehensive loss for the financial period/year	(1,293,002)	(226,145)
Effect of foreign exchange translation	-	11,321
Elimination of unrealised profit from downstream sales	(27,942)	(21,001)
Closing net liabilities at 30 June/31 December	(1,589,560)	(268,616)
Cumulative unrecognised share of losses as at 1 January	(156,189)	(40,635)
Share of loss for the financial period/year	(647,263)	(115,554)
Cumulative unrecognised share of losses as at 30 June/31 December	(803,452)	(156,189)

21 Investment in a joint venture

	Group	
	2021	2019
	RM'000	RM'000
Unquoted investments, at cost	53,888	53,888
Group's share of post-acquisition losses	(53,888)	(53,888)
Accumulated impairment losses	-	-
	-	-

	Company	
	2021	2019
	RM'000	RM'000
Unquoted investments, at cost	53,888	53,888
Group's share of post-acquisition losses	-	-
Accumulated impairment losses	(53,888)	(53,888)
	-	-

21 Investment in a joint venture (cont'd.)

The details of the joint venture are as follows:

Name	Country of incorporation	Group's effective equity interest 2021 %	2019 %	Principal activity
PT Indonesia AirAsia Extra ("IAAX")*	Indonesia	49	49	Commercial air transport services

* Audited by a firm other than Ernst & Young PLT.

IAAX is a private company for which there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Group's investment in IAAX.

IAAX is an operator of commercial air transport services which is based in Indonesia. This joint venture company is a strategic investment of the Company and forms an essential part of the Company's growth strategy. It provides access to a wider geographical market and network coverage in the provision of air transport services across the ASEAN region.

In previous financial years, impairment losses were recognised due to the continuous losses incurred by the joint venture.

Set out below is the summarised financial information for the joint venture which is accounted for using the equity method:

Summarised statement of financial position

	IAAX 2021 RM'000	2019 RM'000
Current:		
Cash and cash equivalents	823	2,819
Other current assets	134,237	4,011
Total current assets	135,060	6,830
Non-current:		
Assets	5,241	8,535

21 Investment in a joint venture (cont'd.)

Set out below is the summarised financial information for the joint venture which is accounted for using the equity method (cont'd.):

Summarised statement of financial position (cont'd.)

	IAAX	
	2021	2019
	RM’000	RM’000
Current:		
Financial liabilities	-	(362,465)
Other current liabilities	(604,128)	(6,729)
Total current liabilities	(604,128)	(369,194)
Non-current:		
Liabilities	(6,189)	(4,475)
Net liabilities	(470,016)	(358,304)

Summarised statement of comprehensive income

	IAAX	
	2021	2019
	RM’000	RM’000
Revenue	832	91,013
Cost of sales	(95,603)	(231,858)
Other operating expenses	(28,013)	(23,537)
Finance income	13	100
Finance cost	(36)	(227)
Other income	1	-
Loss before tax	(122,806)	(164,509)
Taxation	-	-
Loss after tax	(122,806)	(164,509)
Other comprehensive loss	-	655
Total comprehensive loss	(122,806)	(163,854)
Dividend received from joint venture	-	-

21 Investment in a joint venture (cont'd.)

Reconciliation of summarised financial information

	IAAX	
	2021	2019
	RM'000	RM'000
Opening net liabilities at 1 January	(403,946)	(222,822)
Total comprehensive loss for the financial period/year	(122,806)	(163,854)
Effect of foreign exchange translation	-	(10,186)
Elimination of unrealised profit from downstream sales	(6,849)	(7,084)
Closing net liabilities at 30 June/31 December	(533,601)	(403,946)
Cumulative unrecognised share of losses as at 1 January	(219,300)	(130,549)
Share in loss for the financial period/year	(63,531)	(88,751)
Cumulative unrecognised share of losses as at 30 June/31 December	(282,831)	(219,300)

22. Derivative financial assets and liabilities

	Group and Company			
	2021		2019	
	Assets	Liabilities	Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000
Current				
Commodity derivatives of cash flow hedge	-	-	44,615	2,317
Non-current				
Commodity derivatives of cash flow hedge	-	-	1,311	3,541

The full fair value of a hedging derivative was classified as a non-current assets or liabilities if the remaining maturity of the hedged item is more than 12 months and, as a current assets or liabilities, if the maturity of the hedged item is less than 12 months. Derivatives held for trading are those which do not qualify for hedge accounting. These derivatives were denominated in US Dollar.

Fuel contracts

There is no outstanding number of barrels of Brent and fuel derivative contracts as at 30 June 2021. (2019: 4,842,043 barrels).

23. Inventories

	Group and Company	
	2021	2019
	RM'000	RM'000
At cost		
Consumables and in-flight merchandise	-	13,102
At net realisable value		
Consumables and in-flight merchandise	-	-

24. Trade and other receivables

	Note	Group 2021 RM'000	2019 RM'000
Non-current			
Deposits	(c)	1,051,314	792,778
Prepayments	(d)	1,044,152	769,440
Deferred lease expenses	(e)	23,316	26,615
		2,118,782	1,588,833
Current			
Trade receivables		9,062	79,365
Less: Allowance for impairment of receivables		(7,397)	(57,219)
Trade receivables, net	(a)	1,665	22,146
Other receivables		303,411	257,192
Less: Allowance for impairment of receivables		(297,601)	(236,666)
	(b)	5,810	20,526
Deposits		84,450	185,578
Less: Allowance for impairment of receivables		(7,143)	-
	(c)	77,307	185,578
Prepayments	(d)	27,973	438,739
Deferred lease expenses	(e)	6,849	4,913
Other receivables, net		117,939	649,756
		119,604	671,902
Total trade and other receivables		2,238,386	2,260,735
Add: Finance lease receivables	18	-	1,012,674
Add: Deposits, cash and bank balances	32	74,110	357,961
Add: Amount due from subsidiaries	26	-	-
Add: Amount due from an associate	25	173,974	167,937
Add: Amount due from a joint venture	27	-	4,501
Add: Amount due from related parties	28	4,068	119,328
Less: Prepayments		(1,072,125)	(1,208,179)
Less: Deferred lease expenses		(30,165)	(31,528)
Total financed assets carried at amortised cost	41(a)	1,388,248	2,683,429

24. Trade and other receivables (cont'd.)

	Note	Company 2021 RM'000	2019 RM'000
Non-current			
Deposits	(c)	1,051,314	792,778
Prepayments	(d)	1,044,152	769,440
Deferred lease expenses	(e)	23,316	26,615
		2,118,782	1,588,833
Current			
Trade receivables		9,062	79,365
Less: Allowance for impairment of receivables		(7,397)	(57,219)
Trade receivables, net	(a)	1,665	22,146
Other receivables		303,411	257,192
Less: Allowance for impairment of receivables		(297,601)	(236,666)
	(b)	5,810	20,526
Deposits		84,450	185,575
Less: Allowance for impairment of receivables		(7,143)	-
	(c)	77,307	185,575
Prepayments	(d)	27,854	438,642
Deferred lease expenses	(e)	6,849	4,913
Other receivables, net		117,820	649,656
		119,485	671,802
Total trade and other receivables		2,238,267	2,260,635
Add: Finance lease receivables	18	-	1,012,674
Add: Deposits, cash and bank balances	32	73,993	337,947
Add: Amount due from subsidiaries	26	170,238	134,229
Add: Amount due from an associate	25	41,915	66,733
Add: Amount due from a joint venture	27	-	4,501
Add: Amount due from related parties	28	4,068	119,328
Less: Prepayments		(1,072,006)	(1,208,082)
Less: Deferred lease expenses		(30,165)	(31,528)
Total financed assets carried at amortised cost	41(a)	1,426,310	2,696,437

24. Trade and other receivables (cont'd.)

The normal credit terms of the Group and of the Company range from 15 to 30 days (2019: 15 to 30 days).

(a) Trade receivables

(i) Financial assets that are neither past due nor impaired

Trade receivables that are neither past due nor impaired for the Group and Company of RM238,000 (2019: RM15,414,000) are substantially from companies with good collection track records.

(ii) Financial assets that are past due but not impaired

As of 30 June 2021, trade receivables for the Group and Company of RM1,427,000 (2019: RM6,732,000) were past due but not impaired. These debts relate to a number of independent customers for whom there is no recent history of default.

The ageing analysis of these trade receivables that are past due but not impaired are as follows:

	Group and Company	
	2021	2019
	RM'000	RM'000
Less than 30 days	-	1,359
Between 31 and 60 days	-	4,045
Between 61 and 90 days	-	1,328
Between 91 and 120 days	-	-
Between 121 and 180 days	-	-
More than 180 days	1,427	-
	1,427	6,732

(iii) Financial assets that are past due and impaired

The carrying amounts of trade receivables individually determined to be impaired are as follows:

	Group and Company	
	2021	2019
	RM'000	RM'000
More than 180 days	7,397	57,219
Less: Allowance for impairment of receivables	(7,397)	(57,219)
	-	-

24. Trade and other receivables (cont'd.)

(a) Trade receivables (cont'd.)

(iii) Financial assets that are past due and impaired (cont'd.)

The individually impaired trade receivables relate mainly to disputed balances with customers or balances for which management is of the view that the amounts may not be recoverable.

Movements on the allowance for impairment of trade receivables are as follows:

	Group and Company	
	2021	2019
	RM’000	RM’000
At 1 January	57,219	59,324
Written off	(49,822)	-
Charged to profit or loss (Note 9)	-	(2,105)
At 30 June (31 December)	7,397	57,219

(b) Other receivables

Other receivables includes other debtors and refunds of goods and service tax receivable from the authorities in various countries in which the Group and the Company operates.

Movements on the allowance for impairment of other receivables are as follows:

	Group and Company	
	2021	2019
	RM’000	RM’000
At 1 January	236,666	165,157
Written off	(2)	-
Charged to profit or loss (Note 9)	60,937	71,509
At 30 June (31 December)	297,601	236,666

(c) Deposits

Deposits of the Group and of the Company at the reporting date are with a number of external parties.

24. Trade and other receivables (cont'd.)

(c) Deposits (cont'd.)

Included in deposits are deposits paid to lessors for leased aircraft and funds placed with lessor in respect of maintenance of the leased aircraft which will be considered in the proposed debt restructuring exercise as further described in Note 3(iv) and Note 10. These deposits are denominated in US Dollar.

(d) Prepayments

Included in prepayments are prepayments for maintenance of aircraft, advances made for purchases of fuel, lease of aircraft and maintenance of engines which will be considered in the proposed debt restructuring exercise as further described in Note 3(iv) and Note 10.

(e) Deferred lease expenses

Deferred lease expenses represent the differences between fair value of non-current rental deposits recognised at initial recognition and the absolute deposit amount, which are amortised on a straight-line basis over the lease terms ranging from 2 to 12 years (2019: 10 to 12 years).

The movement of deferred lease expense (current and non-current) is as follows:

	Group and Company	
	2021 RM'000	2019 RM'000
At 1 January	31,528	42,432
Impact of discounting effect on financial instruments - net	(1,363)	(10,904)
At 30 June (31 December)	30,165	31,528
Representing:		
Current	6,849	4,913
Non-current	23,316	26,615
	30,165	31,528

The other classes within receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group and the Company do not hold any collateral as security.

24. Trade and other receivables (cont'd.)

The currency profile of trade and other receivables (excluding prepayments and deferred lease expense) are as follows:

	Group		Company	
	2021	2019	2021	2019
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	5,375	30,190	5,375	30,187
US Dollar	1,127,020	966,902	1,127,020	966,902
Australian Dollar	1,841	8,055	1,841	8,055
Euro	2	213	2	213
Indian Rupee	240	4,837	240	4,837
Chinese Renminbi	229	1,513	229	1,513
Japanese Yen	344	6,202	344	6,202
Others	1,045	3,116	1,045	3,116
	1,136,096	1,021,028	1,136,096	1,021,025

25. Amount due from an associate

	Group	
	2021	2019
	RM'000	RM'000
Non-current		
Amount due from an associate	23,434	50,165
Current		
Amount due from an associate	539,869	117,772
Less: Allowance for impairment of due from an associate	(389,329)	-
	150,540	117,772
	173,974	167,937

25. Amount due from an associate (cont'd.)

	Company 2021 RM'000	Company 2019 RM'000
Non-current		
Amount due from an associate	23,434	50,165
Current		
Amount due from an associate	18,481	16,568
Less: Allowance for impairment of due from an associate	-	-
	18,481	16,568
	41,915	66,733

Movements on allowance for impairment of amount due from an associate is as follows:

	Group 2021 RM'000	Group 2019 RM'000
At 1 January	-	-
Allowance for impairment (Note 9)	(389,329)	-
At 30 June/31 December	(389,329)	-

	Company 2021 RM'000	Company 2019 RM'000
At 1 January	-	-
Allowance for impairment (Note 9)	-	-
At 30 June/31 December	-	-

25. Amount due from an associate (cont'd.)

The amount due from an associate, Thai AirAsia X Co. Ltd, at Group and at Company are unsecured, bearing effective weighted average interest rate of 10.6% per annum and repayable over 6 years.

The currency profile of amount due from an associate are as follows:

	Group		Company	
	2021	2019	2021	2019
	RM'000	RM'000	RM'000	RM'000
US Dollar	173,944	167,937	41,915	66,733
Others	30	-	-	-
	173,974	167,937	41,915	66,733

26. Amount due from subsidiaries

	Company	
	2021	2019
	RM'000	RM'000
Amount due from subsidiaries	561,367	134,229
Less: Allowance for impairment of amount due from subsidiaries	(391,129)	-
	170,238	134,229
Subsidiaries		
- AirAsia X Mauritius One Ltd	170,238	127,795
- AirAsia X Leasing Two Ltd.	-	4,978
- Others	-	1,456
Amount due from subsidiaries	170,238	134,229

26. Amount due from subsidiaries (cont'd.)

Movements on allowance for impairment of amount due from subsidiaries is as follows:

	Company 2021 RM'000	Company 2019 RM'000
At 1 January	-	-
Allowance for impairment (Note 9)	(391,129)	-
At 30 June/31 December	(391,129)	-

The amount due from subsidiaries are unsecured, interest free and repayable on demand.

The currency profile of amount due from subsidiaries are as follows:

	Company 2021 RM'000	Company 2019 RM'000
Ringgit Malaysia	-	300
US Dollar	170,238	133,929
	170,238	134,229

27. Amount due from a joint venture

	Group and Company 2021 RM'000	Group and Company 2019 RM'000
Amount due from a joint venture	-	4,501

The amount due from a joint venture, PT Indonesia AirAsia Extra, at Group and at Company are unsecured, bearing effective weighted average interest rate of 9.6% per annum and repayable over 7 years. The amount due from a joint venture are denominated in US Dollar.

28. Amount due from related parties

	Group and Company 2021 RM'000	2019 RM'000
Amount due from related parties	16,256	119,328
Less: Allowance for impairment of amount due from related parties	(12,188)	-
	4,068	119,328

	Group and Company 2021 RM'000	2019 RM'000
Related parties		
- Teleport Everywhere Pte Ltd	4,061	-
- AirAsia Japan Co. Ltd	-	3,249
- AirAsia Berhad	-	71,038
- Teleport Commerce Malaysia Sdn Bhd	-	38,141
- Others	7	6,900
Amount due from related parties	4,068	119,328

Movements on allowance for impairment of amount due from related parties is as follows:

	Group and Company 2021 RM'000	2019 RM'000
At 1 January	-	-
Allowance for impairment (Note 9)	(12,188)	-
At 30 June/31 December	(12,188)	-

The amount due from related parties are unsecured, interest free and repayable on demand.

The currency profile of amount due from related parties are as follows:

	Group and Company 2021 RM'000	2019 RM'000
Ringgit Malaysia	1,485	64,702
US Dollar	2,583	4,705
Others	-	49,921
	4,068	119,328

29. Amount due to an associate

	Group 2021 RM'000	Group 2019 RM'000
Non-current		
Amount due to an associate	(170,284)	(213,708)
Current		
Amount due to an associate	(3,625)	(45,391)
	(173,909)	(259,099)

	Company 2021 RM'000	Company 2019 RM'000
Non-current		
Amount due to an associate	(170,284)	(213,708)
Current		
Amount due to an associate	(41,870)	(72,013)
	(212,154)	(285,721)

The amount due to an associate, Thai AirAsia X Co. Ltd, are unsecured, interest free and repayable on demand.

The currency profile of amount due to an associate is as follows:

	Group		Company	
	2021 RM'000	2019 RM'000	2021 RM'000	2019 RM'000
US Dollar	(173,909)	(259,099)	(211,691)	(285,388)
Others	-	-	(463)	(333)
	(173,909)	(259,099)	(212,154)	(285,721)

30. Amount due to subsidaries

	Company 2021 RM'000	2019 RM'000
Amount due to subsidiaries	(268,658)	(2,898)
Subsidiaries		
- AirAsia X Leasing One Ltd	(8,837)	-
- AirAsia X Leasing Two Ltd	(46,262)	-
- AirAsia X Leasing Three Ltd	(3,736)	(226)
- AirAsia X Leasing Four Ltd	(5,158)	(360)
- AirAsia X Leasing Six Ltd	(4,325)	-
- AirAsia X Leasing Seven Ltd	(3,357)	-
- AirAsia X Leasing Eight Ltd	(5,709)	(205)
- AirAsia X Leasing Nine Ltd	(30,114)	(816)
- AirAsia X Leasing Eleven Ltd	(155,653)	-
- Others	(5,507)	(1,291)
Amount due to subsidiaries	(268,658)	(2,898)

The amount due to subsidiaries are unsecured, interest free and repayable on demand.

The currency profile of amount due to subsidiaries are as follows:

	Company 2021 RM'000	2019 RM'000
US Dollar	(268,259)	(1,914)
Others	(399)	(984)
	(268,658)	(2,898)

31. Amount due to related parties

	Group 2021 RM'000	Group 2019 RM'000
Amount due to related parties	(353,906)	(30,616)
Related parties		
- AirAsia Berhad	(315,077)	-
- Ground Team Red Sdn Bhd	(15,978)	(5,726)
- PT Indonesia AirAsia	(5,374)	(6,183)
- Thai AirAsia Co. Ltd	(10,828)	(6,105)
- Others	(6,649)	(12,602)
Amount due to related parties	(353,906)	(30,616)

	Company 2021 RM'000	Company 2019 RM'000
Amount due to related parties	(353,906)	(33,084)
Related parties		
- AirAsia Berhad	(315,077)	-
- Ground Team Red Sdn Bhd	(15,978)	(5,726)
- PT Indonesia AirAsia	(5,374)	(8,650)
- Thai AirAsia Co. Ltd	(10,828)	(6,105)
- Others	(6,649)	(12,603)
Amount due to related parties	(353,906)	(33,084)

The amount due to related parties are unsecured, interest free and repayable on demand.

The currency profile of amount due to related parties are as follows:

	Group		Company	
	2021 RM'000	2019 RM'000	2021 RM'000	2019 RM'000
Ringgit Malaysia	(335,948)	(11,083)	(335,948)	(11,083)
US Dollar	(16,389)	(12,642)	(16,389)	(15,109)
Others	(1,569)	(6,891)	(1,569)	(6,892)
	(353,906)	(30,616)	(353,906)	(33,084)

32. Deposits, cash and bank balances

For the purposes of the statements of cash flows, cash and cash equivalents include the following:

	Group 2021 RM'000	Group 2019 RM'000
Cash and bank balances	14,090	261,652
Deposits with licensed banks	60,020	96,309
Total deposits, cash and bank balances	74,110	357,961
Less: Bank balances pledged as securities	-	(31,522)
Deposits pledged as securities	(5,644)	(18,820)
Cash and cash equivalents	68,466	307,619

	Company 2021 RM'000	Company 2019 RM'000
Cash and bank balances	13,973	241,638
Deposits with licensed banks	60,020	96,309
Total deposits, cash and bank balances	73,993	337,947
Less: Bank balances pledged as securities	-	(31,522)
Deposits pledged as securities	(5,644)	(18,820)
Cash and cash equivalents	68,349	287,605

The currency profile of deposits, cash and bank balances are as follows:

	Group 2021 RM'000	Group 2019 RM'000	Company 2021 RM'000	Company 2019 RM'000
Ringgit Malaysia	11,303	192,120	11,295	192,062
US Dollar	53,702	65,289	53,645	47,651
Australian Dollar	498	39,508	446	37,190
Euro	54	778	54	778
Indian Rupee	28	16,654	28	16,654
Chinese Renminbi	5,311	2,227	5,311	2,227
Japanese Yen	2,262	21,359	2,262	21,359
Others	952	20,026	952	20,026
	74,110	357,961	73,993	337,947

The Group's and the Company's weighted average effective interest rate of deposits at the reporting date is 1.81% (2019: 3.06%) per annum.

32. Deposits, cash and bank balances (cont'd.)

The bank balances and deposits with licensed banks of the Group and of the Company amounting to RM Nil and RM5,644,000 (2019: RM31,522,000 and RM18,820,000) respectively are pledged as securities for banking facilities granted to the Group and of the Company.

33. Trade and other payables

	Note	Group 2021 RM'000	Group 2019 RM'000
Current			
Trade payables	(a)	1,329,095	241,100
Other payables and accruals	(b)	410,213	581,108
Deferred lease income	(c)	2,112	1,603
		1,741,420	823,811
Non-current			
Other deposits		-	9,789
Deferred lease income	(c)	589	5,029
		589	14,818
Total trade and other payables		1,742,009	838,629
Add: Borrowings	34	6,766,609	6,265,611
Add: Amount due to an associate	29	173,909	259,099
Add: Amount due to related parties	31	353,906	30,616
Less: Deferred lease income		(2,701)	(6,632)
Total financial liabilities carried at amortised cost	41(a)	9,033,732	7,387,323

33. Trade and other payables (cont'd.)

	Note	Company 2021 RM'000	2019 RM'000
Current			
Trade payables	(a)	1,079,443	230,111
Other payables and accruals	(b)	389,509	579,825
Deferred lease income	(c)	2,112	1,603
		1,471,064	811,539
Non-current			
Other deposits		-	9,789
Deferred lease income	(c)	589	5,029
		589	14,818
Total trade and other payables		1,471,653	826,357
Add: Borrowings	34	6,851,343	6,356,048
Add: Amount due to subsidiaries	30	268,658	2,898
Add: Amount due to an associate	29	212,154	285,721
Add: Amount due to related parties	31	353,906	33,084
Less: Deferred lease income		(2,701)	(6,632)
Total financial liabilities carried at amortised cost	41(a)	9,155,013	7,497,476

(a) Trade payables

The credit term of trade payables granted to the Group and the Company is 7 to 90 days (2019: 7 to 90 days).

(b) Other payables and accruals

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

33. Trade and other payables (cont'd.)

(c) Deferred lease income

Deferred lease income represent the differences between fair value of non-current rental deposits recognised at initial recognition and the absolute deposit amount, which are amortised on a straight-line basis over the lease terms ranging from 7 to 11 years (2019: 7 to 11 years).

The movement of deferred lease income (current and non-current) are as follows:

	Group and Company	
	2021 RM'000	2019 RM'000
At 1 January	6,632	11,688
Impact of discounting effect on financial instruments (net)	(3,931)	(5,056)
At 31 December	2,701	6,632
Representing:		
Current	2,112	1,603
Non-current	589	5,029
	2,701	6,632

The currency profile of trade and other payables (excluding deferred lease income) are as follows:

	Group		Company	
	2021 RM'000	2019 RM'000	2021 RM'000	2019 RM'000
Ringgit Malaysia	212,246	482,488	212,246	482,488
US Dollar	1,426,217	211,652	1,153,339	202,463
Australian Dollar	6,960	23,548	9,482	20,464
Euro	1,567	1,336	1,567	1,336
Indian Rupee	8,302	9,867	8,302	9,867
Chinese Renminbi	23,821	24,481	23,821	24,481
Japanese Yen	21,976	45,768	21,976	45,768
Others	38,219	32,857	38,219	32,858
	1,739,308	831,997	1,468,952	819,725

Included in trade and other payables is an amount of RM1.73 billion relating to the provisional scheme amounts as disclosed in Note 3(iv).

34. Borrowings

	Group		Company	
	2021	2019	2021	2019
	RM'000	RM'000	RM'000	RM'000
Current				
Secured:				
- Lease liabilities	6,473,678	803,518	6,558,412	820,038
- Term loans	292,916	56,541	292,916	56,541
- Hire purchase	13	11	13	11
	6,766,607	860,070	6,851,341	876,590
Non-current				
Secured:				
- Lease liabilities	-	5,158,147	-	5,232,064
- Term loans	-	247,372	-	247,372
- Hire purchase	2	22	2	22
	2	5,405,541	2	5,479,458
Total borrowings	6,766,609	6,265,611	6,851,343	6,356,048
	2021	2019	2021	2019
	%	%	%	%
Weighted average rate of finance				
- Lease liabilities	4.90	4.90	4.76	4.76
- Term loans	2.46	2.75	2.46	2.75
- Hire purchase	5.12	5.12	5.12	5.12

Total borrowings consist of the following banking facilities:

	Group		Company	
	2021	2019	2021	2019
	RM'000	RM'000	RM'000	RM'000
Fixed rate borrowings	6,473,693	5,961,698	6,558,427	6,052,135
Floating rate borrowings	292,916	303,913	292,916	303,913
	6,766,609	6,265,611	6,851,343	6,356,048

34. Borrowings (cont'd.)

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

	Group 2021 RM’000	Group 2019 RM’000	Company 2021 RM’000	Company 2019 RM’000
Not later than 1 year	6,766,607	860,070	6,851,341	876,590
Later than 1 year and not later than 5 years	2	3,497,156	2	3,549,966
Later than 5 years	-	1,908,385	-	1,929,492
	6,766,609	6,265,611	6,851,343	6,356,048

The currency profile of borrowings are as follows:

	Group 2021 RM’000	Group 2019 RM’000	Company 2021 RM’000	Company 2019 RM’000
Ringgit Malaysia	36,590	39,800	36,590	39,800
US Dollar	6,730,019	6,225,811	6,814,753	6,316,248
	6,766,609	6,265,611	6,851,343	6,356,048

The carrying amounts and fair values of the fixed rate borrowings are as follows:

	2021 Carrying amount RM’000	2021 Fair value RM’000	2019 Carrying amount RM’000	2019 Fair value RM’000
Group				
Hire purchase	15	15	33	33
Company				
Hire purchase	15	15	33	33

The fair values of floating rate borrowings approximates their carrying amounts, as the impact of discounting is not significant.

The fair values of the fixed rate borrowings are based on cash flows discounted using borrowing rates that are reflective of the Group's and Company’s credit risk at the reporting date, at 4.90% (2019: 4.90%) and 4.76% (2019: 4.76%) per annum respectively.

34. Borrowings (cont'd.)

The fair values of fixed rate borrowings are within level 2 of the fair value hierarchy (Note 40(e)).

Lease liabilities
The lease liabilities are for operating leases of aircraft, engines and office (Note 17). The maturity analysis of lease liabilities are disclosed in Note 40(c).

Term loans
The term loans are for the purchase of new Airbus A330-300 aircraft. The repayment of the term loans is on a quarterly basis over 12 years (2019:12 years), with equal principal instalments, at a combination of floating rate of LIBOR + 0.8% is 2.46% per annum. The term loans are secured by the following:

(a) Assignment of rights under contract with Airbus over each aircraft;
(b) Assignment of insurance of each aircraft; and
(c) Assignment of airframe and engine warranties of each aircraft.

Reconciliation of movement of liabilities to cash flows arising from financing activities are as follows:

Group	Lease Liabilities RM'000	Term loans RM'000	Hire purchase RM'000	Total RM'000
Balance as at 1 January 2020	5,961,665	303,913	33	6,265,611
Changes from financing cash flows				
Lease modification	(75,230)	-	-	(75,230)
Repayment of borrowings	(162,675)	(14,912)	(18)	(177,605)
Interest paid	(48,661)	(6,268)	(2)	(54,931)
Total changes from financing cash flows	5,675,099	282,733	13	5,957,845
Other changes				
Liability-related				
Finance costs (Note 12(a))	764,493	6,268	2	770,763
Unrealised foreign exchange loss	34,086	3,915	-	38,001
Balance as at 30 June 2021	6,473,678	292,916	15	6,766,609

34. Borrowings (cont'd.)

Reconciliation of movement of liabilities to cash flows arising from financing activities are as follows (cont'd.):

Group	Lease Liabilities RM'000	Term loans RM'000	Hire purchase RM'000	Total RM'000
Balance as at 1 January 2019	-	687,007	45	687,052
Changes from financing cash flows				
Additions	6,755,063	-	-	6,755,063
Lease modification	(16,337)	-	-	(16,337)
Repayment of borrowings	(735,884)	(377,786)	(12)	(1,113,682)
Interest paid	(293,901)	(17,682)	(2)	(311,585)
Total changes from financing cash flows	5,708,941	291,539	31	6,000,511
Other changes				
Liability-related				
Finance costs (Note 12(a))	293,901	17,682	2	311,585
Unrealised foreign exchange gains	(41,177)	(5,308)	-	(46,485)
Balance as at 31 December 2019	5,961,665	303,913	33	6,265,611

34. Borrowings (cont'd.)

Reconciliation of movement of liabilities to cash flows arising from financing activities are as follows (cont'd.):

Company	Lease Liabilities RM'000	Term loans RM'000	Hire purchase RM'000	Total RM'000
Balance as at 1 January 2020	6,052,102	303,913	33	6,356,048
Changes from financing cash flows				
Lease modification	(75,472)	-	-	(75,472)
Repayment of borrowings	(164,321)	(14,912)	(18)	(179,251)
Interest paid	(47,015)	(6,268)	(2)	(53,285)
Total changes from financing cash flows	5,765,294	282,733	13	6,048,040
Other changes				
Liability-related				
Finance costs (Note 12(a))	744,837	6,268	2	751,107
Unrealised foreign exchange loss	48,281	3,915	-	52,196
Balance as at 30 June 2021	6,558,412	292,916	15	6,851,343

34. Borrowings (cont'd.)

Reconciliation of movement of liabilities to cash flows arising from financing activities are as follows (cont'd.):

Company	Lease Liabilities RM'000	Term loans RM'000	Hire purchase RM'000	Total RM'000
Balance as at 1 January 2019	-	687,007	45	687,052
Changes from financing cash flows				
Additions	6,847,390	-	-	6,847,390
Lease modification	8,992	-	-	8,992
Repayment of borrowings	(763,085)	(377,786)	(12)	(1,140,883)
Interest paid	(274,714)	(17,682)	(2)	(292,398)
Total changes from financing cash flows	5,818,583	291,539	31	6,110,153
Other changes				
Liability-related				
Finance costs (Note 12(a))	274,714	17,682	2	292,398
Unrealised foreign exchange gains	(41,195)	(5,308)	-	(46,503)
Balance as at 31 December 2019	6,052,102	303,913	33	6,356,048

During the current financial period, the Group and the Company have terminated the term loans.

35. Provision for aircraft maintenance

	Group and Company	
	2021	2019
	RM'000	RM'000
Aircraft maintenance provision		
Current	29,469	88,710
Non-current	1,339,809	1,209,684
	1,369,278	1,298,394

The movements in the provision account are as follows:

	Group and Company	
	2021	2019
	RM'000	RM'000
At 1 January	1,298,394	792,697
Additions during the financial period	611,629	534,860
Reversal and utilisation during the financial period	(540,745)	(29,163)
At 30 June/ 31 December	1,369,278	1,298,394

36. Share capital

	Group and Company	
	2021	2019
	RM'000	RM'000
Issued and fully paid up:		
At beginning of financial period/year	1,534,043	1,534,043
Issued during the financial period/year	1	-
At end of financial period/year	1,534,044	1,534,043

During the financial period, there is an exercise of warrants of 550 shares with the issue price per share of RM0.46, which is equivalent to RM253.

37. Warrant and other reserves

	Group and Company	
	Cash flow hedge reserve	
	2021	2019
	RM'000	RM'000
At 1 January	30,452	(99,169)
Net change in fair value, net of deferred tax	(30,452)	129,621
At 30 June/ 31 December	-	30,452

37. Warrant and other reserves (cont'd.)

Warrant reserve

On 11 June 2015, the Company completed a renounceable rights issue of new ordinary shares of RM0.15 each in the Company together with free detachable warrants for working capital purpose. As a result, 1,777,777,790 ordinary shares of RM0.15 each were issued during the financial year ended 31 December 2015. These new ordinary shares rank pari passu with the existing ordinary shares. Following the completion of the exercise, the issued and fully paid ordinary shares of the Company consists of 4,148,149,102 ordinary shares of RM0.15 each with a share premium of RM911,820,644 and warrant reserve of RM62,222,223. Each warrant is entitled at any time during the exercise period, to subscribe for one new ordinary share at the exercise price of RM0.46.

On 6 June 2020, all unexercised warrants remaining in a depositor's securities account with Bursa Depository will be withdrawn from the respective depositor's securities account.

38. Capital commitments

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

	Group and Company	
	2021	2019
	RM'000	RM'000
Property, plant and equipment approved and contracted for:		
- later than 1 year and not later than 5 years	65,122,636	64,424,839
- later than 5 years	71,687,097	70,918,961
	136,809,733	135,343,800

The approved and contracted capital commitments for the Group and the Company are in respect of aircraft purchase. The Group and the Company has made an estimated provision of termination of RM25.16 billion (Note 10) as of 30 June 2021, in relation to the capital commitment, where the Group and the Company are in default under the terms of the relevant contracts, though the aforementioned provision will be waived upon a successful completion of the proposed debt restructuring exercise.

39. Significant related party transactions

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party disclosures.

The related parties of the Group and of the Company and their relationships at 30 June 2021 are as follows:

Name of Companies	Relationship
AirAsia X Services Pty Ltd	Subsidiary
AirAsia X Mauritius One Ltd	Subsidiary
Thai AirAsia X Co., Ltd	Associate
PT Indonesia AirAsia Extra	Joint Venture
AirAsia Berhad	Shareholder of the Company for which there is no control, significant influence or joint control; common Directors and shareholders
<u>Subsidiaries of AirAsia Group Berhad</u>	
- AirAsia SEA Sdn Bhd	Common Directors and shareholders
- Rokki Sdn Bhd	Common Directors and shareholders
- BIGLIFE Sdn Bhd	Common Directors and shareholders
- Ground Team Red Sdn Bhd	Common Directors and shareholders
- Teleport Commerce Malaysia Sdn Bhd (formerly known as Red Cargo Logistics Sdn Bhd)	Common Directors and shareholders
- Teleport Everywhere Pte Ltd	Common Directors and shareholders
- AirAsia (Guanghou) Aviation Service Limited	Common Directors and shareholders
<u>Associates of AirAsia Group Berhad</u>	
- Thai AirAsia Co., Ltd	Common Directors and shareholders
- PT Indonesia AirAsia	Common Directors and shareholders
- AirAsia Japan Co. Ltd	Common Directors and shareholders
- Philippines AirAsia Inc	Common Directors and shareholders
<u>Other related entities</u>	
- Ormond Lifestyle Services Sdn Bhd (formerly known as Yummy Kitchen Sdn Bhd)	Common Directors and shareholders
- Tune Insurance Malaysia Berhad	Common Directors and shareholders
- AirAsia (India) Pvt Ltd	Common Directors and shareholders

39. Significant related party transactions (cont'd.)

All related party transactions were carried out on agreed terms and conditions.

Key management personnel are categorised as head or senior management officers of key operating divisions within the Group and the Company. The key management compensation is disclosed in Note 39(f).

	Group	
	2021 RM'000	2019 RM'000
(a) Income:		
Aircraft operating lease income for leased aircraft		
- AAX Mauritius One Limited	-	-
- PT Indonesia AirAsia Extra	62,154	65,655
- Thai AirAsia X Co., Ltd	489,559	378,640
Commission on travel insurance for passengers charged to Tune Insurance Malaysia Berhad	455	1,974
Provision of lounge services to AirAsia Berhad	280	1,832
Management fees charged to PT Indonesia AirAsia	-	2,329
Sale of ticket and other ancillary revenue to BIGLIFE Sdn Bhd	753	17,738
Ground handling fees charged to Thai AirAsia Co., Ltd	285	1,376
Ground handling fees charged to Philippines AirAsia Inc	859	5,921
Sale of cargo transportation to Teleport Everywhere Pte Ltd	56,591	-
Sale of cargo transportation to Teleport Commerce Malaysia Sdn Bhd	83,061	185,957

39. Significant related party transactions (cont'd.)

	Group 2021 RM'000	2019 RM'000
(b) Recharges:		
Recharges of expenses to		
- Philippines AirAsia Inc	3,809	3,669
- Thai AirAsia Co., Ltd	410	862
- AirAsia Japan Co., Ltd	131	556
- PT Indonesia AirAsia	24	36
- Thai AirAsia X Co., Ltd	18,481	37,789
- PT Indonesia AirAsia Extra	2,589	2,164
- AirAsia (Guanghou) Aviation Service Limited	2,355	392
Recharges of expenses by		
- AirAsia Berhad	(6,064)	(21,618)
- AirAsia Japan Co., Ltd	(678)	(2,426)
- AirAsia (India) Pvt Ltd	(388)	(777)
- AirAsia SEA Sdn Bhd	(517)	(2,273)
- Ground Team Red Sdn Bhd	187	(656)
(c) Other charges:		
Management fees charged by AirAsia X Services Pty Ltd (Note 9)	-	-
Brand license fee charged by AirAsia Berhad	(4,715)	(8,600)
Office rental charged by AirAsia Berhad	(5,040)	(3,360)
In-flight entertainment system and software expense charged by Rokki Sdn Bhd	(1,119)	(4,476)
Shared service management fee charged by AirAsia SEA Sdn Bhd	(2,760)	(3,551)
Provision of food catering services charged by Ormond Lifestyle Services Sdn Bhd	(333)	(1,537)

39. Significant related party transactions (cont'd.)

	Group 2021 RM'000	2019 RM'000
(c) Other charges (cont'd.):		
Ground handling services charged by Ground Team Red Sdn Bhd	(9,995)	(39,763)
Purchase of loyalty point from BIGLIFE Sdn Bhd	(620)	(6,538)
Turnaround charges charged by AirAsia (Guanghou) Aviation Service Limited	(651)	(5,089)
Marketing funds charged by AirAsia (Guanghou) Aviation Service Limited	(1,009)	(13,985)
Premium collected on travel insurance for passengers to Tune Insurance Malaysia Berhad	(1,819)	(7,898)
(d) Receivables:		
- AAX Mauritius One Limited	-	-
- Teleport Commerce Malaysia Sdn Bhd	-	38,140
- Thai AirAsia X Co., Ltd	173,974	167,937
- PT Indonesia AirAsia Extra	-	4,501
- AirAsia Berhad	-	71,039
- Others	4,068	10,149
	178,042	291,766
(e) Payables:		
- Thai AirAsia X Co., Ltd	173,909	259,099
- AirAsia Berhad	315,077	-
- AirAsia (Guanghou) Aviation Service Limited	1,782	6,892
- Philippines AirAsia Inc	-	354
- PT Indonesia AirAsia	5,374	6,183
- Thai AirAsia Co., Ltd	10,828	6,105
- Ground Team Red Sdn Bhd	15,978	5,726
- Others	4,867	5,356
	527,815	289,715

39. Significant related party transactions (cont'd.)

	Company 2021 RM'000	2019 RM'000
(a) Income:		
Aircraft operating lease income for leased aircraft		
- AAX Mauritius One Limited	489,559	378,640
- PT Indonesia AirAsia Extra	62,154	65,655
- Thai AirAsia X Co., Ltd	-	-
Commission on travel insurance for passengers charged to Tune Insurance Malaysia Berhad	455	1,974
Provision of lounge services to AirAsia Berhad	280	1,832
Management fees charged to PT Indonesia AirAsia	-	-
Sale of ticket and other ancillary revenue to BIGLIFE Sdn Bhd	753	17,738
Ground handling fees charged to Thai AirAsia Co., Ltd	285	1,376
Ground handling fees charged to Philippines AirAsia Inc	859	5,921
Sale of cargo transportation to Teleport Everywhere Pte Ltd	56,591	-
Sale of cargo transportation to Teleport Commerce Malaysia Sdn Bhd	83,061	185,957

39. Significant related party transactions (cont'd.)

	Company 2021 RM'000	2019 RM'000
(b) Recharges:		
Recharges of expenses to		
- Philippines AirAsia Inc	3,809	3,669
- Thai AirAsia Co., Ltd	410	862
- AirAsia Japan Co., Ltd	131	556
- PT Indonesia AirAsia	24	36
- Thai AirAsia X Co., Ltd	18,481	37,789
- PT Indonesia AirAsia Extra	2,589	2,164
- AirAsia (Guanghou) Aviation Service Limited	2,355	392
Recharges of expenses by		
- AirAsia Berhad	(6,064)	(21,618)
- AirAsia Japan Co., Ltd	(678)	(2,426)
- AirAsia (India) Pvt Ltd	(388)	(777)
- AirAsia SEA Sdn Bhd	(517)	(2,273)
- Ground Team Red Sdn Bhd	187	(656)
(c) Other charges:		
Management fees charged by AirAsia X Services Pty Ltd (Note 9)	(7,285)	(8,930)
Brand license fee charged by AirAsia Berhad	(4,715)	(8,600)
Office rental charged by AirAsia Berhad	(5,040)	(3,360)
In-flight entertainment system and software expense charged by Rokki Sdn Bhd	(1,119)	(4,476)
Shared service management fee charged by AirAsia SEA Sdn Bhd	(2,760)	(3,551)
Provision of food catering services charged by Ormond Lifestyle Services Sdn Bhd	(333)	(1,537)

39. Significant related party transactions (cont'd.)

	Company 2021 RM'000	2019 RM'000
(c) Other charges (cont'd.):		
Ground handling services charged by Ground Team Red Sdn Bhd	(9,995)	(39,763)
Purchase of loyalty point from BIGLIFE Sdn Bhd	(620)	(6,538)
Turnaround charges charged by AirAsia (Guanghou) Aviation Service Limited	(651)	(5,089)
Marketing funds charged by AirAsia (Guanghou) Aviation Service Limited	(1,009)	(13,985)
Premium collected on travel insurance for passengers to Tune Insurance Malaysia Berhad	(1,819)	(7,898)
(d) Receivables:		
- AAX Mauritius One Limited	170,238	127,795
- Teleport Commerce Malaysia Sdn Bhd	-	38,140
- Thai AirAsia X Co., Ltd	41,915	66,733
- PT Indonesia AirAsia Extra	-	4,501
- AirAsia Berhad	-	71,039
- Others	4,068	16,583
	216,221	324,791

39. Significant related party transactions (cont'd.)

	Company 2021 RM'000	Company 2019 RM'000
(e) Payables:		
- Thai AirAsia X Co., Ltd	212,154	285,721
- AirAsia Berhad	315,077	-
- AirAsia Leasing One Ltd	8,837	-
- AirAsia Leasing Two Ltd	46,262	-
- AirAsia Leasing Three Ltd	3,736	-
- AirAsia Leasing Four Ltd	5,158	-
- AirAsia Leasing Five Ltd	3,245	-
- AirAsia Leasing Six Ltd	4,325	-
- AirAsia Leasing Seven Ltd	3,357	-
- AirAsia Leasing Eight Ltd	5,709	-
- AirAsia Leasing Nine Ltd	30,114	-
- AirAsia Leasing Ten Ltd	1,847	-
- AirAsia Leasing Eleven Ltd	155,653	-
- AirAsia (Guanghou) Aviation Service Limited	1,782	6,892
- Philippines AirAsia Inc	-	354
- PT Indonesia AirAsia	5,374	8,650
- Thai AirAsia Co., Ltd	10,828	6,105
- Ground Team Red Sdn Bhd	15,978	5,726
- Others	5,282	8,255
	834,718	321,703

(f) Key management personnel compensation:

	Group 2021 RM'000	Group 2019 RM'000	Company 2021 RM'000	Company 2019 RM'000
Basic salaries, bonus and allowances	6,254	5,564	6,254	5,564
Defined contribution plan	594	494	594	494
	6,848	6,058	6,848	6,058

40. Financial risk management policies

The Group's and the Company's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses whilst managing their market risk (including fuel price risk, interest rate risk and foreign currency exchange risk), credit risk and liquidity and cash flow risk. The Group and the Company operate within defined guidelines that are approved and reviewed periodically by the Board of Directors to minimise the effects of such volatility on their financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The management team then establishes detailed policies such as risk identification and measurement, exposure limits and risk management strategies. Risk management policies and procedures are reviewed regularly to reflect changes in the market condition, and the Group's and the Company's activities.

The Group and the Company also seek to ensure that the financial resources that are available for the development of the Group's and the Company's businesses are constantly monitored and managed by implementing the turnaround plans as further disclosed in Note 46.

The policies in respect of the major areas of treasury activities are as follows:

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign currency exchange rates, jet fuel prices and interest rates. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimising the return on risk.

(i) Fuel price risk

The Group and the Company are exposed to jet fuel price risk arising from the fluctuations in the prices of jet fuel. The Group and the Company rely on a related party for certain treasury activities, including hedging of fuel price, which is contracted and managed by the related party. Any gain or loss arising from fuel hedging is recognised when the risk transfers to the Group and the Company upon consumption of the fuel, within "Aircraft fuel expenses" in Operating Expenses.

40. Financial risk management policies (cont'd.)

The policies in respect of the major areas of treasury activities are as follows (cont'd.):

(a) Market risk (cont'd.)

(i) Fuel price risk (cont'd.)

During the financial period ended 30 June 2021, the Group and the Company has not entered into Brent fixed swap contracts. There were 4,842,043 barrels (Note 22) of Brent and fuel contracts outstanding as at 31 December 2019.

As at 30 June 2021, if USD denominated barrel had been USD5 higher/lower with all other variables held constant, the impact on the post-tax profit/(loss) and equity for the year end equity are tabulated below:

	2021		2019	
	+USD5	-USD5	+USD5	-USD5
	RM’000	RM’000	RM’000	RM’000
Impact on other comprehensive income/ (loss)	-	-	98,122	(98,122)

(ii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

40. Financial risk management policies (cont'd.)

The policies in respect of the major areas of treasury activities are as follows (cont'd.):

(a) Market risk (cont'd.)

(ii) Interest rate risk (cont'd.)

In view of the substantial borrowings taken to finance the acquisition of aircraft, the Group's and the Company's income and operating cash flows are also influenced by changes in market interest rates. Interest rate exposure arises from the Group's and the Company's floating rate borrowings and deposits. Surplus funds are placed with reputable financial institutions at the most favourable interest rate.

At 30 June 2021, if interest rate on USD denominated borrowings had been 60 basis points higher/lower with all other variables held constant, the impact on the post-tax (loss)/profit for the financial period/year are tabulated below:

	2021		2019	
	+60bps RM'000	-60bps RM'000	+60bps RM'000	-60bps RM'000
Impact on post tax (loss)/ profits	(1,758)	1,758	(1,839)	1,839

40. Financial risk management policies (cont'd.)

The policies in respect of the major areas of treasury activities are as follows (cont'd.):

(a) Market risk (cont'd.)

(iii) Foreign currency risk

Apart from Ringgit Malaysia ("RM"), the Group and the Company transact business in various foreign currencies including United States Dollar ("USD"), Australian Dollar ("AUD"), EURO, Indian Rupee ("INR"), Chinese Renminbi ("RMB") and Japanese Yen ("JPY"). In addition, the Group and the Company have significant borrowings in USD (Note 34), mainly to finance the purchase of aircraft and pre-delivery payments in respect of the Group's and the Company's firm order of Airbus A330-300 aircraft. Therefore, the Group and the Company are exposed to currency exchange risk. These exposures are managed, to the extent possible, by natural hedges that arise when payments for foreign currency payables are matched against receivables denominated in the same foreign currency, or whenever possible by intragroup arrangements and settlements.

As at 30 June 2021, if RM had weakened/strengthened by 5% against the USD with all other variables held constant, the impact on the post-tax (loss)/profit for the financial period/year are tabulated below:

	2021		2019	
	+5%	-5%	+5%	-5%
	RM'000	RM'000	RM'000	RM'000
Impact on post tax (loss)/ profits	(349,464)	349,464	(222,356)	222,356

The exposure to other foreign currency risk of the Group and the Company is not material and hence, sensitivity analysis is not presented.

40. Financial risk management policies (cont'd.)

The policies in respect of the major areas of treasury activities are as follows (cont'd.):

(a) Market risk (cont'd.)

(iii) Foreign currency risk (cont'd.)

The Group's currency exposure is as follows:

	Note	USD RM'000	AUD RM'000	EURO RM'000	INR RM'000	RMB RM'000	JPY RM'000	Others RM'000
At 30 June 2021								
Financial assets								
Trade and other receivables	24	1,127,020	1,841	2	240	229	344	1,045
Amount due from an associate	25	173,944	-	-	-	-	-	30
Amount due from related parties	28	2,583	-	-	-	-	-	-
Deposits, cash and bank balances	32	53,702	498	54	28	5,311	2,262	952
		1,357,249	2,339	56	268	5,540	2,606	2,027
Financial liabilities								
Trade and other payables	33	1,426,217	6,960	1,567	8,302	23,821	21,976	38,219
Amount due to an associate	29	173,909	-	-	-	-	-	-
Amount due to related parties	31	16,389	-	-	-	-	-	1,569
Borrowings	34	6,730,019	-	-	-	-	-	-
		8,346,534	6,960	1,567	8,302	23,821	21,976	39,788
Net exposure		(6,989,285)	(4,621)	(1,511)	(8,034)	(18,281)	(19,370)	(37,761)

40. Financial risk management policies (cont'd.)

The policies in respect of the major areas of treasury activities are as follows (cont'd.):

(a) Market risk (cont'd.)

(iii) Foreign currency risk (cont'd.)

The Group’s currency exposure is as follows:

	Note	USD RM’000	AUD RM’000	EURO RM’000	INR RM’000	RMB RM’000	JPY RM’000	Others RM’000
At 31 December 2019								
Financial assets								
Finance lease receivables	18	1,012,674	-	-	-	-	-	-
Trade and other receivables	24	966,902	8,055	213	4,837	1,513	6,202	3,116
Amount due from an associate	25	167,937	-	-	-	-	-	-
Amount due from a joint venture	27	4,501	-	-	-	-	-	-
Amount due from related parties	28	4,705	-	-	-	-	-	49,921
Deposits, cash and bank balances	32	65,289	39,508	778	16,654	2,227	21,359	20,026
Derivative financial assets	22	45,926	-	-	-	-	-	-
		2,267,934	47,563	991	21,491	3,740	27,561	73,063
Financial liabilities								
Trade and other payables	33	211,652	23,548	1,336	9,867	24,481	45,768	32,857
Amount due to an associate	29	259,099	-	-	-	-	-	-
Amount due to related parties	31	12,642	-	-	-	-	-	6,891
Borrowings	34	6,225,811	-	-	-	-	-	-
Derivative financial libialities	22	5,858	-	-	-	-	-	-
		6,715,062	23,548	1,336	9,867	24,481	45,768	39,748
Net exposure		(4,447,128)	24,015	(345)	11,624	(20,741)	(18,207)	33,315

40. Financial risk management policies (cont'd.)

The policies in respect of the major areas of treasury activities are as follows (cont'd.):

(a) Market risk (cont'd.)

(iii) Foreign currency risk (cont'd.)

The Company's currency exposure is as follows:

	Note	USD RM'000	AUD RM'000	EURO RM'000	INR RM'000	RMB RM'000	JPY RM'000	Others RM'000
At 30 June 2021								
Financial assets								
Trade and other receivables	24	1,127,020	1,841	2	240	229	344	1,045
Amount due from an associate	25	41,915	-	-	-	-	-	-
Amount due from subsidiaries	26	170,238	-	-	-	-	-	-
Amount due from related parties	28	2,583	-	-	-	-	-	-
Deposits, cash and bank balances	32	53,645	446	54	28	5,311	2,262	952
		1,395,401	2,287	56	268	5,540	2,606	1,997
Financial liabilities								
Trade and other payables	33	1,153,339	9,482	1,567	8,302	23,821	21,976	38,219
Amount due to an associate	29	211,691	-	-	-	-	-	463
Amount due to subsidiaries	30	268,259	-	-	-	-	-	399
Amount due to related parties	31	16,389	-	-	-	-	-	1,569
Borrowings	34	6,814,753	-	-	-	-	-	-
		8,464,431	9,482	1,567	8,302	23,821	21,976	40,650
Net exposure		(7,069,030)	(7,195)	(1,511)	(8,034)	(18,281)	(19,370)	(38,653)

40. Financial risk management policies (cont'd.)

The policies in respect of the major areas of treasury activities are as follows (cont'd.):

(a) Market risk (cont'd.)

(iii) Foreign currency risk (cont'd.)

The Company's currency exposure is as follows:

	Note	USD RM'000	AUD RM'000	EURO RM'000	INR RM'000	RMB RM'000	JPY RM'000	Others RM'000
At 31 December 2019								
Financial assets								
Finance lease receivables	18	1,012,674	-	-	-	-	-	-
Trade and other receivables	24	966,902	8,055	213	4,837	1,513	6,202	3,116
Amount due from an associate	25	66,733	-	-	-	-	-	-
Amount due from subsidiaries	26	133,929	-	-	-	-	-	-
Amount due a joint venture	27	4,501	-	-	-	-	-	-
Amount due related parties	28	4,705	-	-	-	-	-	49,921
Deposits, cash and bank balances	32	47,651	37,190	778	16,654	2,227	21,359	20,026
Derivative financial assets	22	45,926	-	-	-	-	-	-
		2,283,021	45,245	991	21,491	3,740	27,561	73,063
Financial liabilities								
Trade and other payables	33	202,463	20,464	1,336	9,867	24,481	45,768	32,858
Amount due to an associate	29	285,388	-	-	-	-	-	333
Amount due to subsidiaries	30	1,914	-	-	-	-	-	984
Amount due to related parties	31	15,109	-	-	-	-	-	6,892
Borrowings	34	6,316,248	-	-	-	-	-	-
Derivative financial libialities	22	5,858	-	-	-	-	-	-
		6,826,980	20,464	1,336	9,867	24,481	45,768	41,067
Net exposure		(4,543,959)	24,781	(345)	11,624	(20,741)	(18,207)	31,996

40. Financial risk management policies (cont'd.)

The policies in respect of the major areas of treasury activities are as follows (cont'd.):

(b) Credit risk

Credit risk is the risk of financial loss to the Group and the Company if a customer or a counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Group’s and the Company’s receivables from customers, cash and cash equivalents and financial assets (derivative instruments).

The Group’s and the Company’s exposure to credit risk or the risk of counterparties defaulting arises mainly from various deposits and bank balances, and receivables. As the Group and the Company do not hold collateral, the maximum exposure to credit risk is represented by the total carrying amounts of these financial assets in the financial position. Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures.

Credit risk relating to receivables is minimised by regular monitoring and, in addition, credit risk is controlled as the majority of the Group’s and the Company’s deposits and bank balances are placed with major financial institutions and reputable parties. The Directors are of the view that the possibility of non-performance by the majority of these financial institutions is remote on the basis of their financial strength and support of their respective governments.

(c) Liquidity and cash flow risk

The Group’s and the Company’s policy on liquidity risk management is to maintain sufficient cash and cash equivalents and to have available funding through adequate amounts of committed credit facilities and credit lines for working capital requirements.

Following the COVID-19 pandemic, the liquidity of the Group is impacted as it is influenced by the booking and payment pattern of customers which saw a decline. Further details are as disclosed in Note 46.

The management will continue to monitor liquidity reserves and rolling cash flow forecasts throughout the year based on the measures put in place as disclosed in Note 46 and also potential impacts from events outside the Group's control.

40. Financial risk management policies (cont'd.)

The policies in respect of the major areas of treasury activities are as follows (cont'd.):

(c) Liquidity and cash flow risk (cont'd.)

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Note	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Group					
At 30 June 2021					
Term loans	34	292,916	-	-	-
Hire purchase	34	13	2	-	-
Lease liabilities	34	6,473,678	-	-	-
Trade and other payables	33	1,741,420	-	-	589
Provision for termination	10	25,163,344	-	-	-
Amount due to an associate	29	3,625	-	-	170,284
Amount due to related parties	31	353,906	-	-	-
		34,028,902	2	-	170,873
At 31 December 2019					
Term loans	34	56,541	56,538	169,615	21,219
Hire purchase	34	11	13	9	-
Lease liabilities	34	803,518	838,345	2,432,636	1,887,166
Trade and other payables	33	823,811	-	-	14,818
Amount due to an associate	29	45,391	-	-	213,708
Amount due to related parties	31	30,616	-	-	-
		1,759,888	894,896	2,602,260	2,136,911

40. Financial risk management policies (cont'd.)

The policies in respect of the major areas of treasury activities are as follows (cont'd.):

(c) Liquidity and cash flow risk (cont'd.)

	Note	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Company					
At 30 June 2021					
Term loans	34	292,916	-	-	-
Hire purchase	34	13	2	-	-
Lease liabilities	34	6,558,412	-	-	-
Trade and other payables	33	1,471,064	-	-	589
Provision for termination	10	25,163,344	-	-	-
Amount due to subsidiaries	30	268,658	-	-	-
Amount due to an associate	29	41,870	-	-	170,284
Amount due to related parties	31	353,906	-	-	-
		34,150,183	2	-	170,873
At 31 December 2019					
Term loans	34	56,541	56,538	169,615	21,219
Hire purchase	34	11	13	9	-
Lease liabilities	34	820,038	853,920	2,469,872	1,908,272
Trade and other payables	33	811,539	-	-	14,818
Amount due to subsidiaries	30	2,898	-	-	-
Amount due to an associate	29	72,013	-	-	213,708
Amount due to related parties	31	33,084	-	-	-
		1,796,124	910,471	2,639,496	2,158,017

40. Financial risk management policies (cont'd.)

The policies in respect of the major areas of treasury activities are as follows (cont'd.):

(d) Capital risk management

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group and the Company monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the Group's and the Company's financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the Group's and the Company's financial position plus net debt.

Following the COVID-19 pandemic, the Group's and the Company's overall strategies are as disclosed in Note 46. The gearing ratio as at 30 June 2021 and 31 December 2019 were as follows:

	Group		Company	
	30.6.2021 RM'000	31.12.2019 RM'000	30.6.2021 RM'000	31.12.2019 RM'000
Total borrowings (Note 34)	6,766,609	6,265,611	6,851,343	6,356,048
Less: Cash and cash equivalents (Note 32)	(68,466)	(307,619)	(68,349)	(287,605)
Net debt	6,698,143	5,957,992	6,782,994	6,068,443
Total equity attributable to equity holders of the Group and Company	(33,581,664)	137,929	(33,664,997)	123,020
Total capital	(26,883,521)	6,095,921	(26,882,003)	6,191,463
Gearing ratio	(0.25)	0.98	(0.25)	0.98

40. Financial risk management policies (cont'd.)

The policies in respect of the major areas of treasury activities are as follows (cont'd.):

(d) Capital risk management (cont'd.)

On 15 September 2021, the High Court of Malaya at Kuala Lumpur had granted an order for, amongst others, an extension of time until 17 March 2022 for the Company to convene separate meetings of the creditors pursuant to Section 366(1) of the Companies Act 2016 for the purpose of considering and, if thought fit, approving with or without modification the Proposed Debt Restructuring to be proposed by the Company to the creditors.

(e) Fair value measurement

The carrying amounts of cash and cash equivalents, trade and other current assets, and trade and other current liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

Determination of fair value and fair value hierarchy

The Group’s and the Company's financial instruments are measured in the financial position at fair value. Disclosure of fair value measurements are by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's and the Company’s assets and liabilities that are measured at fair value.

Group	Level 1 RM’000	Level 2 RM’000	Level 3 RM’000	Total RM’000
30 June 2021				
Liabilities				
Loans and borrowings	-	(6,473,693)	-	(6,473,693)

40. Financial risk management policies (cont'd.)

The policies in respect of the major areas of treasury activities are as follows (cont'd.):

(e) Fair value measurement (cont'd.)

The following table presents the Group's and the Company's assets and liabilities that are measured at fair value. (cont'd.)

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2019				
Assets				
Derivatives used for hedging	-	45,926	-	45,926
Liabilities				
Derivatives used for hedging	-	(5,858)	-	(5,858)
Loans and borrowings	-	(5,961,698)	-	(5,961,698)
	-	(5,921,630)	-	(5,921,630)

Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30 June 2021				
Liabilities				
Loans and borrowings	-	(6,558,427)	-	(6,558,427)
31 December 2019				
Assets				
Derivatives used for hedging	-	45,926	-	45,926
Liabilities				
Derivatives used for hedging	-	(5,858)	-	(5,858)
Loans and borrowings	-	(6,052,135)	-	(6,052,135)
	-	(6,012,067)	-	(6,012,067)

41. Financial instruments

(a) Financial instruments by category

	Group Amortised cost RM'000	Company Amortised cost RM'000
30 June 2021		
Assets as per statement of financial position		
Trade and other receivables excluding prepayments and deferred lease expense	1,136,096	1,136,096
Amount due from subsidiaries	-	170,238
Amount due from an associate	173,974	41,915
Amount due from related parties	4,068	4,068
Deposits, cash and bank balances	74,110	73,993
Total	1,388,248	1,426,310
Liabilities as per statement of financial position		
Borrowings	6,766,609	6,851,343
Trade and other payables excluding deferred lease income	1,739,308	1,468,952
Amount due to subsidiaries	-	268,658
Amount due to an associate	173,909	212,154
Amount due to related parties	353,906	353,906
Total	9,033,732	9,155,013

41. Financial instruments (cont'd.)

(a) Financial instruments by category (cont'd.)

Group	Assets at fair value through other comprehensive income RM'000	Amortised cost RM'000	Total RM'000
31 December 2019			
Assets as per statement of financial position			
Derivative financial assets	45,926	-	45,926
Trade and other receivables excluding prepayments and deferred lease expense	-	1,021,028	1,021,028
Finance lease receivables	-	1,012,674	1,012,674
Amount due from an associate	-	167,937	167,937
Amount due from a joint venture	-	4,501	4,501
Amount due from related parties	-	119,328	119,328
Deposits, cash and bank balances	-	357,961	357,961
Total	45,926	2,683,429	2,729,355
Liabilities as per statement of financial position			
Derivative financial liabilities	5,858	-	5,858
Borrowings	-	6,265,611	6,265,611
Trade and other payables excluding deferred lease income	-	831,997	831,997
Amount due to an associate	-	259,099	
Amount due to related parties	-	30,616	30,616
Total	5,858	7,387,323	7,134,082

41. Financial instruments (cont'd.)

Company 31 December 2019	Assets at fair value through other comprehensive income RM'000	Amortised cost RM'000	Total RM'000
Assets as per statement of financial position			
Derivative financial assets	45,926	-	45,926
Trade and other receivables excluding prepayments and deferred lease expense	-	1,021,025	1,021,025
Finance lease receivables	-	1,012,674	1,012,674
Amount due from subsidiaries	-	134,229	134,229
Amount due from an associate	-	66,733	66,733
Amount due from a joint venture	-	4,501	4,501
Amount due from related parties	-	119,328	119,328
Deposits, cash and bank balances	-	337,947	337,947
Total	45,926	2,696,437	2,742,363
Liabilities as per statement of financial position			
Derivative financial liabilities	5,858	-	5,858
Borrowings	-	6,356,048	6,356,048
Trade and other payables excluding deferred lease income	-	819,725	819,725
Amount due to subsidiaries	-	2,898	2,898
Amount due to an associate	-	285,721	285,721
Amount due to related parties	-	33,084	33,084
Total	5,858	7,497,476	7,503,334

41. Financial instruments (cont'd.)

(b) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	Group 2021 RM'000	Group 2019 RM'000	Company 2021 RM'000	Company 2019 RM'000
Counterparties without external credit rating				
Group 1	-	-	-	-
Group 2	238	15,414	238	15,414
Total trade receivables that are neither past due nor impaired (Note 24 (a)(i))	238	15,414	238	15,414

	Note	Group 2021 RM'000	Group 2019 RM'000	Company 2021 RM'000	Company 2019 RM'000
Deposits, cash and bank balances					
AAA to A-		6,248	356,317	6,248	336,303
BBB to BBB-		67,689	1,295	67,572	1,295
		73,937	357,612	73,820	337,598
Cash on hand		173	349	173	349
Total	32	74,110	357,961	73,993	337,947

41. Financial instruments (cont'd.)

(b) Credit quality of financial assets (cont'd.)

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates (cont'd.):

	Note	Group 2021 RM'000	Group 2019 RM'000	Company 2021 RM'000	Company 2019 RM'000
Amount due from subsidiaries, an associate, a joint venture and related parties					
Group 1		-	-	-	-
Group 2		41,579	160,459	41,579	166,894
Total		41,579	160,459	41,579	166,894
Derivative financial assets					
AA+ to A+		-	15,525	-	15,525
A to BBB-		-	25,838	-	25,838
No rating		-	4,563	-	4,563
Total	22	-	45,926	-	45,926

Group New customers/related parties (Less than 6 months)

Group Existing customers/related parties (more than 6 months)

All other receivables and deposits are substantially with existing counterparties.

42. Segmental information

Management has determined the operating segments based on reports that are reviewed and used to make strategic decisions by the Group's CEO who is identified as the chief operating decision maker.

The Group's CEO considers the business from a geographic 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 Group's CEO assesses the performance of the operating segments based on revenue and net operating profit.

The Group's operations by geographical segments are as follows:

2021	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination adjustments RM'000	Total RM'000
Segment results					
Revenue	1,215,543	536,965	832	(244,582)	1,508,758
Operating expenses					
- Staff costs	(248,318)	(106,036)	(1,273)	-	(355,627)
- Depreciation of property, plant and equipment and ROU assets	(961,502)	(572,883)	(2,458)	307,131	(1,229,712)
- Aircraft fuel expenses	(538,450)	(364,959)	(223)	-	(903,632)
- Maintenance and overhaul	(785,425)	(352,844)	(35,777)	182,428	(991,618)
- User charges	(96,979)	(62,812)	5,256	-	(154,535)
- Aircraft operating lease expenses	(2,417)	-	(64,475)	64,475	(2,417)
- Other operating expenses	(6,106,334)	(140,154)	(7,760)	-	(6,254,248)
- Provision for termination	(25,163,344)	-	-	-	(25,163,344)
Other income	6,997	19,630	1	-	26,628
Operating (loss)/profit	(32,680,229)	(1,043,093)	(105,877)	309,452	(33,519,747)

42. Segmental information (cont'd.)

The Group's operations by geographical segments are as follows (cont'd.):

2021	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination adjustments RM'000	Total RM'000
Segment results					
Operating (loss)/profit	(32,680,229)	(1,043,093)	(105,877)	309,452	(33,519,747)
Finance income	144,051	12,111	13	(62,277)	93,898
Finance costs	(1,063,210)	(138,737)	(36)	-	(1,201,983)
Net operating loss	(33,599,388)	(1,169,719)	(105,900)	247,175	(34,627,832)
Net foreign exchange loss	(79,471)	(130,120)	(16,906)	(2,321)	(228,818)
Other (losses)/gains	(10,928)	6,053	-	-	(4,875)
Loss before taxation	(33,689,787)	(1,293,786)	(122,806)	244,854	(34,861,525)
Taxation	7	784	-	-	791
Loss after taxation	(33,689,780)	(1,293,002)	(122,806)	244,854	(34,860,734)
2019					
Segment results					
Revenue	4,233,344	1,788,373	91,013	(219,377)	5,893,353
Operating expenses					
- Staff costs	(429,016)	(206,060)	(19,736)	-	(654,812)
- Depreciation of property, plant and equipment and ROU assets	(745,434)	(325,951)	(1,935)	224,918	(848,402)
- Aircraft fuel expenses	(1,680,688)	(701,256)	(3,901)	-	(2,385,845)
- Maintenance and overhaul	(701,627)	(290,692)	(10,060)	153,722	(848,657)
- User charges	(431,336)	(350,342)	(14,728)	-	(796,406)
- Aircraft operating lease expenses	-	-	(65,655)	65,655	-
- Other operating expenses	(406,734)	(96,114)	(139,380)	-	(642,228)
Other income	41,055	36,612	-	-	77,667
Operating (loss)/profit	(120,436)	(145,430)	(164,382)	224,918	(205,330)

42. Segmental information (cont'd.)

The Group’s operations by geographical segments are as follows (cont'd.):

2019	Malaysia RM’000	Thailand RM’000	Indonesia RM’000	Elimination adjustments RM’000	Total RM’000
Segment results					
Operating (loss)/profit	(120,436)	(145,430)	(164,382)	224,918	(205,330)
Finance income	137,529	-	100	(61,904)	75,725
Finance costs	(364,911)	(86,238)	(227)	-	(451,376)
Net operating (loss)/profit	(347,818)	(231,668)	(164,509)	163,014	(580,981)
Net foreign exchange gain	42,914	417	-	-	43,331
Share of result of an associate	(1,104)	-	-	-	(1,104)
(Loss)/profit before taxation	(306,008)	(231,251)	(164,509)	163,014	(538,754)
Taxation	(344,309)	1,363	-	-	(342,946)
(Loss)/profit after taxation	(650,317)	(229,888)	(164,509)	163,014	(881,700)

2021	Malaysia RM’000	Thailand RM’000	Indonesia RM’000	Elimination adjustments RM’000	Total RM’000
Segment assets					
Non-current assets^	2,142,216	1,727,635	5,241	(268,288)	3,606,804
Investment in an associate and a joint venture	-	-	-	-	-
Current assets	350,016	337,565	135,060	(152,690)	669,951
	2,492,232	2,065,200	140,301	(420,978)	4,276,755

42. Segmental information (cont'd.)

The Group's operations by geographical segments are as follows (cont'd.):

2021	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination adjustments RM'000	Total RM'000
Segment liabilities					
Non-current liabilities	(1,510,684)	(1,759,255)	(6,189)	23,434	(3,252,694)
Current liabilities	(34,563,212)	(1,796,504)	(604,128)	152,690	(36,811,154)
	(36,073,896)	(3,555,759)	(610,317)	176,124	(40,063,848)
2019					
Segment assets					
Non-current assets^	8,065,568	2,301,725	8,535	(213,179)	10,162,649
Investment in an associate and a joint venture	-	-	-	-	-
Current assets	1,501,293	552,992	6,830	(122,273)	1,938,842
	9,566,861	2,854,717	15,365	(335,452)	12,101,491
Segment liabilities					
Non-current liabilities	(6,847,292)	(2,114,064)	(4,475)	50,165	(8,915,666)
Current liabilities	(2,581,640)	(967,005)	(369,194)	122,273	(3,795,566)
	(9,428,932)	(3,081,069)	(373,669)	172,438	(12,711,232)

^ Excluding investment in an associate and a joint venture.

42. Segmental information (cont'd.)

The Group's operations by geographical segments are as follows (cont'd.):

	2021 RM'000	2019 RM'000
(a) Reconciliation of segment revenue to reported revenue:		
Segment revenue	1,508,758	5,893,353
Less: Revenue from an associate and a joint venture which were not consolidated	(293,215)	(1,660,009)
	1,215,543	4,233,344
(b) Reconciliation of segment loss before taxation to reported loss before taxation:		
Segment loss before taxation	(34,861,525)	(538,754)
Add: Expenses from an associate and a joint venture which were not consolidated	1,171,738	232,746
	(33,689,787)	(306,008)
(c) Reconciliation of segment assets to reported total assets:		
Segment assets	4,276,755	12,101,491
Less: Assets of an associate and a joint venture which were not consolidated	(1,784,523)	(2,534,630)
	2,492,232	9,566,861
(d) Reconciliation of segment liabilities to reported total liabilities:		
Segment liabilities	(40,063,848)	(12,711,232)
Add: Liabilities of an associate and a joint venture which were not consolidated	3,989,952	3,282,300
	(36,073,896)	(9,428,932)

43. Unconsolidated structured entities

The Group and the Company have set up Merah X entities, special purpose companies ("SPC") pursuant to aircraft related borrowings obtained from various financial institutions. Under the arrangement, the Group and the Company entered into an Aircraft Instalment Sale Agreement with the SPC, permitting the company to possess and operate each of the Airbus A330-300 aircraft financed under the facility.

The SPC are orphan trust companies in which the Group and the Company have no equity interest.

The details of the Merah X entities are as follows:

Name	Country of incorporation	Purpose
Merah X Enam Limited	Malaysia	Purchase of 2 Airbus A330-300 aircraft

The SPC do not incur any losses or earn any income during the financial period ended 30 June 2021. The aircraft and the corresponding term loans and finance costs associated with the SPC have been recognised by the Group and Company upon the purchase of the aircraft.

The Group and the Company do not provide any financial support to the SPC or have any contractual obligation to make good the losses, if any.

44. Comparative figures

Certain comparative amounts of the Group and of the Company have been reclassified to conform with current year's presentation.

45. Other matters

<u>Claim filed by BOC Aviation Limited ("BOCA")</u>

AAX and AAX Leasing Two Ltd ("AAX Leasing Two"), an indirect wholly-owned subsidiary of AAX, had on 25 August 2020, received a letter dated 19 August 2020 issued by Morgan, Lewis & Bockius UK LLP ("Morgan Lewis") enclosing, amongst others, a particulars of claim dated 19 August 2020 ("Particulars of Claim") filed by Morgan Lewis on behalf of BOCA against AAX and AAX Leasing Two in the High Court of Justice - Business and Property Courts of England and Wales ("High Court of England and Wales") ("said Claim").

BOCA is an aircraft operating leasing company. AAX Leasing Two has leased 4 aircraft from BOCA pursuant to 4 individual aircraft lease agreements, all dated 24 November 2014 as novated, amended and restated on 28 December 2018 ("BOCA Lease Agreements").

45. Other matters (cont'd.)

Claim filed by BOC Aviation Limited ("BOCA") (cont'd.)

In the Particulars of Claim, BOCA claimed that the said Claim is in relation to:-

(a) the alleged breach of AAX Leasing Two's obligations under the BOCA Lease Agreements; and

(b) the alleged breach of AAX's obligations under 4 guarantees, all dated 28 December 2018 issued by AAX in favour of BOCA pursuant to the BOCA Lease Agreements ("Guarantees").

In connection to the said Claim, BOCA had in the Particulars of Claim claimed for, amongst others, the sum of USD22,975,392 from AAX and AAX Leasing Two, representing the outstanding amounts due as a debt under the BOCA Lease Agreements and the Guarantees.

On 20 November 2020, AAX announced that AAX and AAX Leasing Two had respectively been served with a sealed copy of the order dated 6 November 2020 made by the High Court of England and Wales in respect of the said Claim ("said Order").

The High Court of England and Wales has in the said Order ordered, amongst others, the following:-

(a) BOCA is granted summary judgment against the Company and AAX Leasing Two on the said Claim;

(b) AAX and AAX Leasing Two shall pay:-

    (1) a sum of USD23,376,779, comprising the sum of (aa) USD22,975,392 (inclusive of interest to 30 June 2020) claimed in the said Claim and (bb) USD401,387 in respect of interest between 1 July 2020 and 6 November 2020;

    (2) post-judgement interest on the above sum at the Default Rate (as defined in the BOCA Lease Agreements); and

    (3) a sum of £75,000.00, being BOCA's cost of the said Claim (summarily assessed).

AAX and AAX Leasing Two had respectively been served with the Notice to Judgment Debtors of Registration of Foreign Judgment dated 7 December 2020 filed in the High Court at Kuala Lumpur in respect of the registration of the said Order by BOCA as a Judgment of the High Court.

45. Other matters (cont'd.)

Claim filed by BOC Aviation Limited ("BOCA") (cont'd.)

AAX had on 14 December 2020 filed and served on the solicitors of BOCA an application to set aside the registration of the said Order as a Judgment of the High Court. AAX, AAX Leasing Two and BOCA had on 25 May 2021 filed their respective written submissions and thereafter reply submissions were filed by the parties on 12 July 2021 and 14 July 2021 respectively. The hearing initially fixed on 27 October 2021 was vacated and has now been converted into a case management.

The solicitors of AAX and AAX Leasing Two are of the view that AAX and AAX Leasing Two's chances of success is dependent on the progress of the Proposed Debt Restructuring and that AAX and AAX Leasing Two have a fair chance of success in setting aside the registration of the said Order by BOCA as a Judgment of the High Court.

Claim filed by International Lease Finance Corporation ("ILFC")

AAX and its subsidiaries, AAX Mauritius One Ltd. ("AAX Mauritius") and AAX Leasing Four Ltd. ("AAX Leasing Four") had on 19 November 2020, each been served with a Judgement for claimant (in default) dated 13 November 2020 (and sealed on 18 November 2020) ("Judgement") obtained by ILFC (as trustee) ("Claimant") against AAX, AAX Mauritius and AAX Leasing Four respectively, in the High Court of Justice, Queens Bench Division, Commercial Court ("High Court of Justice").

ILFC is an aircraft operating leasing company. AAX Leasing Four has leased 2 aircraft from ILFC persuant to 2 individual aircraft lease agreement ("ILFC Lease Agreement"), all dated 14 September 2012, as novated, amended and restated on 29 March 2019. The ILFC Lease Agreement had been terminated persuant to 2 termination notice, all dated 29 December 2020.

The High Court of Justice has pursuant to the Judgement, ordered each of AAX, AAX Mauritius and AAX Leasing Four to pay the sum of £6,581,868 (inclusive of costs and interests to the date of the judgement) to the Claimant.

As at the 29 October 2021, AAX has not received any notice in relation to the registration of the Judgment by ILFC with the High Court of Justice pursuant to the Reciprocal Enforcement of Judgments Act 1958.

The solicitors of AAX Mauritius and AAX Leasing Four are not able to provide an opinion as to the probable outcome of this matter as no cause papers have been filed in view of the AAX Restraining Order.

45. Other matters (cont'd.)

Claim filed by Malaysia Airports (Sepang) Sdn Bhd ("MASSB")

On 10 December 2018, MASSB initiated a civil suit against AAX for outstanding passenger service charges and late payment charges.

On 18 July 2019, the High Court allowed summary judgment against AAX for the sum of RM26,718,142 in outstanding passenger service charges and RM661,749 in outstanding late payment charges.

The claim by MASSB is currently pending appeal to the Court of Appeal, which is fixed for hearing on 27 January 2022.

The solicitors of AAX are of the view that AAX has a fair chance of success in the appeal.

Claim filed by AAX and AirAsia Berhad against Malaysia Airports (Sepang) Sdn Bhd ("MASSB")

On 2 October 2019, AAX together with AirAsia Berhad (affiliate company of AAX) filed a Writ of Summons at the High Court against MASSB for the sum of RM479,781,285, being loss and damage caused by negligence and breaches of contract on the part of MASSB, its servants and/or agents in the management, operation, maintenance and/or provision of airport services and facilities at klia2.

The matter is presently pending the decision on AAX and AirAsia Berhad's joint application to expunge an affidavit filed by MASSB which contains without prejudice communications and the expungement application is fixed for hearing on 10 December 2021.

Further, there are 2 other pending applications in the suit, being MASSB's application to strike out the claim, and secondly, MASSB's application for further and better particulars of the claim, both of which are fixed for case management on 13 October 2021.

The solicitors of AAX are of the view that AAX has a fair chance in opposing the striking out application and in succeeding in the claim.

Claim filed by Malaysia Airports (Sepang) Sdn Bhd ("MASSB")

AAX had on 23 October 2020, been served with an unsealed copy of the Writ of Summons and Statement of Claim, both dated 22 October 2020, filed by MASSB against the AAX in the High Court of Kuala Lumpur ("MASSB Claim").

45. Other matters (cont'd.)

Claim filed by Malaysia Airports (Sepang) Sdn Bhd ("MASSB") (cont'd.)

In the Statement of Claim, MASSB claimed that the MASSB Claim is in respect of the sum of RM78,162,965, being the outstanding amount for various aeronautical charges which comprised of passenger service charges, passenger service security charges, aerobridge charges, aircraft parking charges, check-in counter charges, landing charges and late payment charges pursuant to the Malaysian Aviation Commission (Aviation Services Charges) Regulations 2016 and/or the conditions of use for Kuala Lumpur International Airport ("Condition of Use").

In connection to the MASSB Claim, MASSB had also sought for, amongst others, an order that MASSB's contractual and continual lien over any aircraft, parts, accessories, vehicles, equipment and/or any other property belonging to and/or under the AAX's control or any ground handler appointed by the Company under the Condition of Use shall only be discharged upon full settlement by AAX of the full sum owing to MASSB.

In response AAX filed its Statement of Defence which includes (inter alia) a counterclaim to recover amounts paid to MASSB since the coming into force of the MAVCOM Act on 1 March 2016.

Subsequently, MASSB had on 11 November 2020 filed an application for Summary Judgment ("MASSB Summary Judgment Application") solely in respect of the purportedly outstanding passenger service charges and late payment charges claimed in the Statement of Claim amounting to RM62,937,145 on the same grounds it relied on in its Statement of Claim, to which AAX has filed a reply on 4 December 2020. In addition, BNP Paribas, Singapore Branch as well as a group of 8 passengers also filed applications to intervene in the MASSB Claim.

AAX thereafter filed an application to stay all proceedings in the MASSB Claim pending the determination of the application for Proposed Debt Restructuring as well as the appeal in Section 7.4 of this Explanatory Statement, as some of which raise similar issues for the Court of Appeal's determination in relation to passenger service charges.

The application by AAX to stay all proceedings was subsequently withdrawn with no order to costs on 25 March 2021 pursuant to the agreement between the parties on the terms of the AAX Restraining Order. On 21 September 2021, the applications to intervene by BNP Paribas, Singapore Branch was heard and a Consent Order was recorded allowing BNP Paribas, Singapore Branch to intervene but only in respect of MASSB's prayers relating to the detention and sale of AAX's property. Further, the application to intervene by the 8 passengers was withdrawn with liberty to file afresh. There has yet to be a hearing date fixed for the MASSB Summary Judgment Application.

The solicitors of AAX are of the view that AAX has a fair chance of success in defending MASSB Claim and in AAX's counterclaim against MASSB.

45. Other matters (cont'd.)

Claim filed by Trip4Asia Sdn Bhd ("Trip4Asia") and MBI Marketing Sdn Bhd ("MBI Marketing") against AAX

On 5 July 2018, Trip4Asia together with MBI Marketing had initiated a civil suit against, amongst others, AAX for alleged breach of contract, fraud, misrepresentation and conspiracy to injure pertaining to a proposed charter flight to Gold Coast, Australia, of which the flight did not materialise, for an amount of RM1,353,550 in deposit refund and RM3,993,000 in loss of revenue. On 5 July 2019, the High Court had allowed the application made by AAX to strike out the claim made by Trip4Asia and MBI Marketing.

On 1 August 2019, Trip4Asia and MBI Marketing had appealed against the decision of the High Court to allow the striking out of the application by AAX.

The solicitors of AAX have confirmed that on 13 April 2021, Trip4Asia and MBI Marketing had discontinued their appeal with no order as to costs, and accordingly the matter has come to an end.

Claim filed by POS Aviation Sdn Bhd ("PASB")

On 16 March 2021, PASB commenced an action against AAX to recover the sum of RM5,249,915 in respect of the aircraft maintenance and engineering services it had provided to AAX pursuant to an agreement dated 1 March 2017.

AAX entered its Memorandum of Appearance on 31 March 2021 and informed PASB's solicitors of the AAX Restraining Order. On 20 April 2021, AAX informed the High Court that the matter was to be restrained and/or stayed in view of the extension of the AAX Restraining Order up to 17 March 2022. The High Court accordingly fixed the matter for further case management on 16 August 2021 for PASB to update the High Court on whether it is agreeable to have the matter withdrawn with liberty to file afresh.

At the case management on 16 August 2021, PASB withdrew the suit with liberty to file afresh and no order as to costs.

Claim filed by Safran Landing Systems Singapore Pte Ltd ("Safran") against AAX

On 15 March 2021, Safran had filed an originating summons against AAX and Minsheng Financial Co Ltd in the Kuala Lumpur High Court to, inter alia, take control of the aircraft to remove landing gears installed on the said aircraft. Safran's claim is premised on AAX failure to pay Safran the sum of USD1,305,066 for the landing gears and the overhaul services it provided.

On 21 June 2021, the solicitors of AAX informed the Honourable Court that the matter was to be restrained and/or stayed in view of the extension of the Restraining Order until 17 March 2022. In view of the above, the learned Judge has fixed the matter for a case management on 21 March 2022.

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46. Turnaround plans

Given that the conditions or events, as disclosed in Note 2.1, indicate the existence of multiple material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as a going concern, the Group and the Company have initiated several measures as follows:

a. Proposed debt restructuring exercise

On 6 October 2020, the Group and the Company announced a proposed debt restructuring exercise amounting to RM64.15 billion which involves a debt settlement and waiver for the debts owing to the scheme creditors pursuant to Section 366 of the Companies Act 2016. On 22 February 2021, the Group and the Company obtained a court order to convene a creditor's meeting, within a period of 6 months and which was followed by an application for an extension of time, which was approved and extended the validity period to 17 March 2022. On 17 March 2021, the High Court of Malaya also granted a Restraining Order pursuant to Section 368 of the Companies Act 2016, which is valid until 16 March 2022. Under the proposed debt restructuring exercise, scheme creditors are classed into 3 categories that is Class A, the secured creditors; Class B, the unsecured creditors; and Class C, Airbus. As stated in Note 3(iv) and Note 10, the provisional scheme amounts have been estimated at RM33.65 billion.

Upon the successful completion of the Court Convened Meeting ("CCM"), the settlement sum will be paid out on the first anniversary of the restructuring effective date, based on 0.5% of the shortfall between outstanding liabilities, as of 30 June 2020, and any exercisable securities. In addition, the Class A and Class B creditors will be entitled for an annual profit-sharing mechanism which will be computed based on pro-rating of the payout pool that equates to 20% of the excess over RM300 million of Earnings before interest, taxes, depreciation, amortisation and lease rentals ("EBITDAR") for 4 years from 2023 to 2026.

The Group and the Company require a majority of at least 75% of the total value of each class of scheme creditors at the meeting to pass a resolution on the proposed debt restructuring. Any amount owing in excess of the settlement sum shall be waived in its entirety. The management is in the midst of negotiating with each class of creditors to achieve the majority support in the CCM. The CCM has been called and will be held on 12 November 2021.

A court order sanctioning the scheme would need to be obtained and lodged with the Registrar of Companies of Malaysia in accordance with the Act before the scheme is effective.

46. Turnaround plans (cont'd.)

b. Corporate restructuring

In addition, on 6 October 2020, the Group and the Company also announced a corporate restructuring exercise which involves a share capital reduction of 99.9% and share capital consolidation of every 10 existing ordinary shares in AAX into 1 AAX share. The corporate restructuring exercise was approved by the shareholders at an Extraordinary General Meeting held on 1 June 2021. As of 29 October 2021, the corporate restructuring exercise has not been executed as it is dependent on the successful implementation of the proposed debt restructuring exercise.

c. Proposed fundraising exercise

On 14 December 2020, the Group and the Company announced that it would undertake a proposed fundraising exercise by way of the issuance of new AAX shares through a rights issue to raise funds of a minimum of RM100 million and a maximum up to RM300 million and the issuance and allotment of new AAX shares to raise funds of a minimum of RM50 million and a maximum up to RM200 million to be subscribed by potential investors. The proposed fundraising exercise was approved conditionally by the shareholders at an Extraordinary General Meeting held on 1 June 2021. The Group and the Company are in the midst of securing the underwriter(s) for the rights issue of RM100 million and to obtain a new share subscription agreement of RM50 million from the special purpose vehicle incorporated by Dato' Lim Kian Onn and/or its associates ("Special Purpose Vehicle"). The proposed fundraising exercise aims to raise the required funds to support the revised business plan and is dependent on the approval and completion of the proposed debt restructuring exercise and proposed corporate restructuring exercise as stated above.

d. Revised business plan

(i) Rationalisation of network

AAX will rationalise its network plan (by suspension and/or termination of unprofitable and/or immature routes), shifting its focus from market share to that of sustainability and yield and driving profitability, focusing on routes that have proven load and yield performance. The initial phase of the network recovery plan involves the resumption of operations to selected markets with historically proven performance. During the first 6 months of network resumption, the Group and the Company will gradually resume flights to destinations such as primary cities in Australia, China, Taiwan, Japan, Korea, the United States (via Japan) and India. The Group and the Company plan to resume operation to all destinations in selected markets by end of 2022. The key criteria of the market selection are driven by historical profitability and demand forecast as the Group and the Company will focus on business sustainability and profitability moving forward.

46. Turnaround plans (cont'd.)

d. Revised business plan (cont'd.)

(i) Rationalisation of network (cont'd.)

Upon the full resumption of all targeted routes in the revised business plan, AAX will focus on rebuilding flight frequency to optimal levels and avoid deploying excess capacity in its markets. In view of the current uncertainty of the COVID-19 situation, AAX will continuously review its network resumption timeline, while adhering to the most recent travel restrictions, travel bubbles and border policies of individual countries. AAX also continues to engage with tourism and airport authorities, governments and other industry stakeholders to pave the way for the prospect of travel bubbles in green zone countries and reinstate the public's confidence to travel.

(ii) Leaner and more sustainable cost structure

AAX will continue its focus on medium to long haul flight operations within the 5 to 8-hour range and defer investment in new or immature routes while reopening, defending and building load and yield in its core routes. To streamline the Group's and the Company's cost base, it will aim to review and restructure all contracts, agreements and/or arrangements to better align with the Group's and the Company's future size and requirements and lowering costs significantly. In addition, the Group and the Company will undertake manpower consolidation and optimisation in tandem with the rationalised network ramp up plan. By significantly reducing the cost base, the Group and the Company seek to achieve a revised cost structure that matches the revenue generation trajectory and business recovery during / post COVID-19.

(iii) Optimisation of fleet

The Group and the Company remain engaged with all key business partners in respect of contracts, agreements and/or arrangements which are required to ensure the survival of the Group and the Company. These contracts, agreements and/or arrangements will be based on terms to be agreed upon that are reflective and supportive of the revised business plan. The Group and the Company will need the support and understanding of its business partners to execute the revised business plan. After the proposed debt restructuring exercise has been approved, AAX will enter into new contracts, agreements and/or arrangements, subject to, among others, requirements of AAX and terms offered by the scheme creditors (which shall be based on market rates), with relevant parties for necessary services and supplies to support the revised business plan.

46. Turnaround plans (cont'd.)

Accordingly, the directors are of the opinion that the going concern basis used in the preparation of financial statements is appropriate and no adjustments was necessary to be made to the financial statements. 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.

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, Tan Sri Rafidah Aziz and Dato' Yusli Bin Mohamed Yusoff, being two of the Directors of AirAsia X Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 53 to 198 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021 and of their financial performance and cash flows for the financial period then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 29 October 2021.

Tan Sri Rafidah Aziz
Director

Dato' Yusli Bin Mohamed Yusoff
Director

Kuala Lumpur, Malaysia

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Andrew Littledale, the officer primarily responsible for the financial management of AirAsia X Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 53 to 198 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared
by the abovenamed Andrew Littledale
at Kuala Lumpur in the Federal Territory
on 29 October 2021

Andrew Littledale
1-KWQX

Before me,

Commissioner for Oaths
Kuala Lumpur

Report on the audit of the financial statements

Disclaimer of Opinion

We were engaged to audit the financial statements of AirAsia X Berhad, which comprise the statements of financial position as at 30 June 2021, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the period then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 53 to 198.

We do not express an opinion on the accompanying financial statements of the Group and of the Company. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we are unable to form an opinion on the financial statements due to the potential interaction of the uncertainties and their possible cumulative effects on the financial statements.

Basis for disclaimer of opinion

As disclosed in Note 2.1 and 46 to the financial statements, the global economy and in particular, the commercial airline industry, faces uncertainty over the expected timing of the recovery from the COVID-19 pandemic. The travel and border restrictions implemented by countries around the world have led to a significant fall in demand for international air travel which have impacted the Group's and the Company's financial position, financial performance and cash flows. The Group and the Company have reported a net loss of RM33.72 and RM33.79 billion respectively for the financial period ended 30 June 2021 and current liabilities exceeded current assets by RM34.21 billion and RM34.30 billion respectively. In addition, the Group and the Company also reported a shareholders' deficit of RM33.58 billion and RM33.66 billion respectively.

As a result of the pandemic, the Group and the Company have grounded most of the fleet since March 2020 and have deferred payment to creditors. Consequently, the Group and the Company have triggered events of default for various contracts and have made a provision for termination claims of RM25.16 billion in respect of these contracts as disclosed in Note 3(iv) and 10 to the financial statements.

These events or conditions indicate existence of material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as going concern.

Basis for disclaimer of opinion (cont'd.)

Nevertheless, 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.

1. Implementation of proposed debt restructuring exercise

   The Group and the Company have grounded most of the fleet since March 2020 and has deferred payment to creditors. Consequently, the Group and the Company have triggered events of default for various contracts. On 6 October 2020, the Group and the Company announced a proposed debt restructuring exercise amounting to RM64.15 billion which involves a proposed debt settlement and waiver for the debts owing to the creditors pursuant to Section 366 of the Companies Act 2016 as further described in Note 46 to the financial statements.

   In conjunction with the proposed debt restructuring exercise, the scheme creditors submitted a proof of debt (including termination claims) amounted to RM65.14 billion. The scheme creditors are creditors of the Group and the Company whose debts are to be dealt with under the proposed debt restructuring exercise.

   Based on the relevant provisions in the applicable law of the relevant contracts, creditors are required to take action to mitigate their losses and to reduce their termination claims including offsetting against any deposits and prepayments wherever applicable. Accordingly, management had engaged an expert to assist in determining the provisional scheme amounts and applied significant judgement in assessing and estimating the provisional scheme amounts totalling to RM33.65 billion as further disclosed in Note 3 (iv) and Note 10 to the financial statements.

   On 18 October 2021, the Group and the Company have announced that the Court Convened Meeting of creditors ("CCM") will be held on 12 November 2021. The Group and the Company require at least 75% of each class of scheme creditors in the CCM to vote favourably for the proposed debt restructuring exercise.

   There is material uncertainty on the outcome of the CCM as the scheme creditors decisions are not within the Group's and the Company's control.

2. Implementation of the proposed fundraising exercise

   As disclosed in Note 46 to the financial statements, on the premise that the debt restructuring is successful, the Group and the Company intend to raise funds of a minimum of RM150 million up to a maximum of RM500 million as approved conditionally by the shareholders in an Extraordinary General Meeting held on 1 June 2021.

Basis for disclaimer of opinion (cont'd.)

2. Implementation of the proposed fundraising exercise (cont'd.)

In addition to the material uncertainty on the outcome of the CCM as disclosed above, there is also material uncertainty on the whether the Group and the Company would be able to raise the minimum funds required as the Group and the Company are still in the midst of securing the underwriter(s) for the rights issue of RM100 million and the Special Purpose Vehicle as defined in Note 46 to the financial statements has not signed the share subscription agreement of RM50 million as of to-date.

3. Implementation of the revised business plan

As disclosed in Note 46 to the financial statements, on the premise that the proposed debt restructuring exercise and proposed fundraising exercise are successfully implemented, the Group's and the Company's plan to return to profitability entails implementing a revised business plan that involves operating a leaner and more sustainable cost structure. This will involve negotiating and signing of new agreements with relevant vendors, including amongst others, aircraft manufacturer, lessors and aircraft maintenance service providers. The ability of the Group and the Company to return to profitability is dependent on the successful negotiation and continue support from all relevant vendors. The Group and the Company are currently in negotiation with the relevant vendors and have yet to finalise any arrangement as of the date of this report. Therefore, there is material uncertainty on the outcome of the negotiation with the relevant vendors.

4. Recovery of COVID-19 pandemic

As disclosed in Note 2.1 and 46 to the financial statements, the global economy, in particular the commercial airline industry, faces uncertainty over the expected timing of recovery from the COVID-19 pandemic. As at the date of this report, the Group's and the Company's fleet remains grounded apart from a limited number of cargo and charter flights and the Group and the Company will not be able to restart scheduled operations until there is an easing of travel restrictions and a gradual reopening of international borders. There is a material uncertainty on the timing of recovery of international travel.

In view of the multiple uncertainties described above, we are unable to form an opinion on the financial statements due to the potential interaction of the uncertainties and their possible cumulative effects on the financial statements.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the directors' report but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the 2021 annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the 2021 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate action.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Directors for the financial statements (cont'd.)

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Auditors' responsibilities for the audit of the financial statements (cont'd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: (cont'd.)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Auditors' responsibilities for the audit of the financial statements (cont'd.)

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that a subsidiary of which we have not acted as auditors, is disclosed in Note 19 to the financial statements.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Lim Eng Hoe
No. 03403/12/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia

ANALYSIS OF SHAREHOLDINGS

AS AT 11 OCTOBER 2021

DISTRIBUTION OF SHAREHOLDINGS

Class of Shares : Ordinary Shares
Voting Rights : One vote per Ordinary Share

Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholdings
1 – 99	512	1.089	22,939	0.000
100 - 1,000	6,601	14.050	5,092,322	0.122
1,001 - 10,000	17,631	37.527	111,497,935	2.687
10,001 – 100,000	18,728	39.862	684,502,754	16.501
100,001 to less than 5% of Issued Shares	3,507	7.464	2,036,701,776	49.099
5% and above of Issued Shares	3	0.006	1,310,331,376	31.588
Total	46,982	100.00	4,148,149,102	100.00

SUBSTANTIAL SHAREHOLDERS

The direct and indirect shareholdings of the shareholders holding more than 5% in AirAsia X Berhad based on the Register of Substantial Shareholders are as follows:-

	DIRECT		INDIRECT	
Names	No. of Shares Held	% of Shares Held	No. of Shares Held	% of Shares Held
Tune Group Sdn. Bhd. ("TGSB")	739,602,874	17.830	-	-
Airasia Berhad ("AAB")	570,728,502	13.759	-	-
Tan Sri Anthony Francis Fernandes	111,587,228	2.690	1,310,331,3761[1]	31.588
Datuk Kamarudin bin Meranun	370,709,939	8.937	1,310,331,3761[1]	31.588

Note:
[1] Deemed interested by virtue of Section 8 of the Companies Act 2016 through a shareholding of more than 20% in TGSB and AAB.

DIRECTORS' SHAREHOLDINGS

AS AT 11 OCTOBER 2021

The interests of the Directors in the securities of the Company based on the Company's Register of Directors' Shareholdings are as follows:-

	DIRECT		INDIRECT	
Names	**No. of Shares Held**	**% of Shares Held**	**No. of Shares Held**	**% of Shares Held**
Tan Sri Rafidah Aziz	175,000	0.000*	100,000	0.000*
Dato' Lim Kian Onn	-	-	175,833,356	4.239
Datuk Kamarudin bin Meranun	370,709,939	8.937	1,310,331,376[1]	31.588
Tan Sri Anthony Francis Fernandes	111,587,228	2.690	1,310,331,376[1]	31.588
Dato' Yusli bin Mohamed Yusoff	-	-	-	-
Tan Sri Asmat bin Kamaludin	297,400	0.007	40,000[2]	0.00
Dato' Fam Lee Ee	-	-	-	-

Notes:
**Negligible*
[1] *Deemed interested by virtue of Section 8 of the Companies Act 2016 through a shareholding of more than 20% in TGSB and AAB.*
[2] *Deemed interest held through his spouse and children.*

There were no options offered to and exercised by, or shares granted to and vested in Directors during the financial period ended 30 June 2021.

TOP 30 LARGEST SHAREHOLDERS

AS AT 11 OCTOBER 2021

No.	Name of Shareholders	No. of Shares Held	% of Shares Held
1.	Airasia Berhad	570,728,502	13.758
2.	RHB Capital Nominees (Tempatan) Sdn Bhd RHB Islamic Bank Berhad Pledged Securities Account For Tune Group Sdn Bhd	521,503,118	12.571
3.	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tune Group Sdn Bhd (EDG & GCM)	218,099,756	5.257
4.	HSBC Nominees (Asing) Sdn Bhd Exempt An For Bank Julius Baer & Co. Ltd. (Singapore Bch)	199,653,631	4.813
5.	HSBC Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Credit Suisse AG, Singapore For Kamarudin bin Meranun	190,278,957	4.587
6.	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Kamarudin bin Meranun (GCM CBM-SKY X)	180,430,982	4.349
7.	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Anthony Francis Fernandes (GCM CBM-SKY X)	111,303,728	2.683
8.	Citigroup Nominees (Asing) Sdn Bhd Exempt An For UBS AG Singapore (Foreign)	29,500,000	0.711
9.	Kenanga Nominees (Asing) Sdn Bhd Rakuten Trade Sdn Bhd For Shin Sung Soo	20,808,800	0.501
10.	Seng Siaw Wei	19,451,700	0.468
11.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Lay Peng (E-Tai)	16,770,100	0.404
12.	Teo Tuan Kwee	10,030,000	0.241
13.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yong Loy Huat	8,500,000	0.204
14.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Chee Sing	7,530,000	0.181
15.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ng Kok Weng (MY2166)	7,500,000	0.180
16.	Low Bok Sang	7,500,000	0.180
17.	Gan Hai Toh	7,459,000	0.179
18.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Su Ming Keat	6,272,400	0.151
19.	Liew Thau Sen	6,113,400	0.147
20.	Kenanga Nominees (Tempatan) Sdn Bhd ECM Libra Foundation	6,000,000	0.144
21.	Citigroup Nominees (Asing) Sdn Bhd Exempt An For Citibank New York (NORGES Bank 1)	5,711,500-	0.137

TOP 30 LARGEST SHAREHOLDERS
AS AT 11 OCTOBER 2021

No.	Name of Shareholders	No. of Shares Held	% of Shares Held
22.	Chiew Kin Ning	5,250,000	0.126
23.	Ooi Chieng Sim	5,003,700	0.120
24.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yong Loy Huat (7000875)	5,000,000	0.120
25.	Maybank Nominees (Tempatan) Sdn Bhd Kwah Zai Shyong	4,923,800	0.118
26.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Shelina binti Razaly Wahi (MH6755)	4,858,300	0.117
27.	Chang Kwai Keung	4,800,000	0.115
28.	Tan Keok Chai	4,700,000	0.113
29.	Cartaban Nominees (Asing) Sdn Bhd SBL Exempt An For Barclays Capital Securities Ltd (Firm Prime)	4,536,500	0.109
30.	Low Su-Ming	4,500,000	0.108

NOTICE OF THE 15TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth ("**15th**") Annual General Meeting ("**AGM**") of AirAsia X Berhad (Company No. 200601014410) (734161-K) (the "**Company**") will be held as a virtual meeting via live streaming and online remote voting from the Broadcast Venue at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur (klia2), 64000 KLIA, Selangor Darul Ehsan, Malaysia, on Tuesday, 7 December 2021 at 10.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements together with the Reports of the Directors and Auditors thereon for the financial period ended 30 June 2021.
   Please refer to Note A.

2. To approve the Non-Executive Directors' Remuneration as described in Note B for the period from the 15th AGM until the next AGM of the Company to be held in the year 2022. **(Ordinary Resolution 1)**
   Please refer to Note B.

3. To re-elect the following Directors of the Company who retire by rotation pursuant to Rule 119 of the Company's Constitution and who being eligible had offered themselves for re-election:-

   i) Dato' Lim Kian Onn; and **(Ordinary Resolution 2)**

   ii) Dato' Fam Lee Ee. **(Ordinary Resolution 3)**

4. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to determine their remuneration. **(Ordinary Resolution 4)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:-

5. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 ("ACT")**

   "**THAT** pursuant to Sections 75 and 76 of the Act and subject to the Constitution of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), and the approval of the relevant authorities, where required, the Directors of the Company be and are hereby empowered to issue and allot shares in the Company from time to time and upon such terms and conditions and for such purposes and to such persons whomsoever as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being **AND THAT** the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Main Market of Bursa Securities **AND THAT** such authority shall continue to be in force until the conclusion of the next AGM, unless revoked or varied by an ordinary resolution of the Company at a general meeting." **(Ordinary Resolution 5)**
   Please refer to Note C.

6. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED MANDATE")**

"**THAT** approval be and is hereby given for the renewal of the existing shareholders' mandate for the Company to enter into recurrent related party transactions of a revenue or trading nature with the related parties ("**Recurrent Related Party Transactions**") as set out in Section 2.3 of the Circular to Shareholders dated 29 October 2021 ("**Circular**"), subject further to the following:-

i) the Recurrent Related Party Transactions are entered into in the ordinary course of business which are:

(a) necessary for the day-to-day operations;
(b) on normal commercial terms and transaction price which are not more favourable to the related parties than those generally available to the public;
(c) undertaken on arm's length basis; and
(d) not to the detriment of the minority shareholders of the Company;

ii) the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall only continue to be in full force until:

(a) the conclusion of the next AGM of the Company, at which time it will lapse, unless renewed by a resolution passed at that meeting;
(b) the expiration of the period within which our next AGM is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting of the Company,

whichever is the earliest.

THAT the Directors of the Company and/or any one (1) of them be and are hereby authorised to complete and do all such acts and things and take all such steps and to execute all such transactions, deeds, agreements, arrangements and/or undertakings as the Directors in their discretion deem fit, necessary, expedient and/or appropriate in the best interest of the Company in order to implement, finalise and give full effect to the Recurrent Related Party Transactions with full powers to assent to any modifications, variations and/or amendments thereto.

AND THAT as the estimates given for the Recurrent Related Party Transactions specified in Section 2.3 of the Circular being provisional in nature, the Directors of the Company and/or any one (1) of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the procedures set out in Section 2.6 of the Circular." **(Ordinary Resolution 6)**

Please refer to Note D.

7. **RETENTION OF INDEPENDENT DIRECTOR**

"**THAT** Tan Sri Rafidah Aziz, the Director who has served the Board as an Independent Non-Executive Chairman of the Company for a cumulative term of more than nine (9) years, but less than twelve (12) years, be and is hereby retained as a Senior Independent Non-Executive Chairman of the Company." **(Ordinary Resolution 7)**
Please refer to Note E.

OTHER ORDINARY BUSINESS

8. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

By Order of the Board

VIMALRAJ A/L SHANMUGAM (MAICSA 7068140)
(SSM PC No.: 202008000925)

Company Secretary
Selangor Darul Ehsan
29th day of October, 2021

VIRTUAL AGM

1. As part of the measures taken by the Company to curb the spread of COVID-19 and taking into consideration the paramount safety and well-being of the members of the Company, the 15th AGM will be held as a virtual meeting via live streaming and online remote voting using the Remote Participation and Voting Facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("**TIIH**") via its **TIIH Online website at https://tiih.online**. This is also in line with the revised Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 16 July 2021 (including any amendments that may be made from time to time) ("Guidance Note"). Please follow the procedures as set out in the **Administrative Details** which is available at the Company's website at **www.airasiax.com**.

2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Guidance Note which require the Chairman of the meeting to be present at the main venue of the meeting.

3. Members and/or proxy(ies) and/or corporate representative(s) and/or attorneys **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the 15th AGM, instead are to attend, speak (including posing questions to the Board of Directors via real time submission of typed texts) and vote (collectively, "participate") remotely at the 15th AGM via the RPV provided by TIIH.

NOTES ON APPOINTMENT OF PROXY

1. Pursuant to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and Rule 41(a) of the Company's Constitution, only those Foreigners (as defined in the Constitution) who hold shares up to the current prescribed foreign ownership limit of 45.0% of the total number of issued shares of the Company, on a first-in-time basis based on the Record of Depositors to be used for the forthcoming AGM, shall be entitled to vote. A proxy appointed by a Foreigner not entitled to vote, will similarly not be entitled to vote. Consequently, all such disenfranchised voting rights shall be automatically vested in the Chairman of the AGM.

2. A member must be registered in the Record of Depositors at 5.00 p.m. on **26 November 2021** ("**General Meeting Record of Depositors**") in order to attend and vote at the Meeting. A depositor shall not be regarded as a member entitled to attend the Meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors. Any changes in the entries on the Record of Depositors after the abovementioned date and time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

3. A member entitled to attend and vote is entitled to appoint not more than two (2) proxies (or in the case of a corporation, to appoint a representative(s) in accordance with Section 333 of the Companies Act, 2016) to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy(ies).

4. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

6. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 15th AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

   (i) In hard copy form
   In the case of an appointment made in hard copy form, this Form of Proxy must be deposited at the Registered Office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur (klia2), 64000 KLIA, Selangor Darul Ehsan, Malaysia.

(ii) By electronic means
This Form of Proxy can be electronically lodged via **TIIH Online** website at https://tiih.online. Kindly refer to the Administrative Details on the procedures for electronic lodgement of form of proxy via TIIH Online.

7. Please ensure **ALL** the particulars as required in this Form of Proxy are completed, signed and dated accordingly.

8. Last date and time for lodging this Form of Proxy is **Sunday, 5 December 2021** at **10.00 a.m.**

9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Registered Office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur (klia2), 64000 KLIA, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set appointed for holding the 15th AGM or any adjournment thereof. You also have adjourned general meeting at which the option to lodge person named in the proxy appointment electronically via TIIH Online website at https://tiih.online before the lodgement cut-off time, i.e. not less than forty-eight (48) hours before proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the time set for holding applicable legal requirements in the AGM or any adjournment thereof. Faxed copies of the duly relevant jurisdiction in which it is executed form of proxy are not acceptable.

10. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL/DULY CERTIFIED** certificate of appointment of authorised representative at the Registered Office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur (klia2), 64000 KLIA, Selangor Darul Ehsan, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:

    (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.

    (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:

    (a) at least two (2) authorised officers, of whom one shall be a director; or
    (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

11. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in this Notice of the 15th AGM will be put to vote by way of poll.

EXPLANATORY NOTES

A. Audited Financial Statements together with the Reports of the Directors and Auditors thereon for the financial period ended 30 June 2021

This Agenda item is meant for discussion only in accordance with Sections 248(2) and 340(1) of the Companies Act 2016 ("the **Act**"). The audited financial statements do not require the formal approval of shareholders and therefore, the matter will not be put forward for voting.

B. To approve the Non-Executive Directors' Remuneration for the period from the 15th AGM until the next AGM of the Company to be held in the year 2022 (Ordinary Resolution 1)

The Nomination and Remuneration Committee has recommended and the Board of Directors ("the Board") affirmed that the Non-Executive Directors' Remuneration for the period from the 15th AGM until the next AGM of the Company to be held in the year 2022 shall remain unchanged as per the financial year ended 31 December 2019, as shown below:-

Non-Executive Directors' Fees (per annum)	**Non-Executive Chairman** (RM)	**Per Non-Executive Director/Per other Committee Member** (RM)
Board of Directors	165,000	65,000
Audit Committee	40,000	30,000
Nomination and Remuneration Committee	30,000	20,000
Safety Review Board	30,000	20,000
Risk Management Committee	30,000	20,000

Non-Executive Directors' Benefits (per attendance by each Director or committee member)	**Board of Directors**	**Board Committees**
Meeting allowance	1,000	1,000

Other Non-Executive Directors' Benefits	
Insurance premiums on medical coverage, and other claimable expenses incurred in the course of carrying out their duties.	Up to a total amount of RM100,000 for all Non-Executive Directors.

The shareholders' approval being sought under **Ordinary Resolution 1** is for the payment of the remuneration to Non-Executive Directors for the period from the 15th AGM up to the next AGM of the Company in accordance with the remuneration structure as set out above and to authorise the Directors to disburse the fees on a monthly basis.

C. Authority to allot shares pursuant to Sections 75 and 76 of the Act (Ordinary Resolution 5)

The Company had at its Fourteenth AGM held on 15 September 2020 (" **14th AGM**"), obtained a general mandate pursuant to Sections 75 and 76 of the Act from its shareholders, to empower the Directors to allot and issue shares in the Company from time to time and upon such terms and conditions and for such purposes and to such persons whomsoever as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company at any point of time ("**10% General Mandate**"). The 10% General Mandate would expire at the conclusion of the forthcoming AGM.

As at the date of this Notice, the Company has not issued any new shares under the 10% General Mandate obtained in its 14th AGM.

Ordinary Resolution 5 has been proposed for the purpose of renewing the general mandate for issuance of shares by the Company pursuant to Sections 75 and 76 of the Act.

Ordinary Resolution 5, if passed, will empower the Directors of the Company authority to issue ordinary shares in the Company at their discretion without having to first convene another general meeting provided that the aggregate number of the shares issued does not exceed 10% of the total number of issued shares of the Company at any point of time. The 10% mandate, if granted at this AGM, unless revoked or varied by the Company in a general meeting, would expire upon the conclusion of the next AGM.

The 10% mandate, if granted, will provide the flexibility to the Company for any future fund raising activities, including but not limited to further placing of shares for the purposes of funding future investment project(s), repayment of bank borrowing(s), working capital and/or acquisition(s) and thereby reducing administrative time and costs associated with the convening of additional shareholders meeting(s).

D. Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Mandate") (Ordinary Resolution 6)

Ordinary Resolution 6, if passed, will allow the Company to enter into Recurrent Related Party Transactions of a revenue or trading nature pursuant to the provisions of the Main Market Listing Requirements of Bursa Securities. Please refer to the Circular to Shareholders dated 29 October 2021 for further information.

E. Retention of Independent Non-Executive Director (Ordinary Resolution 7)

This item is tabled pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance.

The Nomination and Remuneration Committee and the Board of Directors had assessed the independence of Tan Sri Rafidah Aziz, who has served as an Independent Non-Executive Chairman of the Company since 3 March 2011 for a cumulative term of more than nine (9) years, but less than twelve (12) years, and with her consent, had recommended for her to continuing serving as a Senior Independence Non-Executive Chairman of the Company.

The Board holds the view that a Director's independence cannot be determined arbitrarily with reference to a set period of time. The Company benefits from the long service of Tan Sri Rafidah Aziz who possesses an incumbent knowledge of the Company and the Group's activities and corporate history and has provided invaluable contributions to the Board in her role as a Senior Independent Non-Executive Chairman. In fact, she has been bringing her independent and objective judgment to the deliberations and the decision-making process of the Board. In addition, she has exercised due care during her tenure as an Independent Director, as well as the Chairman of the Nomination and Remuneration Committee and the Risk Management Committee of the Board, and the Safety Review Board of the Company. As a Senior Independent Non-Executive Chairman, she has carried out her duties proficiently in the interest of the Company and the shareholders.

AIRASIA X BERHAD

(Company No.: 200601014410) (734161-K)
("**the Company**")
Incorporated in Malaysia

FORM OF PROXY

I/We____ NRIC No./Passport No./Co. No.: ____________________
(FULL NAME AS PER NRIC/CERTIFICATE OF INCORPORATION IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

telephone no. ________________, email address ______________________________, being a member of the

Company, hereby appoint ____
(FULL NAME IN BLOCK LETTERS)

NRIC No./Passport No.: ____________________ of ______________________________
(COMPULSORY) *(FULL ADDRESS)*

__________________________telephone no.____________, email address ______________________

or failing him/her,________________________________ NRIC No./Passport No.:____________________
(FULL NAME IN BLOCK LETTERS) *(COMPULSORY)*

of ____
(FULL ADDRESS)

telephone no. ________________, email address ______________________________

*or failing him/her, the Chairman of the Meeting, as my/our proxy(ies) to vote in my/our name and on my/our behalf at the Fifteenth ("**15th**") Annual General Meeting ("**AGM**") of the Company to be held as a virtual meeting via live streaming and online remote voting at the Broadcast Venue at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur (klia2), 64000 KLIA, Selangor Darul Ehsan, Malaysia, on Tuesday, 7 December 2021 at 10.00 a.m. and at any adjournment of such meeting, and to vote as indicated below:

AGENDA

Resolutions	Description	FOR	AGAINST
Ordinary Business			
Ordinary Resolution 1	To approve the Non-Executive Directors' Remuneration for the period from the 15th AGM until the next AGM of the Company to be held in the year 2022		
Ordinary Resolution 2	Re-election of Dato' Lim Kian Onn as a Director of the Company, who retires by rotation pursuant to Rule 119 of the Company's Constitution		
Ordinary Resolution 3	Re-election of Dato' Fam Lee Ee as a Director of the Company, who retires by rotation pursuant to Rule 119 of the Company's Constitution		
Ordinary Resolution 4	Re-appointment of Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to determine their remuneration		
Special Business			
Ordinary Resolution 5	Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016		
Ordinary Resolution 6	Proposed renewal of existing shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading nature		
Ordinary Resolution 7	Retention of Tan Sri Rafidah Aziz as a Senior Independent Non-Executive Chairman		

(Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting, as he/she thinks fit.)
**Delete the words "or failing him/her, the Chairman of the Meeting" if not applicable.*

No. of shares held:			
CDS Account No.:			
The proportion of my/our holding to be represented by my/our proxies are as follows:		No. of Shares	Percentage
	First Proxy		
	Second Proxy		
Date:			

Signature(s) / Common Seal of Members(s)

VIRTUAL AGM

1. As part of the measures taken by the Company to curb the spread of COVID-19 and taking into consideration the paramount safety and well-being of the members of the Company, the 15^{th} AGM will be held as a virtual meeting via live streaming and online remote voting using the Remote Participation and Voting Facilities ("**RPV**") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("**TIIH**") **via its TIIH Online website** at **https://tiih.online**. This is also in line with the revised Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 16 July 2020 (including any amendments that may be made from time to time) ("**Guidance Note**"). Please follow the procedures as set out in the **Administrative Details** which is available at the Company's website at **www.airasiax.com**.

2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Guidance Note which require the Chairman of the meeting to be present at the main venue of the meeting.

3. Members and/or proxy(ies) and/or corporate representative(s) and/or attorneys **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the 15^{th} AGM, instead are to attend, speak (including posing questions to the Board of Directors via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the 15^{th} AGM via the RPV provided by TIIH.

NOTES TO FORM OF PROXY

1. Pursuant to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and Rule 41(a) of the Company's Constitution, only those Foreigners (as defined in the Constitution) who hold shares up to the current prescribed foreign ownership limit of 45.0% of the total number of issued shares of the Company, on a first-in-time basis based on the Record of Depositors to be used for the forthcoming AGM, shall be entitled to vote. A proxy appointed by a Foreigner not entitled to vote, will similarly not be entitled to vote. Consequently, all such disenfranchised voting rights shall be automatically vested in the Chairman of the AGM.

2. A member must be registered in the Record of Depositors at 5.00 p.m. on **26 November 2021** ("**General Meeting Record of Depositors**") in order to attend and vote at the Meeting. A depositor shall not be regarded as a member entitled to attend the Meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors. Any changes in the entries on the Record of Depositors after the abovementioned date and time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

3. A member entitled to attend and vote is entitled to appoint not more than two (2) proxies (or in the case of a corporation, to appoint a representative(s) in accordance with Section 333 of the Companies Act 2016) to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy(ies).

4. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

6. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 15^{th} AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
   (i) <u>In hard copy form</u>
   In the case of an appointment made in hard copy form, this Form of Proxy must be deposited at the Registered Office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur (klia2), 64000 KLIA, Selangor Darul Ehsan, Malaysia.
   (ii) <u>By electronic means</u>
   This Form of Proxy can be electronically lodged via TIIH Online website at https://tiih.online. Kindly refer to the Administrative Details on the procedures for electronic lodgement of form of proxy via **TIIH Online**.

7. Please ensure **ALL** the particulars as required in this Form of Proxy are completed, signed and dated accordingly.

8. Last date and time for lodging this Form of Proxy is **Sunday, 5 December 2021** at **10.00 a.m.**

9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Registered Office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur (klia2), 64000 KLIA, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time setappointed for holding the 15^{th} AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

10. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL/DULY CERTIFIED** certificate of appointment of authorised representative at the Registered Office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur (klia2), 64000 KLIA, Selangor Darul Ehsan, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
    (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
    (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
      (a) at least two (2) authorised officers, of whom one shall be a director; or
      (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

11. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in this Notice of the 15^{th} AGM will be put to vote by way of poll.

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Stamp

The Company Secretary
AIRASIA X BERHAD
(Company No. 200601014410) (734161-K)

RedQ, Jalan Pekeliling 5
Lapangan Terbang Antarabangsa Kuala Lumpur (klia2)
64000 KLIA
Selangor Darul Ehsan
Malaysia

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