AirAsia X Berhad (200601014410) (734161-K)

ANNUAL
REPORT 2019

COVER RATIONALE

Staying Resilient. Staying Focused.
The COVID-19 pandemic has had an unprecedented impact on the aviation industry, with the airline sector facing one of the greatest challenges in its history. At AirAsia X, we have taken steps to keep in touch and communicate with our guests regularly, ensuring they are kept updated and know that we are doing everything we can to keep things safe and healthy. We remain steadfast and agile during this period of uncertainty, and will continue to act nimbly in responding to evolving market conditions. This includes thinking about what will be needed in the new normal, as well as any necessary modifications to our in-flight products and end-to-end service delivery to provide additional health and safety assurances to our guests and crew. Our global footprint, our talented and committed Allstars, our strong and trusted brand and our loyal customer base, will enable us to be competitive in the post-COVID-19 landscape. All of this gives us the confidence that we can ride on the recovery from a position of strength by staying resilient and staying focused.

VISION

To be the largest low cost airline in Asia and serving the 3 billion people who are currently underserved with poor connectivity and high fares.

MISSION

1. To be the best company to work for whereby employees are treated as part of a big family
2. Create a globally recognised ASEAN brand
3. To attain the lowest cost so that everyone can fly with AirAsia
4. Maintain the highest quality product, embracing technology to reduce cost and enhance service levels

VALUES

Dare to Dream

Progress comes from innovation. Both require change to happen.

People First

Care for our people, care for our guests.

Make it Happen

Learn fast and deliver more with less.

Be Guest-Obsessed

Understand deeply what our guests want. Then give them more than they expect.

One AirAsia

We are one airline, with one vision, and one people.

Safety Always

Safety is everyone’s responsibility, it starts with you.

Sustainability Spirit

Acting today for a better tomorrow.

INSIDE THIS REPORT

14th
ANNUAL GENERAL MEETING

RedQ, Jalan Pekeliling 5
Lapangan Terbang Antarabangsa Kuala Lumpur (klia2)
64000 KLIA, Selangor Darul Ehsan
Malaysia

Tuesday,
15 September 2020
10.00 a.m.

FINANCIAL STATEMENTS

KEY HIGHLIGHTS

Financial Highlights (AirAsia X Malaysia)

Revenue: **RM4.2** billion

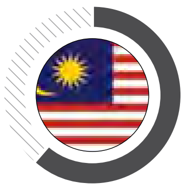
Operating Loss: **(RM120)** million

Total Assets: **RM9.6** billion

Net Loss: **(RM650)** million

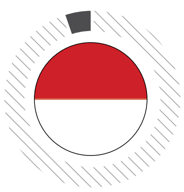
No. of Passengers Carried

Total number of passengers carried **8,677,546**



AirAsia X Malaysia
6,071,019 — **24**

AirAsia X Thailand
2,599,647 — **13**



AirAsia X Indonesia
6,880
(1Q19 only) — **2**

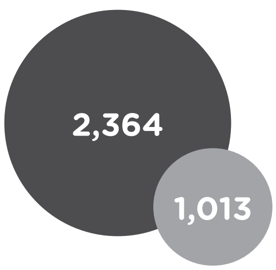
No. of Aircraft
39

Load Factor

AirAsia X Malaysia
81%

AirAsia X Thailand
82%

No. of Allstars



● AirAsia X Malaysia
● AirAsia X Thailand

AirAsia X Group
26
Allstar nationalities

Notes:
1) All figures refer to AirAsia X Group, unless stated otherwise.
2) AirAsia X Group refers to AirAsia X Malaysia and AirAsia X Thailand.
3) Financials refer to AirAsia X Berhad's FY2019 audited financial statements.
4) All figures and information provided are as at 31 December 2019, unless stated otherwise.

Call Signs

AirAsia X Malaysia IATA: D7 ICAO: XAX

Call Sign: **XANADU**

AirAsia X Thailand IATA: XJ ICAO: TAX

Call Sign: **EXPRESS WING**

Stations

No. of Destinations

AirAsia X Malaysia
(excluding JED)
28

AirAsia X Thailand
8

No. of Markets

AirAsia X Malaysia
10

AirAsia X Thailand
4

No. of Flights Per Week-Average

AirAsia X Malaysia
207

AirAsia X Thailand
82

Key Milestone

AirAsia X named World's Best Low-Cost Airline Premium Cabin for the seventh year running

Network

Unique Routes

AirAsia X Malaysia
11

AirAsia X Thailand
0

Routes Launched

AirAsia X Malaysia
5

AirAsia X Thailand
2

No. of Routes

30
AirAsia X Malaysia
(excluding JED)

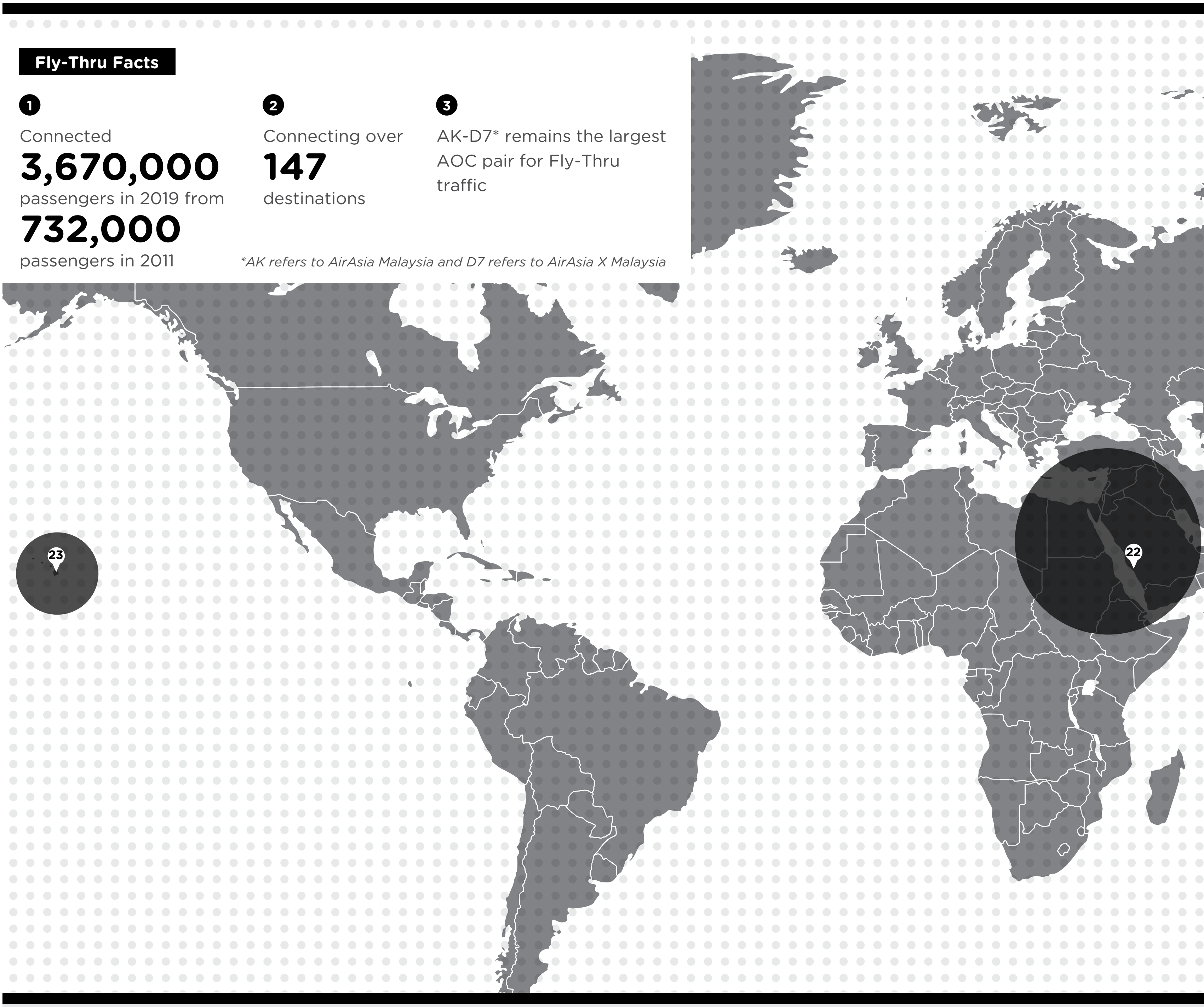
8
AirAsia X Thailand

ABOUT US

Fly-Thru Facts

1. Connected **3,670,000** passengers in 2019 from **732,000** passengers in 2011
2. Connecting over **147** destinations
3. AK-D7* remains the largest AOC pair for Fly-Thru traffic

**AK refers to AirAsia Malaysia and D7 refers to AirAsia X Malaysia*



AirAsia X Malaysia Network (as at 15 July 2020)

Australia
1. Melbourne - Avalon
2. Perth
3. Sydney

China
4. Beijing
5. Chengdu
6. Chongqing
7. Hangzhou
8. Shanghai
9. Wuhan
10. Xi'an
11. Changsha

Taiwan
12. Taipei - Taoyuan

Japan
13. Tokyo - Haneda
14. Sapporo
15. Fukuoka
16. Osaka
16. Taipei - Osaka

ABOUT US

AirAsia X Berhad (AirAsia X) is a leading 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 the Gold Coast, Australia in November 2007.

As of 15 July 2020, AirAsia X serves 26 destinations across Asia (Singapore, Bali, Sapporo, Tokyo, Osaka, Nagoya, Fukuoka, Seoul, Busan, Jeju, Taipei, Xi'an, Beijing, Hangzhou, Chengdu, Shanghai, Chongqing, Changsha, Wuhan, New Delhi and Amritsar), Australia (Sydney, Melbourne - Avalon and Perth), the Middle East (Jeddah) as well as the United States of America (Hawaii-Honolulu) and operates out of two hubs: Kuala Lumpur and Bangkok. We are the first low-cost airline in Asean to be given approval by the Federal Aviation Administration to operate into the USA.

As of 31 December 2019, we have a core fleet of 39 Airbus A330 aircraft including 15 in our affiliates – 13 in AirAsia X Thailand and two in AirAsia X Indonesia*.

Based on our breakthrough business model, we believe we have the lowest unit cost base of any long-haul airline in the world, with cost per available seat kilometre (CASK) of US¢3.04 and CASK (excluding fuel) of US¢1.88 for the year ended 2019. This enables us to offer fares that are targeted, on average, to be 30% to 50% lower than full-service carriers and to stimulate new market demand.

On top of that, AirAsia X offers a Quiet Zone cabin on all flights across our network. The service enhancement is exclusively for guests above the age of 12. The Quiet Zone features soft lighting and a more relaxed cabin atmosphere, which help to ensure a more pleasant journey.

AirAsia X was voted as having the World's Best Low-Cost Airline Premium Cabin for seven consecutive years while the AirAsia Group was named the World's Best Low-Cost Airline for 11 consecutive years at the Skytrax World Airline Awards held during the Paris Air Show.

**AirAsia X Indonesia is currently suspended.*

South Korea
- 17 Seoul
- 18 Busan
- 19 Jeju

India
- 20 New Delhi
- 21 Amritsar

Saudi Arabia
- 22 Jeddah

United States
- 23 Osaka - Honolulu

Indonesia
- 24 Bali

Singapore
- 25 Singapore

AirAsia X Thailand Network (as at 15 July 2020)

China
- 8 Shanghai

South Korea
- 17 Seoul

Japan
- 26 Tokyo - Narita
- 14 Sapporo
- 15 Fukuoka
- 16 Osaka
- 27 Nagoya

CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI RAFIDAH AZIZ
(also known as Tan Sri Rafidah)
Senior Independent
Non-Executive Chairman

DATUK KAMARUDIN BIN MERANUN
(also known as Datuk Kamarudin Meranun)
Non-Independent
Non-Executive Director

TAN SRI ANTHONY FRANCIS FERNANDES
(also known as Tan Sri Tony Fernandes)
Non-Independent
Non-Executive Director

DATO' YUSLI BIN MOHAMED YUSOFF
(also known as Dato' Yusli)
Independent Non-Executive Director

DATO' LIM KIAN ONN
(also known as Dato' Lim)
Non-Independent
Non-Executive Director

TAN SRI ASMAT BIN KAMALUDIN
(also known as Tan Sri Asmat)
Independent Non-Executive Director

DATO' FAM LEE EE
(also known as Dato' Fam)
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 SECRETARIES
Rebecca Kong Say Tsui
(MAICSA 7039304)
(SSM PC No.: 202008001003)
Tham Wai Ying
(MAICSA 7016123)
(SSM PC No.: 202008001181)

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
AirAsia X Berhad
(200601014410) (734161-K)
Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
Tel : +603 2783 9191
Fax : +603 2783 9111

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

Customer Service Centre:
Unit G-3, Ground Floor, Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan

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 15 JULY 2020

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
Logistics & 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

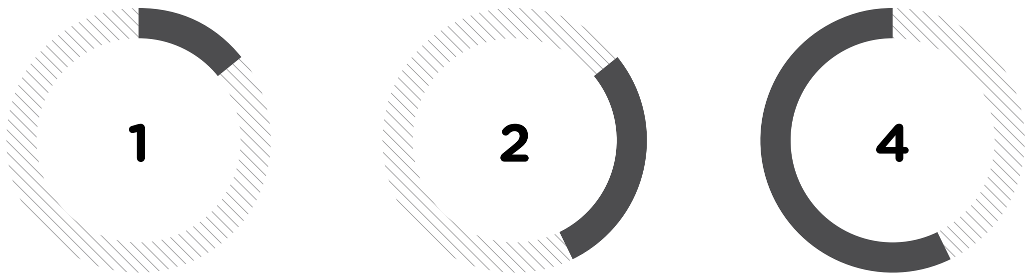
100%
AAX LEASING NINE LTD.
Leasing entity

100%
AAX LEASING TEN LTD.
Leasing entity

100%
AAX LEASING ELEVEN LTD.
Leasing entity

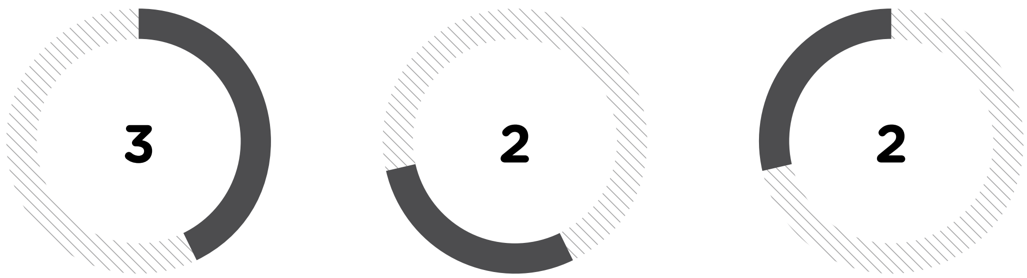
OUR BOARD AT A GLANCE

Position



Senior Independent Non-Executive Chairman | Independent Non-Executive Directors | Non-Independent Non-Executive Directors

Age Group



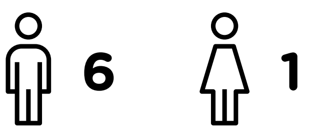
50 – 59 | 60 – 69 | 70 – 79

Ethnicity

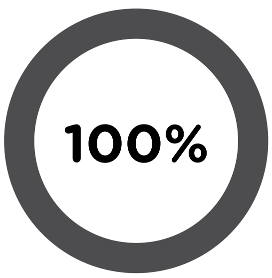
Malay
Chinese
Indian

4
2
1

Gender



Nationality



Malaysian

Board of Directors

- Committee Membership

Tan Sri Rafidah Aziz

Datuk Kamarudin Meranun

Tan Sri Tony Fernandes

Dato' Yusli Mohamed Yusoff

Dato' Lim Kian Onn

Tan Sri Asmat Kamaludin

Dato' Fam Lee Ee

- Nomination and Remuneration Committee
- Risk Management Committee
- Safety Review Board
- Audit Committee

DIRECTORS' PROFILES

TAN SRI RAFIDAH AZIZ

Senior Independent
Non-Executive Chairman

Tan Sri Rafidah, Malaysian (female), aged 76, 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 was Malaysia's longest-serving Minister of International Trade and Industry, having served in that capacity from 1987 to 2008, and contributes a wealth of international experience.

Prior to this, she has also held the portfolio of Minister of Public Enterprises from 1980 to 1987 and Deputy Minister of Finance from 1977 to 1980. Tan Sri Rafidah also lectured at the Faculty of Economics and Administration at the University of Malaya, between 1966 and 1976. She now serves as an Adjunct Professor at the College of Business, University Utara Malaysia, and the Chancellor of the Meritus University.

She has received various 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 the Chairman of Megasteel Sdn Bhd and Pinewood Iskandar Malaysia Studio. She is an Advisor to the Government of Sarawak on the Renewable Energy Corridor (RECODA) and she is also Patron of several NGOs.

DATUK KAMARUDIN BIN MERANUN

Non-Independent
Non-Executive Director

Datuk Kamarudin bin Meranun (male), Malaysian, aged 58, 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 Yayasan Pendidikan Titiwangsa, a Director of University Teknologi MARA (UiTM) and a member of the Board of Trustees of the Mahathir Science Award Foundation. He was a Non-Independent Non-Executive Director of Tune Protect Group Berhad from 11 March 2013 till 30 June 2019.

DIRECTORS' PROFILES

TAN SRI TONY FERNANDES

Non-Independent
Non-Executive Director

Tan Sri Tony Fernandes (male), Malaysian, aged 56, 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 Executive Director and Chief Executive Officer of AirAsia Group Berhad.

DATO' YUSLI BIN MOHAMED YUSOFF

Independent
Non-Executive Director

Dato' Yusli, Malaysian (male), aged 61, 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 Board.

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 a number of 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 of professional engagements, he serves as the Patron of the Victoria Institution Old Boys Association. Currently, Dato' Yusli is the President of the Malaysian Institute of Corporate Governance.

DIRECTORS' PROFILES

DATO' LIM KIAN ONN

Non-Independent
Non-Executive Director

Dato' Lim, Malaysian (male), aged 63, 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. Dato' Lim is also a member of the Audit Committee of the Board.

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 has been the Managing Director of ECM Libra Group Berhad (formerly known as ECM Libra Financial Group Berhad) since 16 July 2015 and was subsequently re-designated as the Non-Executive Director on 1 June 2020. He 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.

TAN SRI ASMAT BIN KAMALUDIN

Independent
Non-Executive Director

Tan Sri Asmat, Malaysian (male), aged 76, 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 Board.

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, his last post being Secretary General of the Ministry of International Trade & Industry Malaysia, a position he held since May 1992. In the last five 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, Malaysian (male), aged 59, was appointed as an 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 Board, 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 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 and a Director of the Malaysia-China Business Council.

Declaration of Directors:

- **Family Relationship**
  None of the Directors has any family relationship with any other Director and/or major shareholder of AirAsia X Berhad.

- **Conflict of Interest**
  None of the Directors has any conflict of interest with AirAsia X Berhad.

- **Conviction for Offences**
  None of the Directors has been convicted for any public offence during the financial year ended 31 December 2019 or had any penalty imposed by the relevant regulatory bodies within the past five (5) years, other than traffic offences, if any.

- **Attendance of Board Meetings**
  The attendance of the Directors at Board of Directors' meetings for the financial year ended 31 December 2019 is disclosed in the Corporate Governance Overview Statement.

PROFILES OF THE LEADERSHIP TEAM

NADDA BURANASIRI

Group Chief Executive Officer

Nationality	Thai	Gender	Male
Age	58	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
- Embraces the One AirAsia vision and values in transforming the existing business into a travel tech company

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
- Leads transformation into a travel tech company while embracing and promoting One AirAsia values

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, 1991
- Part of the team that set up Universal Music (Thailand) Co Ltd, and was promoted to Managing Director, 2007
- Joined Warner Music (Thailand) as Managing Director until 2014
- Part of the set-up team for Thai AirAsia X Co., Ltd, and appointed Chief Executive Officer, 2014
- Appointed as Group Chief Executive Officer of AirAsia X, 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 AirAsia X Berhad's shares

BENYAMIN ISMAIL

Chief Executive Officer

Nationality	Malaysian	Gender	Male
Age	43	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 AirAsia X's turnaround plan
- 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 as a manager in Debt Capital Markets, 2004
- Joined CIMB Investment Bank focusing on Debt Capital Markets, 2007
- Joined AirAsia as Head of Investor Relations, 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)

Awards/Recognition:

- Four-time winner of Best Investor Relations Officer by Corporate Governance Asia (2011-2014)
- Two-time recipient of Best IR Professional award by Bursa Malaysia's Malaysian Investor Relations Association (MIRA) (2011 & 2012)

Additional Information:

- Benyamin does not own any AirAsia X Berhad's shares

PROFILES OF THE LEADERSHIP TEAM

ANDREW LITTLEDALE

Chief Financial Officer

Nationality	British	Gender	Male
Age	56	Date of Appointment	**8 November 2019**

Responsibilities:
- Takes primary responsibility for the financial management of AirAsia X
- Oversight of 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 financial progress of the business through timely and relevant financial reporting, while managing liquidity and cash flow
- Reviews KPIs for all areas of the business in order to improve the quality and relevance of management information
- Oversees and improves financial controls and processes across all functions and business units
- Represents the Company in interfaces with financial institutions, investors, public auditors and other officials

Experience:
- 10 years of Group Reporting experience in UK FTSE100 and FTSE250 companies
- Appointed AirAsia X Chief Financial Officer (CFO) at the airline's start-up, 2007
- Appointed Group Financial Controller of AirAsia, 2010
- Appointed CFO of AirAsia, 2012
- Appointed as Group CFO of Air Arabia PJSC, Sharjah, United Arab Emirates, 2017
- Re-appointed AirAsia X CFO, 2019

Qualifications and Professional Membership:
- Bachelor of Science (Biology), University of London, United Kingdom (UK)
- Fellow of the Chartered Institute of Management Accountants (FCMA), UK
- Chartered Global Management Accountant (CGMA), UK

Awards/Recognition:
- Awarded Best CFO Malaysia 2014 by Finance Asia

MOSES DEVANAYAGAM

Senior Director

Nationality	Malaysian	Gender	Male
Age	69	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:
- 49 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

Awards/Recognition:
- 40 years Long-Service Award from Malaysia Airlines

PROFILES OF THE LEADERSHIP TEAM

CAPT SURESH BANGAH

Director of Flight Operations

Nationality	Malaysian	Gender	Male
Age	45	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

Awards/Recognition:
- 10 Years Long-Service Award from AirAsia Group

LIM KOK HOOI

Head of Corporate Safety

Nationality	Malaysian	Gender	Male
Age	49	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 more than 15,000 accumulated flying hours:
  - Started commercial flying in the Dornier 228, then Twin-Otter (DHC-6), Fokker 50, Boeing B737, Airbus A340 and now, Airbus 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, Boeing B737-400 and B737-800, 1997
  - Joined AirAsia X as a Captain of Airbus 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 SMS implementer
- Cranfield University Certified Aviation Investigator
- IATA Trained Aviation Auditor

Awards/Recognition:
- Approved by Department of Civil Aviation Malaysia as a nominated post holder

PROFILES OF THE LEADERSHIP TEAM

VANESSA REGAN

Head of Group Communications

Nationality	New Zealander	Gender	Female
Age	47	Date of Appointment	**14 May 2018**

Responsibilities:

- Provides strategic communication leadership for the CEO and senior management team
- Develops and implements AirAsia X's communication strategies including corporate communication, CEO and management profiling, media relations, issues management and commercial communication to support revenue and sales objectives in all key markets
- Focused on continual improvement across all communication channels and driving brand awareness and reputation in key markets
- Promotes innovation across the communication spectrum to support the AirAsia X turnaround plan and digital transformation strategy of the AirAsia Group to become a leading online travel and lifestyle platform
- Manages the external and internal profile of the business with all key stakeholders

Experience:

- Over 25 years' experience in a range of high-profile corporate communication roles in Asia, Australia and New Zealand (NZ):
  - Publicity Manager at SKY TV, driving strong publicity outcomes for NZ's then pay TV leader, 1993-1995
  - Publicity Manager at TV3/TV4, the leading national broadcasting company in NZ, 1996-1998
  - PR Executive at DDB Needham PR and advertising agency, NZ, 1999-2000
  - Communications Manager for SKYCITY Entertainment Group, responsible for managing the media profile and communication strategy of the gaming, tourism and entertainment properties in Australia and NZ, 2000-2008
  - Head of Marketing and Communications for Tigerair Australia, responsible for managing the marketing, media/communications and customer services functions for the business. Key part of the senior leadership team that successfully re-launched the airline in July 2011. Instrumental in development of the Tigerair turnaround strategy and rebrand of the airline in July 2011
  - Key media spokesperson for Tigerair Australia next to CEO, 2009-2018
  - Joined AirAsia X in May 2018

Qualifications and Professional Membership:

- Bachelor of Communication Studies (PR Major) Auckland NZ, 1993

Awards/Recognition:

- Virgin Australia CEO awards: finalist - 2016 for diligence in achieving outstanding safety and communications strategy outcomes for the business (within the Virgin Australia Group of Airlines)
- PRINZ (PR Institute of NZ) Runner Up Award in 2005 for the launch of the new SKYCITY Auckland Convention Centre and Dine by Peter Gordon premium restaurant
- Quest for the Best Employee Award 2008 from SKYCITY Entertainment Group

ONG SOON YEE

Head of Engineering

Nationality	Malaysian	Gender	Male
Age	51	Date of Appointment	**1 March 2018**

Responsibilities:

- Manages the Department of Engineering overseeing resources, staffing, system enhancement and maintenance
- Leads the team with focus on technologies inclusive of AMOS, Skywise, AIMS and Airman for defect monitoring
- Manages departmental operating budget
- Drives key performance indicators across all areas of engineering function to ensure Parts M and 145 are delivered within budget, on time and at the highest quality standards

Experience:

- Joined AirAsia (then DRB-HICOM), 1996
- Became a Licensed Aircraft Engineer B1.1 holder with Airbus A320 type rated, 2009
- Maintenance Manager at AirAsia Malaysia, managing Allstars and maintenance activities in Kuala Lumpur, Johor Bahru, Penang, Kuching and Kota Kinabalu, 2014
- Head of Ground Operations and Nominated Post Holder to Civil Aviation Authority of Malaysia, 2016
- Joined AirAsia X in early 2018

Qualifications and Professional Membership:

- Master of Business Administration, University of New Castle, 2005
- EASA part 66 B1.1 Licence, 2007
- CAAM part 66 B1.1 Licence, 2009

PROFILES OF THE LEADERSHIP TEAM

VENGGATARAO NIADU
Head of Regulatory and Network

Nationality	Malaysian	Gender	Male
Age	45	Date of Appointment	**1 October 2014**

Responsibilities:
- Assesses new markets based on strategic fit, financial potential, growth opportunity, risks and possible entry points
- Develops network expansion plans for the Company's long and short-term objectives
- Develops schedules to utilise crew manpower and aircraft efficiently and effectively, considering commercial requirements and network connectivity
- Builds and maintains relationships with local and foreign regulators as well as airports, while monitoring and negotiating bilateral agreements in relevant markets
- Manages and negotiates arrival and departure slots at local and foreign destinations

Experience:
- Venggatarao has more than 10 years of management experience in the aviation industry, in cross-functional roles across network and fleet planning
  - Started his career with SINGER Sdn Bhd as an internal auditor, 1996
  - Moved to AirAsia as a Scheduling Executive, 2005
  - Moved to AirAsia X as a Scheduling and Network Executive, 2006
  - Promoted to Manager of Network and Scheduling, 2010
  - Appointed as Head of Regulatory and Network, 2014

Qualifications and Professional Membership:
- Master of Business Administration, Anglia Ruskin University, 2018

Awards/Recognition:
- Best Network Performance Award (Airline Category) by World Routes Award
- 10 Years Long-Service Award from AirAsia Group

SENG KIAN AIK
Head of Internal Audit

Nationality	Malaysian	Gender	Male
Age	48	Date of Appointment	**3 April 2017**

Responsibilities:
- Provides independent and objective assurance as to the adequacy and effectiveness of system of internal controls, risk management and governance processes

Experience:
- Started his career as an auditor at Azman, Wong, Salleh & Co, 1997
- Joined PricewaterhouseCoopers in Assurance & Business Advisory Services and rose to Audit Manager, 2000
- Served Sunway Group Internal Audit and led Sunway REIT's Internal Audit function as Assistant General Manager, 2007
- Joined AirAsia X as Head of Internal Audit, 2017

Qualifications and Professional Membership:
- Member of the Institute of Internal Auditors Malaysia (IIAM)
- Member of the Malaysian Institute of Certified Public Accountants (MICPA)
- Member of the Malaysian Institute of Accountants (MIA)
- Member of the Chartered Accountants Australia and New Zealand (CAANZ)

PROFILES OF THE LEADERSHIP TEAM

WONG OOI LING

Head of Corporate Quality and Assurance

Nationality	Malaysian	Gender	Female
Age	49	Date of Appointment	**1 July 2016**

Responsibilities:
- Provides support to business units in process development and continual improvement
- Coordinates business continuity management (BCM) related activities with other Heads of Department involving development, documentation and testing of the business continuity plan
- Coordinates the implementation of Risk Management Framework and risk management activities within AAX including identification, monitoring and reporting of risks
- Provides training and workshops on risk management and BCM

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 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)

PREM ANAND VASUDEVAN, CFA

Head of Investor Relations and Corporate Finance

Nationality	Malaysian	Gender	Male
Age	32	Date of Appointment	**1 May 2020**

Responsibilities:
- Engages with the investment community to ensure full appreciation of the Company's business activities, strategy and prospects to allow the market to make informed decisions
- Manages corporate exercises and capital market activity including fund raising
- Engages with creditors and financiers
- Coordinates shareholder meetings, conferences and investor roadshows; leads the annual general meetings and financial analyst briefings; releases financial data, publishes reports as well as leads the production of the Company's annual report
- Manages the aircraft leasing portfolio and the Company's leasing business

Experience:
- Started career in Corporate Finance at AmInvestment Bank Berhad, 2010
- Joined Maybank Investment Bank Berhad in Corporate Finance, 2011
- Undertook a wide selection of large cap. investment banking exercises ranging from initial public offerings, merger & acquisitions, asset purchase, rights issue, employee share scheme and privatisations
- Joined AirAsia X as Manager of Investor Relations and Corporate Finance, 2018
- Appointed Head of Investor Relations and Corporate Finance, 2020

Qualifications and Professional Membership:
- Bachelor of Business and Commerce (Banking & Finance and Economics), Monash University
- Chartered Financial Analyst (CFA Charter holder), 2019

PROFILES OF THE LEADERSHIP TEAM

MUHAMMAD ALIF SOON

Head of Ground Operations

Nationality	Malaysian	Gender	Male
Age	44	Date of Appointment	**9 April 2015**

Responsibilities:
- Leads the Ground Operations team in improving our customer experience
- Ensures full compliance by the department with all regulatory requirements

Experience:
- Joined AirAsia as a Guest Service Assistant, 2004
- Moved to Airasia X as Duty Executive, 2010
- Promoted as Airport Manager, 2013
- Appointed Head of Ground Operations, 2015

Qualifications and Professional Membership:
- Sijil Pelajaran Malaysia

Awards/Recognition:
- 10 Years Long-Service Award from AirAsia Group

ASPA LINDA AHMAD

Head of Cabin Crew

Nationality	Malaysian	Gender	Female
Age	43	Date of Appointment	**16 March 2015**

Responsibilities:
- Leads and manages manpower planning for the entire AirAsia X Cabin Crew Department
- Responsible for the management and supervision of all Cabin Operation activities and safety, ensuring these are conducted in accordance with applicable regulations and company standards
- Ensures cabin crew deliver world-class customer service

Experience:
- More than 20 years of experience in the aviation industry:
  - Started her career with AirAsia as a Cabin Crew (2002) and was promoted to Senior Cabin Crew (2003), Purser (2005) and a Cabin Crew Executive (2009)
  - Moved to AirAsia X and served as an Assistant Cabin Crew Manager, 2010
  - Further enhanced her skills set by joining the Cabin Safety Department as a Safety Examiner, and was promoted to Cabin Safety Manager in 2012
  - Appointed Head of Cabin Crew at AirAsia X, leading more than 1,000 cabin crew, 2015

Qualifications and Professional Membership:
- Boeing B737 Type Rating Certificate, 2002
- Airbus A320 Type Rating Certificate, 2006
- Airbus A330 Type Rating Certificate, 2007
- Airbus A340 Type Rating Certificate, 2009

Awards/Recognition:
- 10 Years Long-Service Award with AirAsia Group

PROFILES OF THE LEADERSHIP TEAM

SELVAM VELAITHAM

Part M - Continuing Airworthiness Manager

Nationality	Malaysian	Gender	Male
Age	51	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 support to 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, 2004 – 2006
  - Quality Assurance Inspector in AirAsia, 2006 – 2013
  - Joined AirAsia X as a manager, 2014
  - CAAM Nominated Post Holder as Quality Assurance Manager at AirAsia X, 2014 – 2018
  - Became a CAAM Nominated Post Holder as Part M - Continuing Airworthiness Manager, 2018

Qualifications and Professional Membership:

- Diploma of Aircraft Maintenance - Oxford Air Training School, 1998
- Aircraft Maintenance Engineer Licence - CAA United Kingdom, 1998
- Aircraft Maintenance Engineer Licence - DCA Malaysia, 1998

SHEREEN EE SWEE YING

Senior Legal Counsel

Nationality	Malaysian	Gender	Female
Age	36	Date of Appointment	**1 October 2019**

Responsibilities:

- Provides strategic support to the Board of Directors and senior management of AirAsia X on complex and high value legal matters and projects
- Primary contact point for all legal matters of AirAsia X, responsible for key deals and projects, advising on legal risks, exposure and liabilities, and participating in negotiations with service providers
- Manages Legal Department of AirAsia X
- Develops and maintains sufficient legal expertise to provide effective advice in commercial law, contracts, aircraft-related transactions, compliance, regulatory matters and other major areas of law and aviation regulations that most commonly affect the airline
- Manages External Counsel and ensures efficient and effective partnerships between AirAsia X and legal firms

Experience:

- Seven years in legal practice with reputable firms and has extensive experience in corporate and financing transactions
- Promoted to senior legal associate of Abdullah Chan & Co, 2016
- Joined Usaha Tegas Sdn Bhd Group as Compliance Manager, 2017
- Joined AirAsia X as Senior Legal Counsel, 2019

Qualifications and Professional Membership:

- Bachelor of Laws (Hons), Oxford Brookes University, United Kingdom (UK)
- Master of Laws (Law and Development), University of Manchester, UK
- Called to the Bar of England and Wales, 2009
- Member of Lincoln's Inn Society, UK
- Admitted to the Malaysian Bar, 2010

PROFILES OF THE LEADERSHIP TEAM

EDDIE TAN

Line Operations Manager

Nationality	Malaysian	Gender	Male
Age	47	Date of Appointment	**14 April 2014**

Responsibilities:

- Oversees and manages all overseas stations, including the set-up of new stations
- Manages ground operations related contracts
- Ensures accurate and timely execution of all processes and procedures while maintaining the highest level of safety, security and operational efficiency throughout the network

Experience:

- Eddie has more than 28 years of management experience in handling operations in the aviation industry:
  - Started career with Singapore Airlines Limited as a Passenger Services Agent, 1992
  - Joined All Nippon Airways Co., Limited as Traffic and Flight Operations Officer, 1995
  - Joined AirAsia Berhad as Station Manager, Kuching, 2005
  - Transferred to Kuala Lumpur Hub (LCCT) as Station Manager, 2006
  - Appointed Station Manager at AirAsia X, Kuala Lumpur Hub, 2010
  - Appointed Line Operations Manager at AirAsia X, 2014

Qualifications and Professional Membership:

- Tertiary studies – Beaufort College, Western Australia

Awards/Recognition:

- 10 Years Long-Service Award from AirAsia Group

Declaration of Leadership Team:

- **Family Relationship**
  None of the Leadership Team has any family relationship with any Director and/or major shareholder of AirAsia X Berhad.
- **Conflict of Interest**
  None of the Leadership Team has any conflict of interest with AirAsia X Berhad.
- **Conviction for Offences**
  None of the Leadership Team has been convicted for any public offence during the financial year ended 31 December 2019 or had any penalty imposed by the relevant regulatory bodies within the past five years, other than traffic offences, if any.
- **Other Directorship**
  None of the Leadership Team holds any directorship position in any public company.

AIRASIA X THAILAND LEADERSHIP TEAM

NADDA BURANASIRI
Chief Executive Officer

KLA NUANGNARA
Chief Financial Officer

MATANA THIENTHONG
Head of Commercial

CAPTAIN PITTINUN INTARASAK
Head of Flight Operations

KRIRKWOOT BOONSORN
Head of Engineering

NITIROTE KITCHAROEN
Head of Ground Operations


Air Asia

GCEO'S STATEMENT

DEAR VALUED SHAREHOLDERS,

I am honoured to present my second annual report for AirAsia X. Despite numerous challenges that impacted the long-haul sector, our two country airlines demonstrated a high level of collaboration and cooperation, enhancing the existing synergies of our business. Amidst the network reorganisation in Malaysia, we were able to increase our total capacity as a Group, and despite dampened demand, we grew the total number of guests carried year on year. Overall, our performance in 2019 was commendable, and I salute our Allstars for their hard work as well as dedication during these difficult times.

NADDA BURANASIRI

GROUP CHIEF EXECUTIVE OFFICER

The challenges posed by the year were primarily economic and beyond our control. As a result of the global economic slowdown, most countries experienced a contraction in their gross domestic product (GDP), Asia notwithstanding. This dampened demand for travel, particularly in the long-haul sector. China was particularly hard hit due to its trade war with the US, leading to a sharp decline in number of travellers from the country. Thailand's strengthening Baht further dampened in-bound tourism, curtailing the numbers from China by as much as 10%-12%. Added to these challenges, irrational competition in both Malaysia and Thailand drove down prices while added capacity by Thai carriers to Japan eroded some of AirAsia X Thailand's market share there.

In terms of cost, the weak Ringgit against the US Dollar and increase in price of fuel, especially in November and December, squeezed margins in Malaysia. This was further exacerbated by changes in accounting practices for leases under the newly implemented Malaysian Financial Reporting Standard (MFRS16).

Strategy of Country Dominance

As challenging as the year was, we did not let the prevailing environment detract us from our strategy, and continued to build dominance in our key markets of North Asia and Australia. A total of seven new routes were launched during the year – all to our core markets. At the same time, we terminated the last single-country destination in our network (excluding Honolulu), namely Kuala Lumpur-Auckland. Further building our markets, AirAsia X Malaysia and AirAsia X Thailand joined forces to launch promotions and campaigns in Australia, China, South Korea, Japan and India positioning the Group as being an airline that offers value for money, rather than just one that is low-cost.

In Australia, we went a step further to redefine low-cost travel by launching two new services – FACES in Avalon Airport, Melbourne; and the Red Carpet at Brisbane International Airport. FACES is a facial biometric system that allows guests to board without the need to display any documentation, while the Red Carpet, as implied by its name, offers guests VIP treatment. For a nominal sum, guests enjoyed a dedicated check-in area, priority baggage delivery, complimentary lounge access and express boarding when departing from Brisbane.

Balancing Our Finances

Revenue-wise, in addition to relying on fares, we have seen a marked increase in ancillary uptake over the last few years. And the trend continued in 2019, aided by our ongoing process of digitalisation. Personalised communication using data mining enabled us to significantly increase sales from OURSHOP which drives Duty Free. We also saw greater uptake of inflight meals with country-specific menus. Meanwhile, freight services offered under Teleport (previously RedCargo Logistics) is growing rapidly and made up the second highest grossing ancillary offering during the year. For guests, an exciting development was the introduction of Wi-Fi on board through ROKKI, AirAsia's own brand of internet connectivity.

While building our revenue base, we also continued to focus intently on lowering our costs, with very promising results. Indeed, cost management was one of our key achievements for the year, further entrenching AirAsia X's position as the lowest unit cost airline in the world. Among various initiatives undertaken, we renegotiated our lease arrangements, and optimised our flight operations with fuel-saving mechanisms. Leveraging greater integration with the AirAsia Group, AirAsia X Thailand merged its engineering department

GCEO'S STATEMENT

with that of AirAsia Thailand, resulting in knowledge sharing and better negotiation clout.

AirAsia X Malaysia

The major focus in Malaysia was on route realignment, in what was a challenging year for the airline amid softer travel demand from China, irrational competition and the introduction of departure levy. The airline did not take in any new aircraft, but instead terminated one route while adding five more. Of note, it launched a number of short-haul routes, first from Kuala Lumpur to Singapore, then from Taipei to Osaka. These serve the dual purpose of serving high-demand routes that AirAsia's narrow-bodied aircraft are not able to fulfil, while also helping AirAsia X Malaysia increase its aircraft utilisation. The Taipei connection was so successful that Taipei has been developed into a virtual hub, and early in January 2020 we launched another destination from Taiwan's capital to Okinawa, also in Japan.

AirAsia X Thailand

A key highlight for AirAsia X Thailand was the delivery of two brand-new Airbus A330neo aircraft in August 2019. AirAsia X Thailand also launched two new destinations – Tbilisi, in Georgia, and Brisbane, Australia during the year. Tbilisi was served under chartered flights, while Brisbane marked AirAsia X Thailand's first destination in Australia. In addition, the airline launched its fifth route in Japan— Fukuoka.

New routes and added frequencies to its core markets contributed to a 41% increase in capacity and 29% growth in number of guests carried. However, the airline's load factor and average base fare decreased by 8% and 15% respectively, leading to a net loss of USD3.7 million. In March 2020, AirAsia X Thailand had to make the painful but necessary decision to suspend its operations in the face of the impact from the outbreak of COVID-19.

Outlook

The immediate outlook for the year 2020 is looking tough, especially with the outbreak of COVID-19. That said, we remain as focused as ever in our efforts to pilot the Company towards recovery and stabilisation with the assistance from our advisers. Along with progress on our restructuring efforts, we expect to continue to overcome all difficulties faced.

We expect the outbreak of COVID-19 to severely impact our performance for 2020. At the time this statement is being prepared, both AirAsia X Malaysia and AirAsia X Thailand have announced the temporary hibernation of all fleet since March 2020, save for when assisting the relevant government authorities to repatriate travellers as well as in the shipment of goods.

We started feeling the pinch in February 2020 when the viral outbreak peaked in China. This is due to AirAsia X being one of the largest foreign airlines operating into China, which represents 30% of our capacity. Business operations were aggravated further as the pandemic spread to other parts of the world in the following months as demand for travel were disrupted in virtually all core markets, i.e., Australia, China, Japan, South Korea, India as well as in the non-core markets following the enforcement of travel restrictions across the Asia Pacific region, including Malaysia.

In addition to COVID-19 we will also have to contend with headwinds from the spill-over of soft economic sentiment from the year 2019, and manage a network that will now see suspension of non-profitable routes as well as aggressive capacity management in the remaining routes. In managing our costs during these troubled times, AirAsia X is focused on renegotiation with various business partners and seek the early return of our aircraft, as well as potential outright sale of two A330-300 aircraft. As we navigate through the headwinds, AirAsia X Malaysia will defer all delivery of new aircraft.

More positively, as AirAsia X eventually moves through the COVID-19 outbreak, there will be a continuous increase in ancillary revenue along with better data mining, price fixing and personalised offerings. This, together with opportunities provided by AirAsia 3.0, will enhance our business as we remedy the current condition of the Company. As a low-cost airline, moreover, we will continue to explore every possible avenue to contain our costs and pass on the benefits to our guests.

Meanwhile, we will go all out to live our guest-obsessed mantra. Guided by the net promoter score (NPS) we seek to improve our service and offerings to reinforce the message that AirAsia X is much more than a low-cost carrier. We care for our guests and offer true value for money. With us, guests not only get to fly longer; they will also enjoy the experience.

Thank you.

Nadda Buranasiri
Group Chief Executive Officer
AirAsia X Berhad

CEO'S MANAGEMENT DISCUSSION & ANALYSIS

DEAR ESTEEMED SHAREHOLDERS,

The year 2019 was awash with uncertainties brought about by the US-China trade war, Brexit and fluctuating oil prices. The resulting regional economic slowdown impacted medium-to-long-haul low-cost travel, added to which we had to contend with re-emerging irrational competition. Despite these challenges, AirAsia X continued to adhere to our strategy of country dominance while building our ancillary revenue and unleashing greater innovation to enhance our guests' experience. The strength of our offerings helped to stabilise customer demand in spite of uncertain times. We also took the bold step of opening a virtual hub in Taipei and carried out brand building initiatives to make our value proposition more widely known. The results have been encouraging, as the following pages will indicate.

BENYAMIN ISMAIL

CHIEF EXECUTIVE OFFICER

In 2018, we had taken in two additional aircraft and launched two new routes. In 2019, we focused on optimising and realigning our network according to our country dominance strategy. Excluding Honolulu, we terminated our last single-country route, Kuala Lumpur-Auckland, and redeployed capacity to our core markets of Japan and China with flights to Fukuoka and Tokyo-Narita in Japan as well as Lanzhou, in China. The four times weekly flight to Narita International Airport served to complement an existing service to Tokyo-Haneda, delivering over 150,000 additional seats annually between klia2 and Tokyo.

We also embarked on a strategic move to enhance our aircraft utilisation by serving popular short-haul routes. This saw us establish Taipei as a virtual hub, following which we launched flights from the capital of Taiwan to Osaka and, in January 2020, Okinawa, Japan. Additionally, we deployed our wide-bodied aircraft on the Kuala Lumpur-Singapore route, which serves the additional purpose of meeting demand that could not be met by AirAsia's single-aisle Airbus A320 aircraft given slot constraints in Singapore Changi Airport.

During the year, we have invested in brand building efforts in Australia. We were the main sponsors of the popular AirAsia Juraki Surf Invitational 2019 in the Gold Coast. We partnered the Government of Western Australia in its tourism campaign. We also ran a two-month 'Did You Know' rebranding campaign across Perth, Sydney, Melbourne, the Gold Coast and Brisbane – underlining the great value we offer in addition to affordable fares. This was supported by the roll-out of our Red Carpet Service in Brisbane International Airport, and FACES in Melbourne's Avalon Airport.

The Red Carpet Service offered guests a dedicated check-in area, priority baggage delivery, complimentary lounge access and express boarding; while FACES is a facial recognition system enabling a hassle-free boarding experience without the need for human intervention at the gate. FACES is further speeding up the passenger journey through Avalon Airport, which is already a low-cost carrier friendly terminal. Although we are experiencing a long gestation period at Avalon, we believe in the airport's potential. In 2019, it was named Major Airport of the Year at the National Airport Industry Awards organised by Australian Airports Association.

Our brand building efforts were not in vain, and contributed to the turnaround of two previously loss-making routes – to Perth and Sydney.

Honolulu, meanwhile, continues to live up to its reputation of being a dream destination. Malaysians cannot seem to get enough of it, so much so that during the year we increased the frequency of flights to this Pacific gem from four times a week to daily and have maintained such up until March 2020, when the onset of COVID-19 pandemic impacted air travel.

A key differentiator of AirAsia X, as a low-cost carrier, is the effort we put into making our flights as comfortable and enjoyable as possible. The benefits are two-fold. Better guest experience translates into repeat fliers. At the same time, the take-up of additional products and services offered for guests' additional comfort and convenience increases our revenue. In 2019, we further enhanced our ancillary offerings by introducing Wi-Fi on board and noiseless Sony headphones in our award-winning Premium Flatbed cabin. We also curated

CEO'S MANAGEMENT DISCUSSION & ANALYSIS

differentiated menus for inflight meals according to destinations.

For all ancillary products, we have been leveraging the digital innovations introduced by AirAsia to personalise our offerings. Baggage bookings, seat selection and freight services (offered by Teleport) were the biggest ancillary revenue earners, while duty-free saw the largest earnings increment during the year.

Depressed demand for travel as a result of the soft economic landscape, especially from South Korea, was reflected in a 2% decrease in the number of guests carried year on year (YoY) to 6,071,019. Further exacerbating the situation, our costs increased due to a weakening of the Ringgit against the US Dollar; an increase in the price of fuel in the last quarter of the year (traditionally our bumper quarter); and changes in the accounting treatment of leases under the new accounting standard MFRS16.

In mitigation, we intensified all efforts to save costs on various fronts, focusing especially on renegotiating our lease contracts and optimising flight as well as engineering operations.

Additionally, we are putting our data to work to minimise business disruption. We are equipping all of our aircraft with flight operations and maintenance exchangers (FOMAX) which allow us to capture, store and analyse aircraft data after every flight. Patterns in this data enable us to detect abnormalities early, preventing the development of technical faults and enabling better maintenance planning. This effectively reduces operating risks and costs. With the prediction models, we are also able to create more resilient rosters and schedules, enhancing our service delivery.

Supporting our digitalisation are the people who make up AirAsia X, namely our fantastic team of Allstars. To help them realise their full potential, we continued in 2019 to invest in the professional development of our people, creating opportunities for them to move around the organisation for greater exposure as well as to assume more senior leadership roles. We have always encouraged our Allstars to pursue their dreams by providing more formal channels for them to do so, with various programmes including self-development tools using LinkedIn Learning and other digital channels.

Management Discussion & Analysis

Overview of Group's Business and Operations

	FY2019	FY2018
Revenue (RM '000)	4,233,344	4,571,376
Net Loss (RM '000)	(650,317)	(301,482)
EBITDA (RM '000)	624,998	(76,677)
Total Assets (RM '000)	9,566,861	4,341,571
Net Operating Loss (RM '000)	(347,818)	(218,783)
Return on Total Assets (%)	(6.8)	(6.9)

Review of Financial Results and Financial Condition

AirAsia X Group reported a 7% decrease in revenue YoY to RM4.2 billion, while operating expenses dropped by 8% YoY, mainly due to MFRS16 which saw the reclassification of operating lease expense. This led the Group to record an earnings before interest, taxes, depreciation and amortisation (EBITDA) of RM625.0 million against a loss before interest, taxes, depreciation and amortisation (LBITDA) of RM76.7 million in 2018. Our net operating loss (NOL), however, stood at RM347.8 million against an NOL of RM218.8 million in 2018. Excluding the effects of MFRS16, our normalised NOL would have been significantly narrower at RM257.4 million.

AirAsia X Group reported a loss before tax (LBT) of RM306.0 million for the financial year, against LBT of RM226.7 million in 2018. Loss After Tax (LAT) was recorded at RM650.3 million, as compared to LAT of RM301.5 million in 2018.

CEO'S MANAGEMENT DISCUSSION & ANALYSIS

Group's Earnings

Revenue

The Group achieved a turnover of RM4.2 billion, which was 7% lower YoY.

Revenue from scheduled flights dropped marginally by 2% to RM2.89 billion on the back of a 2% YoY decline in number of guests carried from 6,167,465 in 2018 to 6,071,019. This was in line with a 2% decrease in capacity from 7,622,940 seats in 2018 to 7,459,069 seats in 2019. Ancillary revenue also decreased YoY to RM820.3 million from RM854.2 million in 2018. That said, both our load factor and average base fare remained unchanged at 81% and RM477 respectively, aided by increased frequencies on strong routes to leverage the year-end peak travel season in addition to the launch of new routes such as Kuala Lumpur–Singapore and Kuala Lumpur–Tokyo (Narita).

In line with the decision to reduce our charter activities, revenue from charter flights decreased by 16% to RM114.9 million, down from RM136.4 million in 2018. Meanwhile, revenue from freight services remained unchanged at RM182.9 million; and aircraft operating lease income decreased to RM219.3 million versus RM452.9 million in 2018 due to a change in the accounting treatment of sub-leased aircraft under MFRS16.

Expenditure

The Group's aircraft fuel expenses decreased 10% from RM1.88 billion in 2018 to RM1.68 billion. This was primarily due to a 3% decrease in fuel consumption YoY from 5,223,410 barrels to 5,078,744 barrels along with a 2% drop in sectors flown; and a 10% reduction in average fuel price from USD89 per barrel in 2018 to USD80 per barrel in 2019.

Due to MFRS16, our aircraft operating lease expense has been reclassified to depreciation and finance costs, which increased over four times compared to 2018.

Maintenance and overhaul costs expanded by 45% YoY from RM485.4 million to RM701.6 million due to an increase in number of aircraft operated and expense of costs associated with the sale and leaseback of five aircraft in 2019.

Depreciation of property, plant and equipment increased by 486% from RM127.3 million in 2018 to RM745.4 million, mainly due to adoption of MFRS16.

Other operating expenses decreased by 12% from RM464.4 million in 2018 to RM406.7 million, largely as a result of the provision for a doubtful debt due from AirAsia X Indonesia in 2018.

Profit & Loss Summary	FY2019 RM million	FY2018 RM million	YoY %
Revenue	**4,233.3**	4,571.4	(7.4)
Total Operating Expenses	**(4,394.8)**	(4,782.7)	(8.1)
EBITDA	**625.0**	(76.7)	>100.0
Net Operating Loss	**(347.8)**	(218.8)	(59.0)
Loss Before Tax	**(306.0)**	(226.7)	(35.0)
Taxation	**(344.3)**	(74.8)	(>100.0)
Loss After Tax	**(650.3)**	(301.5)	(>100.0)
Basic EPS (sen)	**(15.7)**	(7.3)	(>100.0)

Group Financial Position

The Group's net gearing increased from 0.68x at end 2018 to 42.83x at end 2019, mainly due to the treatment of operating leases under MFRS16.

Below are the key highlights of the Group's balance sheet:

Total equity decreased by RM435.7 million mainly due to:
Net loss accumulated during the year

Total assets increased by RM5.2 billion driven by:
MFRS16 on the reclassification of operating leases on balance sheet

Total liabilities stood at RM9.4 billion, an increase by RM5.7 billion from 2018 on the back of:
MFRS16 on the reclassification of operating leases on balance sheet

CEO'S MANAGEMENT DISCUSSION & ANALYSIS

Capital Structure and Capital Resources

Cash in-flow from operations stood at RM624.1 million against RM98.5 million in the previous year, while the Group's borrowings increased by >100% to close at RM6.27 billion at end 2019 due to the MFRS16 accounting reclassification. However, against the backdrop of a challenging macroeconomic environment, our cash balance increased 20% YoY to RM358 million, effectively increasing the Group's net gearing from 0.68x to 42.83x.

Given our economic and currency exposures, the Group is committed to initiatives such as hedging and paring down of our gearing to a more comfortable level in order to maintain a sound financial position.

Review of Operating Activities

As per our quarterly Bursa announcement, 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.

AirAsia X Malaysia

Malaysia continued to be the biggest revenue generator in 2019 at RM4.2 billion before elimination adjustments. Revenue from Malaysia decreased YoY as the Company replaced longer-haul routes such as Auckland with shorter stage length routes, resulting in lower average fares. Malaysia did not add any aircraft during the year, its total fleet remaining at 24 Airbus A330 aircraft.

AirAsia X Thailand

Thailand continued its growth momentum in 2019 with a 17.4% increase in revenue to RM1.8 billion as compared to RM1.5 billion in 2018. This was aided by the addition of four Airbus A330 aircraft, including two brand-new Airbus A330neo aircraft, which brought its total fleet to 13 Airbus A330 aircraft as at year end.

AirAsia X Indonesia

The last scheduled flight for our Indonesian associate was Bali-Narita in January 2019. Since then, the airline has been suspended.

Segmental Performance Review

Revenue	FY2019 RM '000	FY2018 RM '000	YoY %
Malaysia	**4,233,344**	4,571,376	(7.4)
Thailand	**1,788,373**	1,523,905	17.4
Indonesia	**91,013**	623,166	(85.4)
Elimination adjustment	**(219,377)**	(452,916)	51.6
Total	**5,893,353**	6,265,531	(5.9)

EBITDA/LBITDA	FY2019 RM '000	FY2018 RM '000	YoY %
Malaysia	**624,998**	(76,677)	>100.0
Thailand	**180,521**	54,183	>100.0
Indonesia	**(162,447)**	(68,330)	>100.0
Elimination adjustment	**-**	-	(>100.0)
Total	**643,072**	(90,824)	>100.0

Profit Before Tax (PBT)/ Loss Before Tax (LBT)	FY2019 RM '000	FY2018 RM '000	YoY %
Malaysia	**(306,008)**	(226,661)	35.0
Thailand	**(231,251)**	65,287	(>100.0)
Indonesia	**(164,509)**	(70,842)	>100.0
Elimination adjustment	**163,014**	-	>100.0
Total	**(538,754)**	(232,216)	(>100.0)

CEO'S MANAGEMENT DISCUSSION & ANALYSIS

Outlook

COVID-19 is without doubt the biggest crisis AirAsia X has had to contend with since our inception. The outbreak has from the beginning of the year, severely impacted our operations to China, which represents 30% of our capacity, as well as South Korea and Japan. Since the Government of Malaysia implemented the Movement Control Order effective 18 March 2020, international travel has effectively ceased on the back of border restrictions. A significant percentage of guests who had booked flights earlier subsequently cancelled their travel plans and sought full refunds rather than to reschedule, further impacting our cash flows. An announcement by AirAsia X Malaysia that we will temporarily hibernate our entire fleet effective from 28 March 2020 remains in place.

During the period of hibernation, we continue to assist the relevant government authorities to support the repatriation of travellers as well as the shipment of goods. The Company channeled its cargo services to serve as an alternative source of income during the time when scheduled flights services are suspended. Throughout the period of hibernation, we have ramped up cargo capacity to meet demand coming primarily from China, India, Japan and South Korea. In addition, we are also serving cargo demand from destinations not served on a scheduled flights basis covering Asia, Middle East, Africa, as well as the Balkans.

AirAsia X reiterates that the safety and well-being of our guests and employees remain our top priority and it is vital that we do our part in helping to curb the spread of the virus. On that note, we continue to monitor the situation closely and are prepared to reinstate our services as soon as the situation improves, subject to the necessary regulatory approvals.

Despite these very challenging circumstances we wish to assure our shareholders that every effort is being made to manage the situation. AirAsia X has confronted similar challenges in the past, and remain confident that with the support of our business partners we will emerge a stronger company once the viral outbreak comes to a pass.

We continue to believe strongly in the potential of the Asian market, and are optimistic that Asia will rise again from the current setback. We wish to commend the Malaysian Government for doing a fantastic job in containing the virus, contributing to recovery from the outbreak.

Cost will remain a key priority, and while maintaining all the initiatives mentioned above we will explore more opportunities to trim our expenses as we enhance revenue. In addition to tapping more fully into Fly-Thru connectivity with our sister Group, its evolution into AirAsia 3.0 focusing on airline + cargo + digital creates even greater potential to explore and develop new streams of income.

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, co-founders Tan Sri Tony Fernandes and Datuk Kamarudin Meranun, and all other Board members for their stewardship in guiding us in a very challenging period for aviation players globally.

I would also like to extend my personal gratitude to all our Allstars, from office staff at RedQ and foreign stations, to ground staff and our wonderful crew, who continue to provide the warmest welcome in the sky. The inclusive culture and people at AirAsia X are vital to our success.

Last but not least, my gratitude and appreciation to all other stakeholders for their support and faith in the Company as we navigate through these difficult times. 2020 will no doubt be a challenging year, but we believe we have what it takes to weather the storm and to drive our version of a long-term success story.

With the support of our fantastic Allstars, we believe we have what it takes to build on our very sound fundamentals to take to the skies.

Thank you.

Benyamin Ismail
Chief Executive Officer
AirAsia X Berhad

FIVE-YEAR FINANCIAL & OPERATIONAL HIGHLIGHTS

	2015 (reinstated)	2016 (reinstated)	2017	2018	2019
Income Statement (in RM'mil)					
Revenue	3,151	3,901	4,579	4,571	**4,233**
Total operating expenses	3,217	3,850	4,517	4,783	**4,395**
EBITDAR	902	1,067	1,167	822	**625**
EBITDA	196	221	222	(77)	**625**
(LBIT)/EBIT	51	107	113	(204)	**(120)**
Net operating (loss)/profit	(13)	82	85	(219)	**(348)**
(Loss)/Profit before tax	(341)	82	187	(227)	**(306)**
Net (loss)/profit	(244)	45	99	(301)	**(650)**
Balance Sheet (in RM'mil)					
Deposits, cash and bank balances	311	422	433	298	**358**
Total assets	4,250	4,672	4,764	4,342	**9,567**
Net debt (Total debt - total cash)	1,118	738	429	389	**5,953**
Shareholders' equity	737	997	989	574	**138**
Cash flow statement (in RM'mil)					
Net cash generated from/(used in) operating activities	(13)	387	291	98	**462**
Net cash generated from/(used in) investing activities	297	(20)	(22)	(9)	**1,024**
Net cash generated from/(used in) financing activities	(114)	(239)	(238)	(219)	**(1,431)**
Net cash flow	170	128	31	(131)	**55**
Consolidated financial performance (%)					
Return on total assets	(5.7)	1.0	2.1	(6.9)	**(6.8)**
Return on shareholders' equity	(33.1)	4.5	10.0	(52.4)	**(471.0)**
ROCE (EBIT/(Net debt + equity))	2.8	6.2	8.0	(21.2)	**(2.0)**
EBITDAR margin	28.6	27.3	25.5	18.0	**13.7**
EBITDA margin	6.2	5.7	4.8	(1.7)	**14.8**
(LBIT)/EBIT margin	1.6	2.7	2.5	(4.5)	**(2.8)**
(Loss)/Profit before tax margin	(10.8)	2.1	4.1	(5.0)	**(7.2)**
Net (loss)/profit margin	(7.7)	1.1	2.2	(6.6)	**(15.4)**
Consolidated operating statistics					
Passengers carried	3,613,537	4,688,077	5,837,530	6,167,465	**6,071,019**
Capacity	4,848,974	5,935,111	7,152,067	7,622,940	**7,459,069**
Load factor (%)	75	79	82	81	**81**
RPK (million)	17,552	23,188	28,578	29,111	**28,366**
ASK (million)	23,388	29,343	35,054	36,047	**34,880**
Aircraft utilisation (hours per day)	14.1	13.5	15.4	15.7	**13.7**
Average fare (RM)	490	518	504	477	**477**
Ancillary revenue per pax (RM)	160	167	175	169	**166**
Revenue per ASK (sen)	13.50	13.32	13.07	12.69	**12.14**
Revenue per ASK (USc)	3.46	3.22	3.22	3.06	**2.93**
Cost per ASK (sen)	13.75	13.12	12.89	13.27	**12.60**
Cost per ASK (USc)	3.53	3.17	3.17	3.20	**3.04**
Cost per ASK - excluding fuel (sen)	9.38	9.32	8.70	8.06	**7.78**
Cost per ASK - excluding fuel (USc)	2.40	2.25	2.14	1.95	**1.88**
Size of fleet at year end	27	30	30	35	**39**
Average stage length (km)	4,761	4,944	4,901	4,729	**4,672**
Sectors flown	13,033	15,743	18,971	20,220	**19,837**
Fuel consumed ('000 bbl)	3,456	4,418	5,145	5,225	**5,079**
Average fuel price	75.7	61.0	66.0	88.0	**79.9**
Number of employees at year end for MAAX	2,204	2,621	2,326	2,461	**2,364**

KEY PERFORMANCE INDICATORS

Revenue

↓ 7%

RM4,233 mil

2018 RM4,571 mil

Operating Loss

↓ 41%

(RM120) mil

2018 (RM204) mil

Ancillary Revenue per Pax

↓ 2%

RM166

2018 RM169

EBITDAR

↓ 24%

RM625 mil

2018 RM822 mil

Net Loss

↑ >100%

(RM650) mil

2018 (RM301) mil

Utilisation Hours

↓ 13%

13.7

2018 15.7

Net Debt

↑ >100%

RM5,953 mil

2018 RM389 mil

CASK (RM)

↓ 5%

12.60 sen

2018 13.27 sen

ASK

↓ 3%

34,880 mil

2018 36,047 mil

Total Assets

↑ >100%

RM9,567 mil

2018 RM4,342 mil

CASK ex-fuel (RM)

↓ 3%

7.78 sen

2018 8.06 sen

Load Factor

0%

81 %

2018 81%

RASK (RM)

↓ 4%

12.14 sen

2018 12.69 sen

Average Base Fare

0%

RM477

2018 RM477

Market Capitalisation

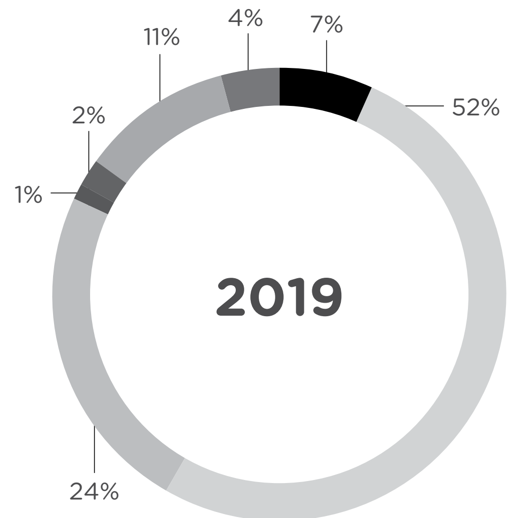
↓ 34%

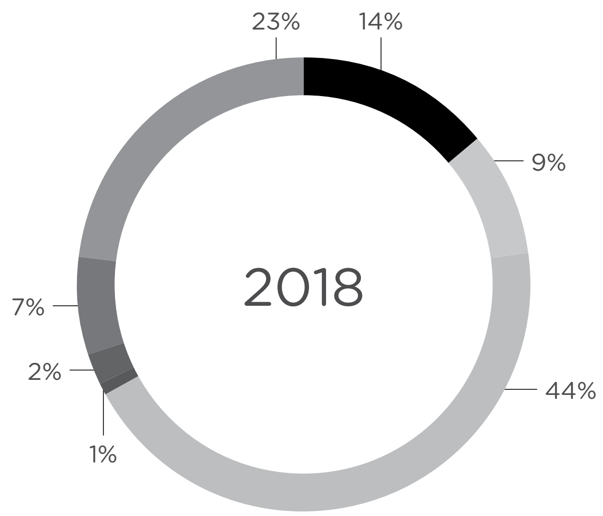
RM643 mil

2018 RM975 mil

SIMPLIFIED GROUP STATEMENT OF FINANCIAL POSITION & SEGMENTAL ANALYSIS

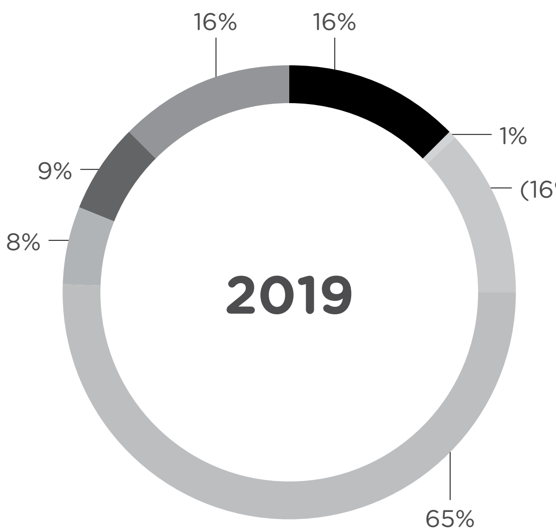
Total Assets

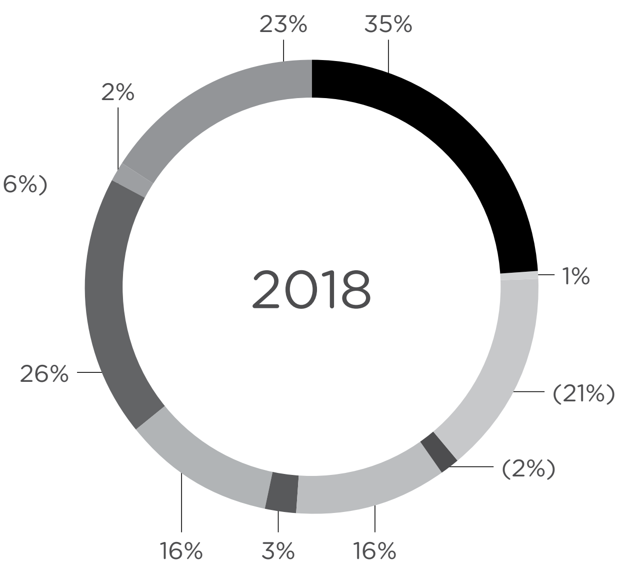




- Property, plant and equipment
- Right of use assets
- Net investment
- Deferred tax assets
- Inventories
- Receivables and prepayments
- Amount due from related parties
- Amount due from a joint venture
- Amount due from an associate
- Finance lease receivable
- Derivative financial instruments
- Tax recoverable
- Deposits, cash and bank balances
- Non-current assets held for sale

Total Liabilities & Shareholders' Equity

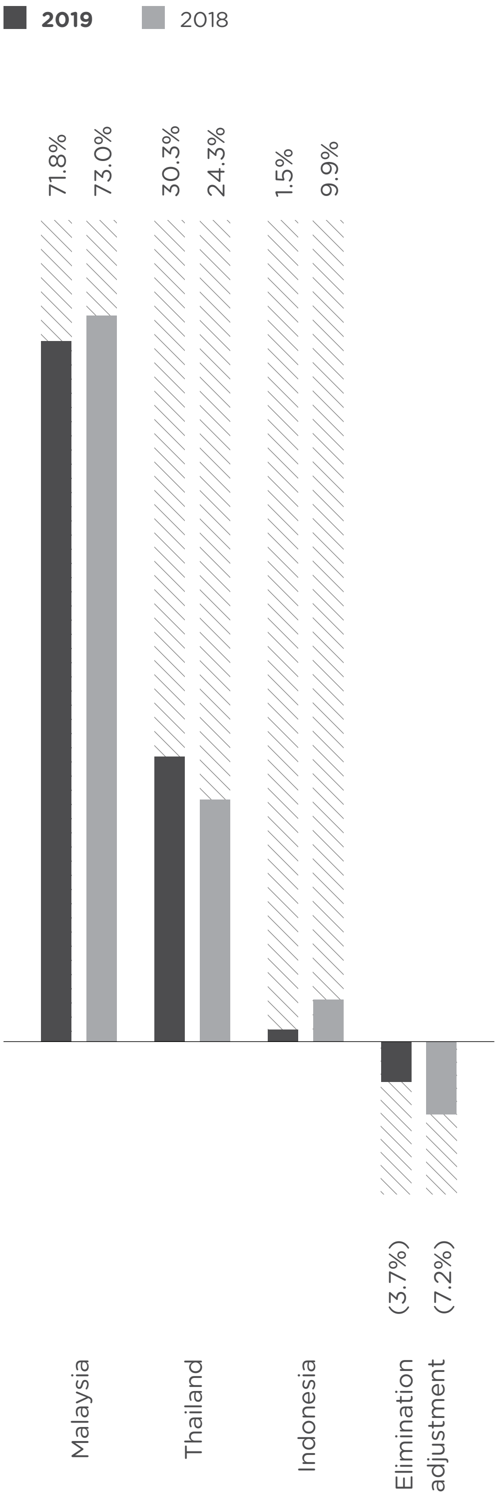




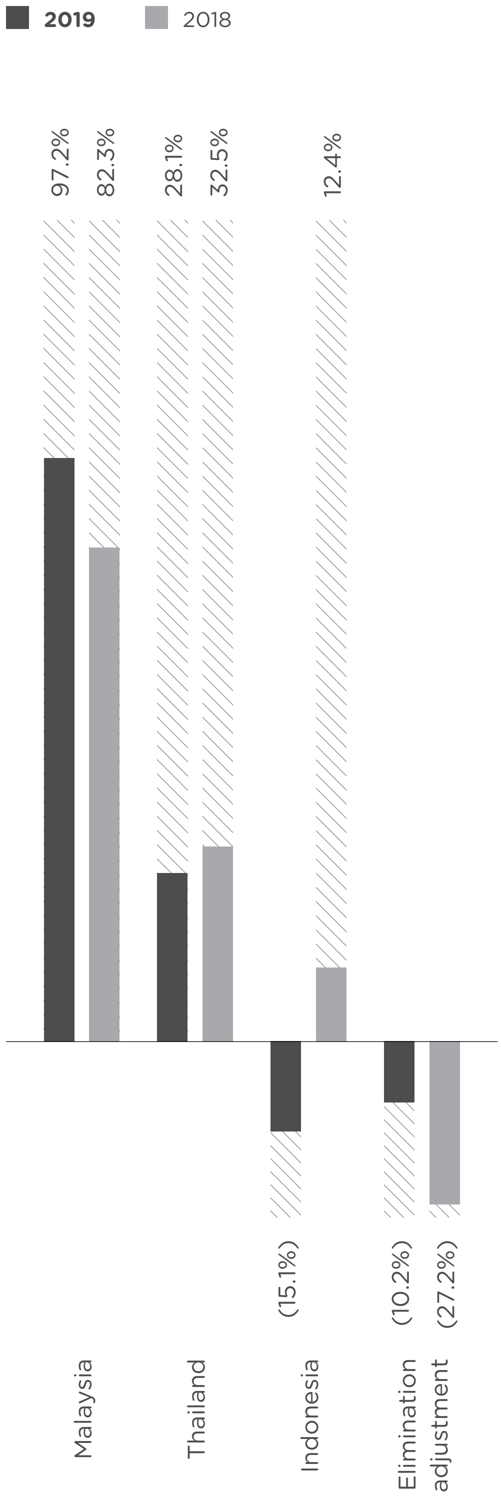
- Share capital
- Warrant reserve
- Currency translation reserve
- Accumulated losses
- Other reserves
- Borrowings
- Derivative financial liabilities
- Sales in advance
- Trade and other payables
- Provision for taxation
- Amount due to a joint venture
- Amount due to related parties
- Amount due to associate
- Provision for aircraft maintenance

SIMPLIFIED GROUP STATEMENT OF FINANCIAL POSITION & SEGMENTAL ANALYSIS

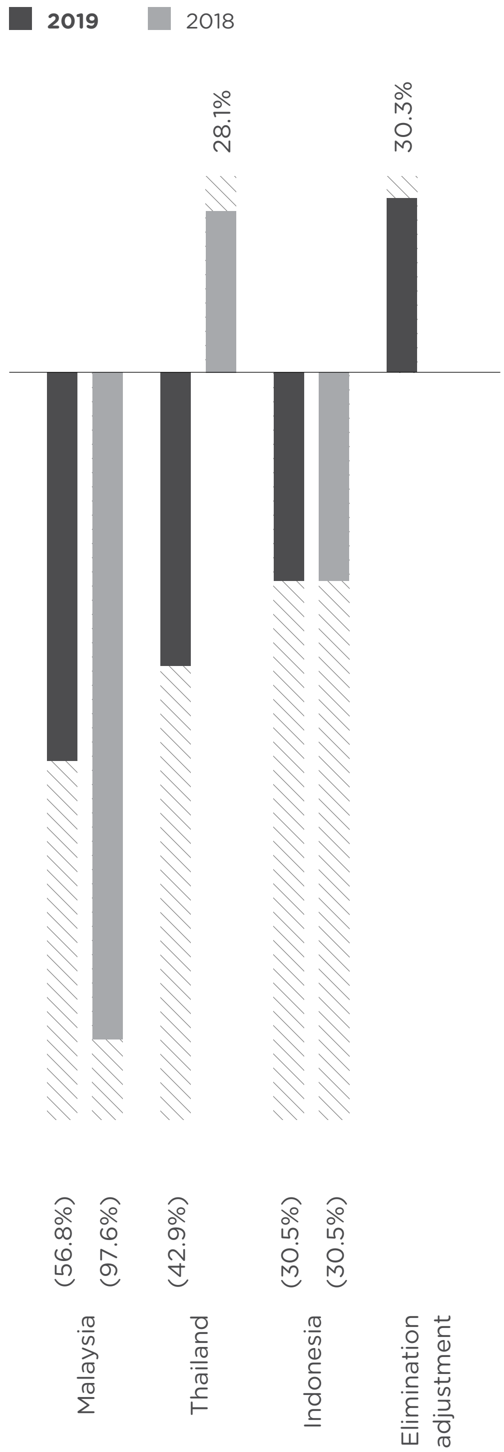
Revenue



EBITDAR/(LBITDAR)[1]



Profit Before Tax (PBT)/ (Loss Before Tax) ((LBT))



[1] EBITDAR/(LBITDAR) represents earnings/(loss) before finance cost, taxation, depreciation, amortisation, and aircraft rental expenses.

GROUP QUARTERLY FINANCIAL PERFORMANCE

	1Q2019	2Q2019	3Q2019	4Q2019
Income Statement (RM'mil)				
Revenue	1,168	1,013	1,015	1,037
EBITDA	265	121	220	19
Operating Profit/(Loss)	50	(110)	(15)	(45)
Net Operating Loss	(30)	(185)	(69)	(64)
Profit/(Loss) Before Tax	60	(269)	(157)	60
Taxation	(16)	(62)	(73)	(259)
Profit/(Loss) After Tax	43	(207)	(230)	(256)
Basic EPS (sen)	1	(5)	(6)	(6)

Balance Sheet (RM'mil)				
Deposit, Cash and Balances	290	314	401	358
Total Assets	9,724	9,728	9,597	9,567
Total Borrowings	5,851	6,066	6,254	6,266
Shareholders' Equity	772	542	213	138
Net Debt	5,562	5,752	5,853	5,908
Net Gearing (x)	7.2	10.6	27.4	42.8

INVESTOR RELATIONS

Ticker Codes:

Bursa Malaysia:
5238

Bloomberg:
AAX.MK

Reuters:
AIRX.KL

AirAsia X values the importance of sharing accurate and transparent communication to our shareholders and investors in a timely manner. We believe that this will enhance shareholders' understanding and appreciation of the airline's business strategies, financial performance, current initiatives and prospects in making informed investment decisions, and in exercising their rights as shareholders. Therefore, we continued to improve the quality of our disclosures during the year to address the rising demand from the investment community for more detailed and specific information as a result of the more challenging economic landscape. Effective teamwork between the Investor Relations team and various information providers as well as leaders within AirAsia X allowed us to provide the necessary information to better serve our stakeholders' needs.

The US-China trade war raised global market volatility and caused widespread uncertainty, in addition to the volatility in commodity prices including crude oil. Investor interest and attention in the Company waned throughout the year as compared to the prior years, which was not surprising as it has been a challenging year for aviation industry players globally.

To ensure that the investment community is kept abreast of our strategies, performance and key business activities, we continuously engage with our investors through a planned investor relations programme. Communication lines with domestic and foreign investors were kept firmly open. The Investor Relations team sought to provide institutional access to the Group's senior management wherever possible either via direct one-on-one meetings, teleconferences or via roadshows and investor conferences.

Investor Meetings, Roadshows & Conferences

During the year under review, the CEO and Investor Relations team continued with regular engagements by way of one-on-one meetings, conference calls, investment conferences and non-deal roadshows (NDRs) with analysts, fund managers, institutional shareholders and other stakeholders. AirAsia X reached out to a wider investor audience internationally by participating in three roadshows, conferences and corporate days in Hong Kong, Japan and Singapore.

Locally, AirAsia X also participated in small group meetings as well as large group presentations organised by local and foreign research houses. We met more than 50 analysts and fund managers throughout 2019, despite it being a soft year for Investor Relations. We continued to uphold best practices in terms of providing as high levels of disclosure as possible and sufficient guidance on the Group's strategies in all segments, markets and financial performance. One of our efforts to uphold best practices is to update both the domestic buy-side and sell-side in pre-closed period meetings every quarter to ensure that the investment community is kept abreast of latest developments. Management shared the Group's strategy and financial performance and received valuable feedback from both current and prospective shareholders.

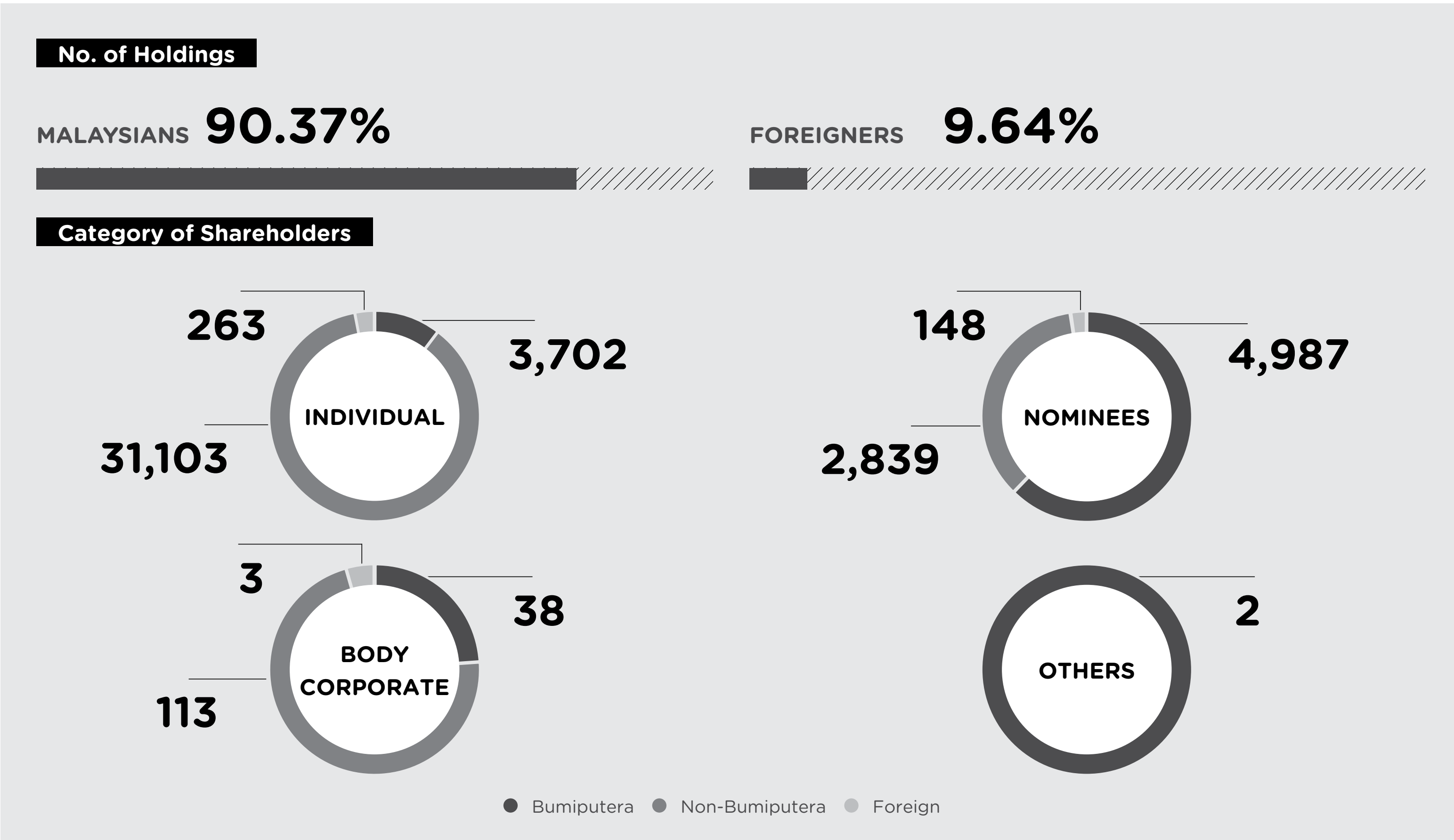
Shareholder Base

As at 31 December 2019, around 90.37% of our shareholders are Malaysians, comprising nominees, government agencies/institutions, banks/finance companies, corporations and other types of shareholders. Tune Group Sdn Bhd and AirAsia Berhad are our two largest shareholders, holding 17.83% and 13.76% equity in the Company, respectively. Other substantial shareholders include the Bank Julius Baer & Co. Ltd., Datuk Kamarudin bin Meranun and Tan Sri Anthony Francis Fernandes.

INVESTOR RELATIONS

No.	Name	Percentage of Holdings
1	TUNE GROUP SDN BHD	17.83
2	AIRASIA BERHAD	13.76
3	KAMARUDIN BIN MERANUN	8.94
4	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	4.79
5	ANTHONY FRANCIS FERNANDES	2.69
6	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (RHBISLAMIC)	0.74
7	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)	0.71
8	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	0.67
9	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	0.62
10	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	0.57

Our foreign shareholdings decreased gradually throughout 2019 to 9.64%, with the majority of our foreign shareholders coming from Singapore.



INVESTOR RELATIONS

Analyst Briefings for Quarterly Results Announcements

The quarterly announcements of the Group's financial performance are accompanied by investor briefings and press conferences. To accommodate regional analysts and fund managers, concurrent conference call facilities are provided to ensure full access to all necessary stakeholders. The Group CEO and CEO present the quarterly or annual performance before opening up each session to queries. Interested participants have the opportunity to pose any relevant questions to senior members of management present. It is the Investor Relations team's responsibility to ensure that financial statements and press releases are uploaded to Bursa Malaysia. The documents and presentations are subsequently emailed to all pertinent parties and uploaded onto the Investor Relations section within the Group's website.

In 2019, the quarterly results announcements and earnings briefing were held for:

Fourth Quarter and Full Financial Year (FY) 2018:
21 February 2019
First Quarter FY2019:
16 May 2019
Second Quarter FY2019:
22 August 2019
Third Quarter FY2019:
13 November 2019

Annual General Meeting

AirAsia X's 13th AGM was held on 26 June 2019 in Sepang, Malaysia. The Management presented a comprehensive review of AirAsia X's financial performance for the year and outlined AirAsia X's prospects for the subsequent financial year. Sufficient time was also set aside for shareholders to raise questions and provide feedback to the Board and Management.

Investor Relations Website

The AirAsia X corporate website at www.airasiax.com continued to be an important channel for distributing investor information and receiving queries and feedback, both locally and overseas. The website contains the Group's annual reports, financial results, investor presentations, capital structure information, press releases and disclosures to Bursa Malaysia. The Investor Relations team continued to ensure that the website remained up-to-date with the latest investor-related Group disclosures.

Analyst Coverage

AirAsia X remains a well-covered stock amongst the investment community with nine analysts and research houses maintaining core coverage on the stock as at end December 2019.

No.	Research House	Analyst
1	Citi	Kaseedit Choonnawat
2	CIMB	Raymond Yap
3	Maybank	Samuel Yin
4	MIDF	Adam Rahim
5	Public Invest	Nur Farah Syifaa' Mohamad Fu'ad
6	RHB	Alan Lim
7	Alliance DBS	Ruzanna Faruk
8	KAF	Max Koh

Awards and Recognition

The concerted efforts of the Investor Relations department to effectively communicate and engage with the investment community were recognised with the following awards:

Awards and Recognition		
Awards/Recognition	**Venue**	**Recognition Body**
Annual Report:		
• Gold - Integrated Presentation (Airline/Airport management) • Gold - Cover Design (Airline/ Airport management) • Silver - Interior Design (Airline/ Airport management) • Silver - Photography (Airline/ Airport management) • Silver - Typography (Airline/ Airport management)	London, United Kingdom	International Annual Report Design Awards 2019

INVESTOR RELATIONS

Awards and Recognition		
Awards/Recognition	**Venue**	**Recognition Body**
• Silver - Non-Traditional Annual Report (Airlines) • Silver - Infographics (Airlines) • Silver - Photography (Airlines)	Seoul, South Korea	33rd Annual International Annual Report Competition (ARC) Awards

Feedback

AirAsia X recognises and highly values feedback from the investing community. This helps to ensure that we constantly meet their requirements while further improving our relationship with this stakeholder group through direct communication. To further enhance our Investor Relations function, we seek constructive ideas through ongoing engagement with stakeholders as well as providing an avenue through which they may communicate with the team at aax_ir@airasia.com.

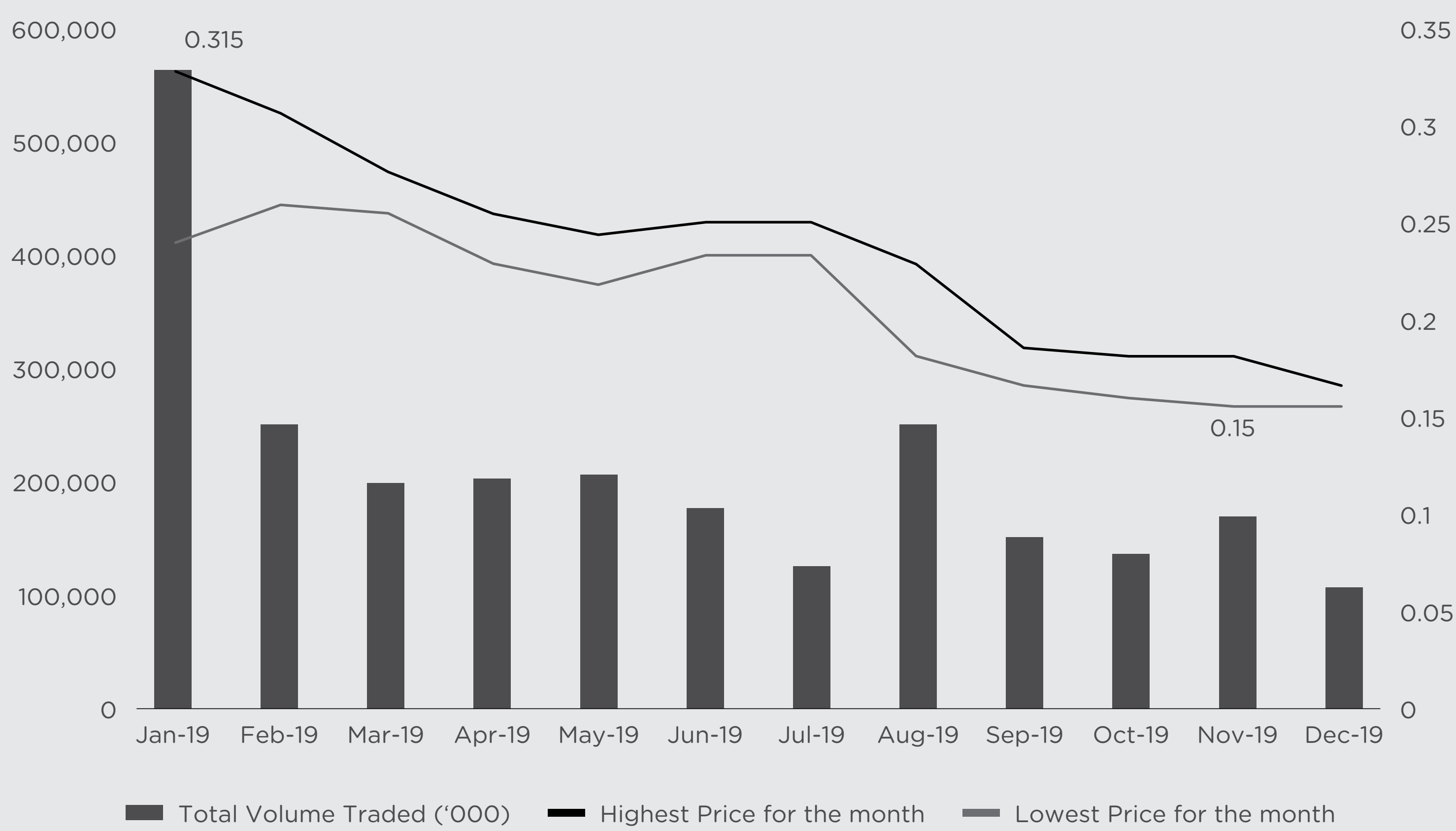
Investor Relations Events

Month	Date	Details	Venue	Type
February	21 February 2019	Announcement of FY2018 Results	Sepang, Malaysia	Analyst Briefing
April	11-12 April 2019	Airfinance Journal Japan 2019	Tokyo, Japan	Conference
	25 April 2019	Affin Hwang Aviation Corporate Day	Kuala Lumpur, Malaysia	Conference
May	7-9 May 2019	International Society of Transport Aircraft Trading (ISTAT) Asia Conference	Shanghai, China	Conference
	16 May 2019	Announcement of the unaudited results for 1Q19	Sepang, Malaysia	Analyst Briefing
June	13 June 2019	CFO Conference 2019 - Leading In The Digital Age	Kuala Lumpur, Malaysia	Conference
	21 June 2019	Non-Deal Roadshow in Hong Kong	Hong Kong	Non-Deal Roadshow
	26 June 2019	13th Annual General Meeting	Sepang, Malaysia	AGM
July	16 July 2019	AirAsia Operations Day	Sepang, Malaysia	Analyst Briefing
August	22 August 2019	Announcement of the unaudited results for 2Q19	Sepang, Malaysia	Analyst Briefing
October	30-31 October 2019	Airfinance Journal Asia Pacific 2019	Hong Kong	Conference
	31 October 2019	AirAsia Investor Day: Teleport	Sepang, Malaysia	Analyst Briefing
November	4-5 November 2019	Airline Economics Growth Frontiers	Hong Kong	Conference
	13 November 2019	Announcement of the unaudited results for 3Q19	Sepang, Malaysia	Analyst Briefing

SHARE PRICE PERFORMANCE

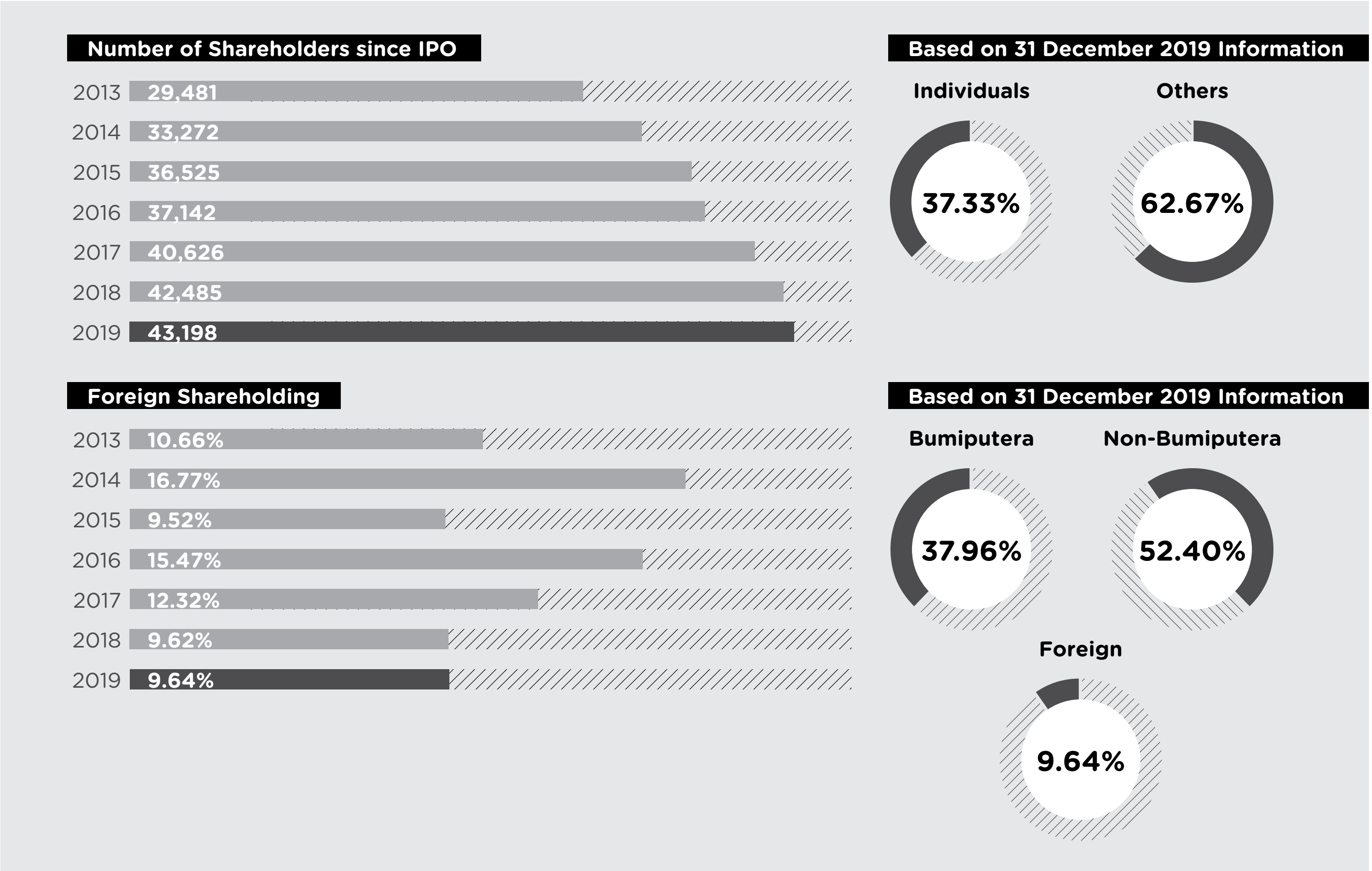
Share Price & Market Capitalisation

AirAsia X's share price decreased by 34% from 23.5 sen on 1 January 2019 to 15.5 sen on 31 December 2019, reaching a peak of 31.5 sen on 29 January 2019 and dipping to the lowest point of 15.0 sen on 27 November 2019.



2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Highest Price (RM)	0.315	0.295	0.265	0.245	0.235	0.24	0.24	0.22	0.18	0.175	0.175	0.16
Lowest Price (RM)	0.23	0.25	0.245	0.22	0.21	0.225	0.225	0.175	0.16	0.155	0.15	0.15
Total Volume Traded ('000)	543,671	240,371	190,829	196,552	198,990	171,317	120,868	241,963	145,613	131,145	163,115	104,291

SHARE PRICE PERFORMANCE



Bumiputera shareholdings include shares held through institutional channelling funds of Individual Bumiputera and trust agencies, such as Lembaga Tabung Haji, Permodalan Nasional Berhad and state economic development corporations. For purposes of this submission, shares held by Khazanah Nasional Berhad, Minister of Finance Incorp, Bank Negara Malaysia, Employees Provident Fund Board, and Kumpulan Wang Amanah Pencen should be classified under the non-Bumiputera column.

Shareholder Base

AirAsia X has a diversified shareholder base with 43,198 institutional and private/retail shareholders across the globe as at 31 December 2019.

Our substantial shareholders are:

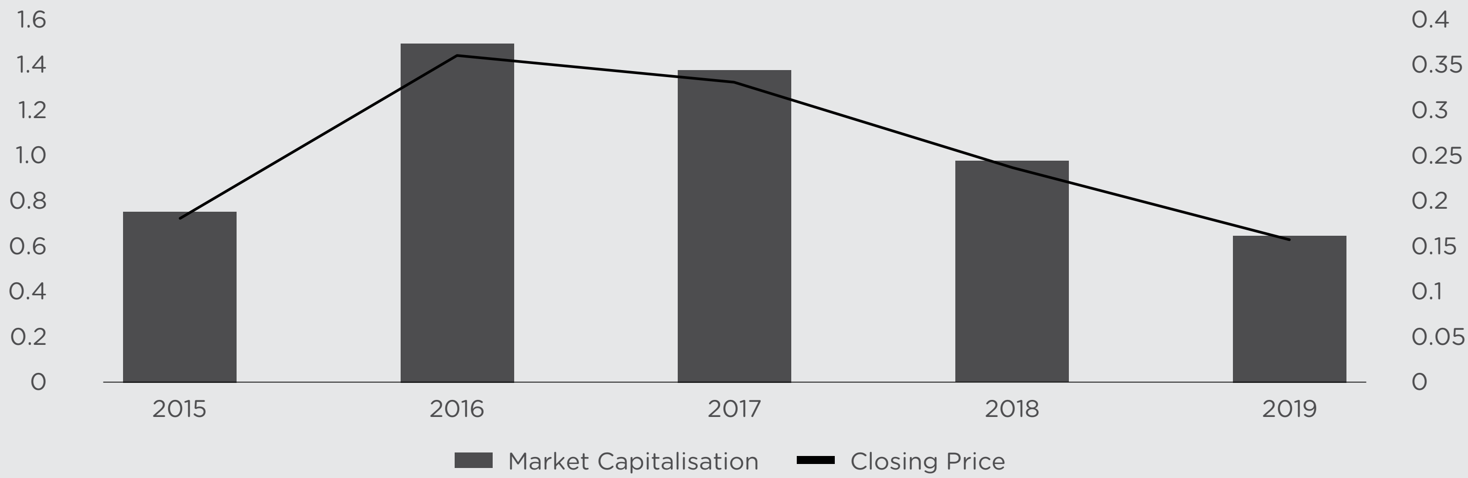
Tune Group Sdn Bhd
17.83%

AirAsia Berhad
13.76%

Datuk Kamarudin bin Meranun
8.94%

which together account for 40.53% holding of the Group. Meanwhile, our foreign shareholding as at 31 December 2019 stood at 9.64%.

MARKET CAPITALISATION



Year	Closing Share Price	Market Capitalisation	No. of Outstanding Shares	No. of Shareholders
2015	RM0.18	RM0.75 billion	4,148,148,177	36,525
2016	RM0.36	RM1.49 billion	4,148,148,177	37,142
2017	RM0.33	RM1.37 billion	4,148,148,177	40,626
2018	RM0.235	RM0.97 billion	4,148,148,552	42,485
2019	RM0.155	RM0.64 billion	4,148,148,552	43,198

Ordinary Shares

Highest Price (RM)

0.315

(29 JANUARY 2019)

Lowest Price (RM)

0.15

(27 NOVEMBER 2019)

Average Trading Volume

204 million

No. of Outstanding Shares

4,148,148,552

Market Capitalisation

RM0.64 billion

Warrants

Highest Price (RM)

0.08

Lowest Price (RM)

0.005

Listing Date

11 June 2015

Maturity Date

8 June 2020

Issue Size

889 million

Exercise Price

RM0.46

AIRASIA X THAILAND

THAILAND

It was a year of mixed fortunes for AirAsia X Thailand. On the one hand, the year marked a couple of milestones – the airline welcomed the first Airbus A330neo aircraft within the AirAsia X Group; and these were deployed on new routes: Brisbane, Australia, and Tbilisi, Georgia. At the same time, the confluence of a global economic slowdown and a strengthening Baht put a damper on tourism, impacting our associate's bottom line.

Inbound tourism to Thailand today is dominated by Asian countries, the top five being China, Malaysia, India, South Korea and Laos. All five were affected by the global slowdown which, together with an unfavourable currency exchange rate, made travel to Thailand less attractive during the year. For Chinese tourists, as an example, the cost of travel to Thailand increased by between 10% to 20%. Added to this, the year saw increased competition, especially in routes to Japan, a market that our associate has been targeting concertedly since 2018. The entrance of two new players saw capacity to Japan grow by no less than 50%.

Despite the challenging backdrop, AirAsia X Thailand continued to focus on building its country dominance. Leveraging four new aircraft received during the year, two of which were the A330neo, it launched two new routes—Brisbane and Fukuoka. Fukuoka marks its fifth destination in the Land of the Rising Sun, expanding further its coverage of the country's metro cities. AirAsia X Thailand also increased its flight frequency to Seoul, South Korea, from twice to three times weekly, while Tbilisi was introduced as a charter flight in response to requests from travel agents. Brisbane was significant as it marked our associate's first foray into Australia.

Supplementing the added capacity in Japan, AirAsia X Thailand invested in a brand building campaign. It also introduced a segmented Marketing Strategy where it could target and customise offerings towards different needs and wants. Through this, guests are divided into two separate groups; Forward Booking for those who seek special deals and have their travels planned at least three months in advance, and Immediate Booking for spontaneous souls who are willing to pay a higher price as long as the time frame suits their needs. These helped to shore up numbers from two core markets. The year saw a 50% increase in inbound guests from Japan, and 16% from South Korea. Overall, the number of guests flown during the year increased by 29% to 2.6 million. Our associate's load factor, however, was impacted by the rapid increase in capacity and fell by eight percentage points to 81%.

Meanwhile, every effort was made to contain costs. In addition to Group initiatives, including contract renegotiations and fuel-saving flight manoeuvres, AirAsia X Thailand also merged its engineering department with that of AirAsia Thailand for added synergies with the AirAsia Group. This helped to improve CASK by 9% to THB1.04 in 2019 as compared to THB1.14 in 2018.

While the increase in number of guests carried contributed to a 12% increase in revenue to THB13.39 billion, earnings were impacted by the reduced load factor and lower average fares. For the full year, our associate posted a loss of THB1.5 billion. In the face of the COVID-19 outbreak, AirAsia X Thailand expects severe headwinds for the rest of 2020, and will rationalise its capacity according to demand. As of 16 March, it has suspended all flight operations to lower the cost of flight and ground operations through shared services with other AOCs in the Group.

Living up to the country's moniker of being 'the land of smiles', AirAsia X Thailand will intensify efforts to further improve the guest experience. Through being guest-obsessed, the airline – like all the others in the AirAsia and AirAsia X Groups – will carve a special niche for itself in the hearts of those seeking to travel.

Bridgestone is becoming a mobility solutions provider with Aircraft tire management to transform mobility in the air

We stand at the very beginning of a global revolution that will integrate mobility and services. The evolving global mobility industry has doubled passenger flights over the last 20 years. No tires must withstand greater wear than those on an aircraft, and their growing use requires the new types of aircraft tire maintenance and service management programs that Bridgestone is developing, supporting the safety and quality needed for the mobility revolution.

SUSTAINABILITY STATEMENT

As this Sustainability Statement is being prepared in mid-March 2020, the world is in the grips of COVID-19, a virus that has spread rapidly from its epicentre in China to most major countries in the world.

In many places, it has disrupted life-as-usual causing most businesses to downscale their operations if not shut down completely. Airlines have been severely impacted, with some of the smaller ones suspending operations temporarily and the bigger ones drastically decreasing their scheduled flights.

There can be no denying that AirAsia X is also badly affected by the drop in demand for travel. However, as with all crises, there are learnings to be gleaned from the current pandemic. Most pertinently, it underlines how critical it is for organisations to be fundamentally resilient and adhere to their values in order to survive times of unexpected and non-mitigatable disruption. This entails having a robust business model – one that will enable the organisation to kick-start operations once normalcy is restored; and strong stakeholder relationships – as the support of customers, business partners, employees and the community will play a strong role in building up the business again.

These two factors are the very same pillars that support AirAsia X's sustainability values and efforts. In this annual report, you will be able to read about our business model in the Group CEO and CEO statements as well as in our Management Discussion and Analysis. How we maintain strong stakeholder relationships, meanwhile, form the core of this Sustainability Statement which encompasses the activities and initiatives of AirAsia X Malaysia.

We have identified key areas that are important to maintaining stakeholder trust in the AirAsia X brand – health and safety, technology and innovation, human capital development, operational eco-efficiency as well as corporate citizenship— covering the operational activities of AirAsia X Malaysia. Various programmes are run in each of these sustainability domains, many that borrow from systems or processes that have been instituted by AirAsia Group, our sister organisation. In line with One AirAsia, we share AirAsia's sustainability governance structure and Materiality Matrix— which was refreshed in 2019 following an impact assessment exercise. At the same time, we contribute to the development of policies and procedures via representatives of a common Sustainability Working Committee. Upheld by the Sustainability Manifesto shared across the wider AirAsia Group, we strive to ensure that our business model and stakeholder relationships remain sturdy and sustainable.

AirAsia's Sustainability Manifesto

Carbon

Short-Term: Ensure zero carbon emissions growth from international flights from 2021 onwards

Long-Term: Reduce emissions by 50% in 2050 from 2005 levels

Energy

Ensure 10% electricity reduction per year in all AirAsia premises

Waste

- Achieve zero single-use plastic waste in offices and onboard
- Reduce inflight food wastage by 20% by 2020

Water

Reduce water usage by 10% in our offices

Sustainable Tourism

Advocate and promote responsible and community-based tourism

Goods & Services

Ensure 100% sustainably and ethically sourced goods & services

Governance

Promote diversity, inclusivity & transparency

Culture

Sustainability as 7th Allstar Value; embedded as a KPI

1 HEALTH AND SAFETY: EVERYONE'S PRIORITY

Safety is paramount in the airlines business, and is given top priority at AirAsia X. To ensure the highest level of safety, we focus on building organisational resilience to safety threats, hazards and risks by creating and reinforcing safety barriers. Our objective is to provide guests not only with a seamless and comfortable travelling experience but also one that is safe.

Guided by the Safety Management System (SMS) established by the International Civil Aviation Organization (ICAO), we have adopted a risk-based approach in our policies and processes to support timely identification of hazards and the development of appropriate measures to ensure risks are reduced to a level that is as low as reasonably practicable (ALARP). Throughout 2019, we further strengthened the digital backbone of our SMS using Google Cloud Platform, developing an integrated safety analysis tool which harnesses the power of big data. The platform collects and assembles safety information from a variety of sources to reflect the full-scale risks faced by the organisation, subsequently enabling seamless integration with our risk management processes.

Moving forward, AirAsia X will continue to work closely with the AirAsia Group to leverage its huge repository of data gathered across all AOCs to devise safety strategies in support of sustainable growth of the organisation.

Flight Safety

Flight safety is monitored through a set of Safety Performance Indicators (SPIs) 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 Procedures (SOP) are thoroughly analysed and, where necessary, corrective and/or preventive measures taken. Quarterly meetings with the Training Department are also conducted to identify issues that can be addressed through simulators and recurrent training programmes.

A Flight Data Analysis Monitoring Team (FMT), comprising independent line pilots, meets monthly to review, discuss and identify deviations from the SOP, and propose corrective actions in line with international standards and recommended practices. A key responsibility is to maintain deviations in flight operations at or below acceptable risk levels based on our Flight Safety risk register.

Cabin Safety

A Safety Action Group (SAG), comprising members from all ranks of our Cabin Crew, the Cabin Crew Department management team and Corporate Safety, meets every quarter to discuss safety concerns. These sessions allow members to brainstorm corrective actions on significant and rising issues as well as improvement plans and projects that bring beneficial experience and knowledge.

In 2019, a team of our Cabin Crew participated in a Search and Rescue Exercise (SAREX) held in advance of the Langkawi International Maritime and Aerospace Exhibition (LIMA). This was followed by a disaster management exercise conducted for the first time by AirAsia in collaboration with the Special Malaysia Disaster Assistance and Rescue Team (SMART NADMA), a disaster relief and rescue task force established under the National Security Council. Named Survivor First Response (SUFIRES), the exercise required the participants to experience sea and jungle survival first hand. Our team comprised Cabin Crew, instructors from our training provider CAE and Allstars from Corporate Safety.

Ground Safety

While carrying out all required ground safety functions, in 2019 special focus was given to specific areas related to Occupational Safety & Health (OSH).

- We ensured that noise levels experienced by our Allstars, especially on the tarmac, are within the new levels set by the Noise Exposure Regulations 2019 of the Occupational Safety & Health Act 1994.

- We ensured alignment of our policies with the Industry Code of Practice for Safe Working in a Confined Space 2010.

- Ground Safety organised a Chemical Health Risk Assessment training session for Allstars to drive awareness of safety precautions when working with hazardous substances.

- AirAsia's Physio Lab conducted ergonomic assessments to create awareness among Allstars of correct postures when carrying out daily tasks. Follow-up sessions were arranged for Allstars with ergonomic related health issues.

SUSTAINABILITY STATEMENT

Towards mid-year, AirAsia X was recognised for having excellent OSH practices and performance by the Malaysian Society for Occupational Safety & Health (MSOSH) in its annual awards.

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 twice a year through ERP Table Top Exercises to ensure safe, orderly and timely transition to normal business operations following any emergency.

In 2019, Exercise Oriental X and Exercise Oriental X V2 were carried out at the Emergency Operations Centre at RedQ to test our emergency response procedures and ensure key personnel, as well as their alternates, are familiar with it. The four-hour exercise, simulating an aircraft crash upon landing, revealed good understanding of overall individual roles in times of emergency. Where there was room for improvement, relevant steps have been taken to fill the gaps.

Engineering Safety

Aircraft maintenance is conducted to ensure the continuous airworthiness of our fleet. This includes inspection, repair, replacement, overhaul and modifications to our aircraft in compliance with airworthiness directives. Our Engineering Safety department is responsible for planning, developing and managing a continuous improvement programme for the safety of our aircraft, ensuring the relevant stakeholders carry out their duties as required.

Members of the Engineering SAG meet on a quarterly basis to discuss and resolve grassroots issues. This platform brings together members from the frontline and management to discuss safety concerns and develop corrective actions. The effectiveness of measures taken for medium-level risks is also reviewed during the meetings.

Safety Promotion

We recognise that, to maintain the highest level of safety, we need to nurture a culture in which Allstars are conscious of safety issues at all times, and play their part to ensure safe practices are adhered to. To create this culture, we keep reinforcing our safety messages Group-wide through corporate briefings, dialogues, alerts, drills and workshops. In 2019, the total number of hazard reports increased by over 30% from the previous year, demonstrating a growing safety awareness among Allstars in identifying hazards. The total number of safety reports saw an improved consistency in 2019 with a yearly average of 107 reports per 1,000 sectors, which was an increase of 4% as compared to 2018.

We also participate in the annual AirAsia Safety Day which is held in collaboration with various departments throughout the AOCs. This carnival-like safety event promotes safety awareness through a series of fun and exciting activities. At the carnival, Allstars are able to consult subject matter experts on any safety issue. A highlight of the event is the Safety Heroes Award which recognises Allstars whose actions have helped to prevent serious safety incidents.

AirAsia X was also given the opportunity to participate in the One AirAsia Safety Conference held in Langkawi, Malaysia on 9-11 April 2019. The event drew the attendance of key operational department heads across the AirAsia Group who engaged in a best-practice sharing session. Our main aircraft supplier, Airbus, and regional regulatory authorities were also invited to the conference to provide inputs on enhancing safety standards in the industry in the interest of all stakeholders.

Apart from internal safety promotional activities, AirAsia X also actively engages with the relevant safety groups and bodies, such as the Association of Asia Pacific Airlines Flight Operations Safety Working Group, the Air Accident Investigation Bureau of Malaysia, Airservices Australia Safety Forum as well as the Department of Occupational Safety and Health. This allows AirAsia X to learn from and adopt best practices while sharing our own processes with the industry. In 2019, AirAsia X also obtained renewal of our IATA Operational Safety Audit (IOSA) status.

2 VALUE-ADD VIA TECHNOLOGY AND INNOVATION

As with AirAsia, we are rapidly transforming into a digitally-driven airline. This means using data to create greater operational efficiencies; enhance our guests' experience; and drive greater revenue. We collaborate with leading technology solutions providers such as Google, GE and Oracle to implement artificial intelligence (AI), machine learning (ML) and big data to be able to mine our rich repository of data for optimum results.

Enhanced Efficiencies

During the year, we implemented Oracle's Enterprise Resource Planning (ERP) Cloud in both our Malaysian and Thai operations. This enables the Finance Team to reconcile cross-currency data and transact with suppliers in different countries in order to simplify, standardise and automate our financial operations. With Oracle ERP, our team is able to extract greater detail from data for better analysis and decision-making which results in more cost-efficient outcomes.

With Google, we are implementing a project, code-named ODIN (Operation Decision INtelligence), to automate and optimise flight dispatch activities using big data and eventually making better decisions assisted by machine learning algorithms. The objective is to further reduce our carbon footprint and improve our overall cost savings, while adding to flight safety and regularity. Currently in the initial development stage, the first working minimum viable product (MVP) is scheduled for user acceptance test (UAT). Work on phase two starts now, and focuses on predicting airport congestion.

Revved-Up Ancillary

Leveraging the digital innovations introduced by AirAsia, we have been able to personalise our ancillary offerings such as pre-booked baggage, seat selection, in-flight meals and freight services offered by Teleport.

We are also enhancing the level of customised service we can offer in-flight via our Dolly electronic point-of-sales (ePOS) system. Integration of ePOS 2.0 with the crew portal AIMS was completed in February 2020. We are now integrating it with Navitaire for guest information and pre-booked service. Vendor data architecture is being reviewed by Group ICT and the newly set-up AirAsia Software Engineering & Technology (AASET) team in Bengaluru. ePOS 2.0 is 80% complete, pending audit logs and other requirements set by AirAsia ICT. No less than 253 user interface (UI) and user experience (UX) fields have been reviewed and finalised, including product modules, payments and reporting capabilities. The full-fledged solution is expected to be launched together with Warehouse Management System capabilities in April 2020.

Smoother, Better Journeys

Our digital innovations also add to a more positive guest experience, making AirAsia X the obvious choice for a seamless way to fly.

Instead of having to wait in line to speak to someone at our call centre, guests can now interact with AVA, our AI-powered Allstar Virtual Assistant, who is able to handle more than 25,000 chats at a go. During the year, AVA spoke to a total of 10.8 million guests in 11 languages, and managed 76% of all conversations with no human contact required. In 2019, we also introduced FACES in Avalon Airport, Melbourne such that guests no longer need to produce documented identification before boarding their flights; they just rely on their biometric facial details. This speeds up the boarding process, adding greatly to guest convenience.

Meanwhile, guests who like to stay connected all the time will be pleased with the introduction of another digital innovation – AirAsia WiFi – AirAsia's own brand of wifi which has been enhanced with a new internet technology, Ka-band, to enable faster speeds and a better overall experience. With AirAsia WiFi, guests are able to access high-speed wifi in order to stream videos and connect with real-time social media updates 35,000ft in the sky.

SUSTAINABILITY STATEMENT

3 HUMAN CAPITAL DEVELOPMENT

Our people are our greatest asset, the backbone of all our successes. That is why we do not refer to them as our employees, but our Allstars. We believe in bringing on board the best talent available and nurturing them so they realise their true potential. In this manner, we create a high level of professional satisfaction while building our own internal capabilities.

While we have always provided training and development opportunities for our Allstars, our current transformation into AirAsia 3.0 has made it more urgent to equip our people with the right skillsets to grow in a data-driven work environment. We are therefore investing significantly into reskilling and upskilling our Allstars as we build their data literacy and help them develop a digital mindset.

Workday Learning

A key development has been the introduction of a digital learning management system, Workday Learning. Embodying the AirAsia ethos of self-empowerment, Workday Learning provides a personalised learning platform, recommending courses based on Allstars' interests and what is mostly viewed by peers from the same job function. Meanwhile, managers are able to curate content for their teams, creating learning pathways for a range of topics from technical matters to management skills.

Currently, the content hosted includes Youtube, LinkedIn Learning and Classroom programmes. Launched on 12 December, the platform also tracks mandatory training programmes that Allstars in flight operations, engineering, security and ground operations have to complete. Workday Learning is also being used for end-to-end Performance Management, from the setting of goals, purpose and success (GPS) to mid-year and end-year reviews.

LinkedIn Learning

In May 2019, we provided around 1,200 Allstars with LinkedIn Licenses to access LinkedIn Learning programmes. To date, we have 100% activation from our Allstars and about 24,000 hours of video learning has been tracked to date.

Digital Reskilling

AirAsia launched a Digital Reskilling programme with courses that range in complexity from the basic G Suite to that on Big Query. These programmes are made available for Allstars groupwide on Workplace, and over 1,400 Allstars have signed up and gone through the modules.

Internal Classroom Training

During the year, AirAsia also developed internal classroom training sessions focused on soft and digital skills, pivoted upon key areas of project management, communication skills, critical thinking and decision making, digital fundamentals, as well as manager essentials. We also promote co-accountability for Allstars' development. The Management is responsible for ensuring that Allstars attend the relevant mandatory trainings and follow up with individuals who were absent from the required programmes. Additionally, all training and development needs are identified and monitored through a performance management exercise.

Technical Training

In 2019, a total of 201 types of technical training programmes were conducted, including:

- Fatigue Risk Management Systems (FRMS)
- De-Icing/Anti-Icing Training
- AAPA Emergency Response Conference
- AirAsia 3.0 Digital & Data Transformation
- Aircraft Operational Training, Cargo Claims and Complaint Handling
- ATA – Dangerous Goods Management and Regulatory Updates
- IATA – Emergency Planning and Response for Airlines
- ICAO Crisis Management Course

Apart from all mandatory training sessions in compliance with regulatory requirements, Allstars were also sent for external trainings to enhance their core skills, leadership, as well as digital skills.

Welfare and Fair Employment Practices

The People and Culture (PAC) Department, a Group function shared with the wider AirAsia Group, is responsible for the welfare of our Allstars and fair employment practices within the Company. The PAC Department enables risk mitigation, ensuring that all necessary controls, policies, procedures as well as guidelines are in place. Additionally, the approval flow and escalation processes are always made clear with the practice of Limits of Authority.

Supported by the Facilities Department, the PAC Department works to ensure that Allstars across all stations or hubs work within a conducive environment and that healthy dietary options are offered in the cafeteria for our Allstars. The PAC Department also ensures regular communications with Allstars, understanding the challenges faced and subsequently providing assistance as and where necessary. Employee engagement includes town hall sessions, online surveys, social media engagement, etc. From here, most of the issues concerning Allstars could be addressed and appropriate measures could be executed to further enhance employee satisfaction.

4 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 top priority in our environmental agenda. In line with the initiatives undertaken by the wider AirAsia Group beginning 2019, we are embarking 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 to reduce our emissions include:

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

Along with AirAsia Group, AirAsia X seeks to comply with CORSIA and is exploring the prospect of voluntary offsetting options for non-CORSIA flights, which are 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. This entails focusing on monitoring and reporting, and at time of writing, we are verifying emissions from flight operations and striving to offset our emissions to achieve carbon neutral growth from 2020 onwards.

Fuel Efficiency

Being fuel efficient is central to our business model, both because it is critical to keeping our costs under control and because it contributes to lower carbon emissions. Over the years, we have worked with our partners on various flight manoeuvres and practices that help to reduce our fuel consumption. Other flight-related initiatives to increase our fuel efficiency include the following:

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 on the tarmac for an extended period due to long taxi or parking bay constraints. AirAsia X has implemented OET-A for all destinations and will implement OET-D by the third quarter of 2020.

Electronic Flight Bag (EFB)

The Electronic Flight Bag (EFB) replaces about 55kg worth of charts and manuals on board our planes, enabling us to save up to 8.25kg of fuel per sector. In addition, AirAsia X has recently implemented electronic weather reports and notice to airmen (NOTAM). The reduction in paper documents is also beneficial to the environment as less trees are cut down. Furthermore, the EFB application allows for more precise performance and fuel uplift calculations, further reducing fuel consumption.

IDLE Factor

AirAsia X has implemented an aircraft registration specific IDLE factor that optimises the flight management guidance computer (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 at which descent commences, with the objective of only using idle thrust as the aircraft descends prior to landing.

SUSTAINABILITY STATEMENT

Fuel Savings

As a result of our efforts, we saved a total of 2,404,478kg of fuel across our flight operations in 2019.

Initiative	Fuel saved/ flight (kg)	Details
Packs off take-off	7	Optimising thrust during take-off by switching off aircraft air-conditioning.
Reduced flaps landing	35	Reducing drag by landing with reduced flaps.
IDLE Reverse Landing	23	Optimised usage of thrust reverser after landing.
One Engine Taxi - Arrival	50	One engine during taxi at arrival ports to reduce fuel burn.
Potable water uplift	30	Reducing aircraft weight by optimising the amount of potable water uplift.
Electronic Flight Bag	8	Reducing up to 55kg of aircraft manuals onboard.
Discretionary fuel uplift	33	Reducing aircraft weight by optimising the amount of contingency fuel uplift.

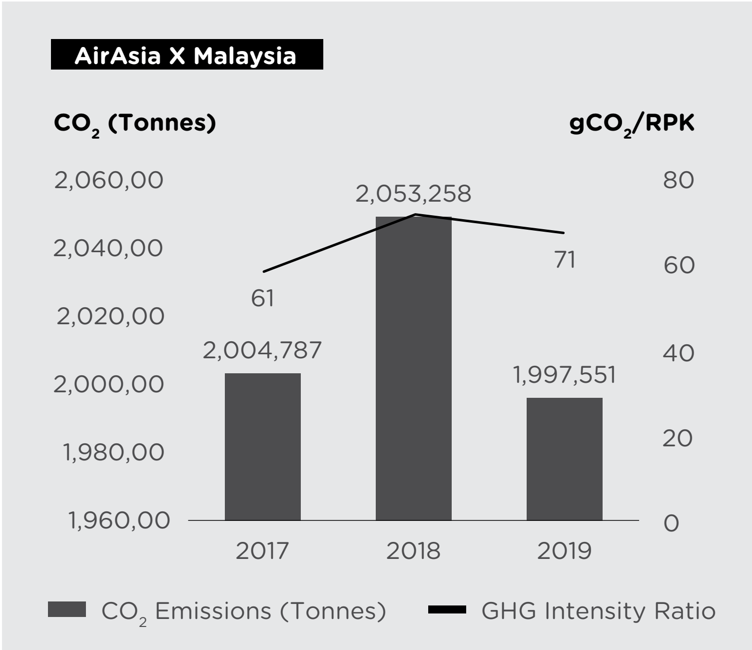
* *All data up to 31 December 2019*

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.

Carbon Emissions

Along with the AirAsia Group, we have committed to compliance with CORSIA and strive to offset our emissions to achieve carbon neutral growth from 2020 onwards. The International Council on Clean Transportation (ICCT) had reported that the average carbon intensity of flights ranged between 75 – 95 grams of CO_2 per RPK, and we take pride in the fact that in 2019, we charted a GHG Intensity Ratio of 71 grams per RPK, below the global average.

AirAsia X Berhad	2017	2018	2019
CO_2 Emissions (Tonnes)	2,004,787	2,053,258	1,997,551
GHG Intensity Ratio (g CO_2/RPK)	61	75	71



Scope 2 emission increased by 6.04% due to an increase in electricity consumption which in turn increased our Building Energy Index Building Energy Intensity in 2019.

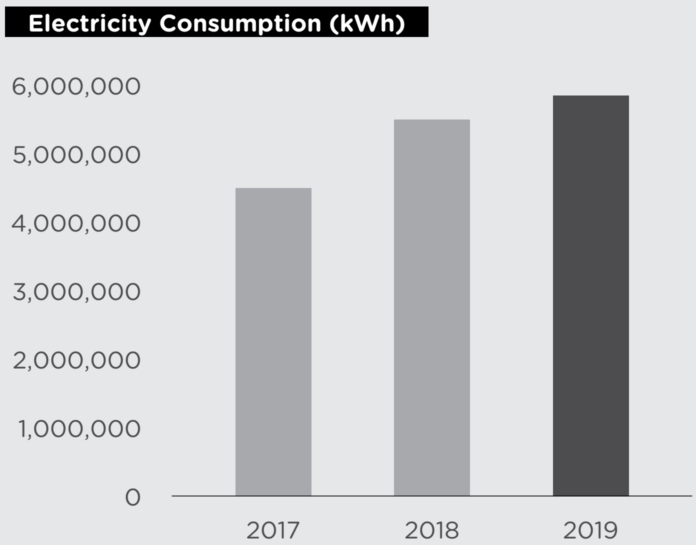
Electricity		kWh	Carbon Emission (tCO_2)	BEI
	2017	4,375,033.20	3,036.27	169.74
RedQ	2018	5,375,724.60	3,730.75	208.57
	2019	5,700,944.20	3,956.46	225.87

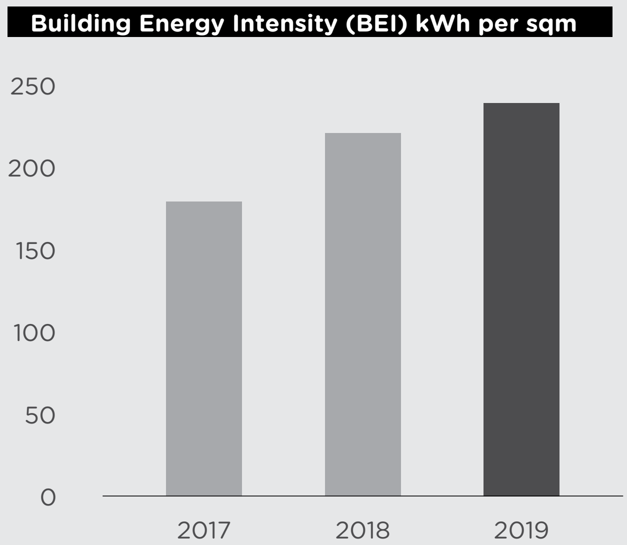
Improving Electricity Efficiency:

- Planned Preventive Maintenance (PPM) to proactively ensure efficiency of AHU
- Improvised zoning circuit distribution to reduce the usage of light
- Hot desk zones and new seating arrangement to improve electricity efficiency

Energy Consumption

Our annual target is a 10% reduction from the previous year. However, electricity consumption at RedQ, which houses the operations of both AirAsia X and the Group, increased by 6.05% in 2019 — primarily due to additional facilities such as a rooftop restaurant as part of our initiative to improve employees' welfare.





Year	Electricity Consumption (kWh)	RedQ Floor Area (m^2)	Building Energy Intensity (BEI)* kWh per sqm
2017	4,375,033	25,775	169.74
2018	5,375,725	25,775	208.57
2019	5,700,944	25,775	225.87

* *BEI is the most commonly used index for comparing energy use in buildings. This is expressed as kWh/m²/year which measures the total energy used in a building for one year in kilowatt hours divided by the gross floor area of the building in square metres. Buildings with a BEI of 200 kWh/m²year are considered energy efficient under MS 1525: 2007 in Malaysia.*

Source: SEDA Malaysia

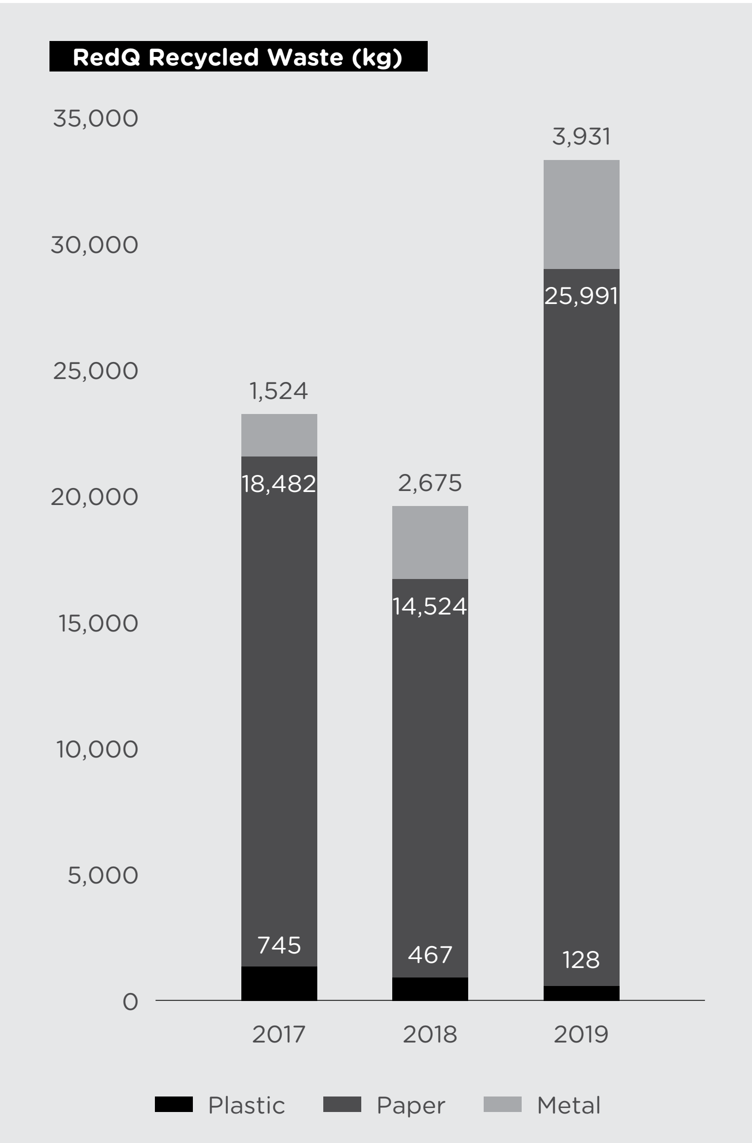
Waste Management

Airlines necessarily generate both hazardous and non-hazardous waste. Examples of hazardous (or scheduled) waste are: spent lead acid batteries, electric and electronic items, mercury or its components, fluorescent lamps, spent oils, contaminated soil/absorbents, containers, gloves, rags and filters. These wastes are handled according to safety best practices prior to disposal by licensed contractors.

Meanwhile, we seek to recycle as much of our non-hazardous waste as possible. Recycling bins have been placed on every floor in RedQ – for paper, plastic and metal – and reminders are sent regularly via Workplace for employees to use them correctly. As a result, this year a total of 30,050kg of waste from RedQ was recycled, marking a 70% increase compared to 2018. However, our recycling rate is still very low, at 7.59%, and we will look into more effective ways to make recycling part of Allstars' everyday life. The increase in volume of paper recycling is due to the clearing of archived documents. The year-on-year reduction in volume of plastic recycled every year was due to our No Plastic Campaign which gradually phased out the use of plastic material in the office.

SUSTAINABILITY STATEMENT

Since we embarked on an e-waste recycling programme at RedQ in 2017, we have been collecting more electronic items for disposal. In 2019, 80kg of e-waste was collected by an appointed contractor. We also began monitoring our waste to landfills as of March 2019.



Waste is also segregated at the end of flights and the recyclable material sent for recycling. Along with our sister company AirAsia Malaysia, a total of 79,493kg of cabin waste was recycled, as compared to 23,107kg recorded in the prior year. Recyclable waste onboard is segregated through our Onboard Cabin Waste Recycling Programme and then sent for recycling. All general waste from our flights is disposed of by the local airport authority. Although no waste report has been generated so far, we will work with the airport authority to enable data tracking of waste in the future, to enable improved waste management and reduction.

Water Management

We recognise that water is a limited resource which is becoming scarce, and are taking positive steps to reduce our water consumption. Water conservation at RedQ is achieved via improved washing techniques, and the installation of water-saving low-flow fixtures in restrooms, among others. The total water consumption has been increasing in RedQ over the years as a result of additional facilities such as a rooftop restaurant.

Water consumption at RedQ (m^3)

2017	2018	2019
50,961	52,595	64,133

ENTITY	WATER EFFICIENCY (M^3/M^2/YEAR)		
	2017	2018	2019
RedQ	0.28	0.29	0.35

The ratio of office water consumption per year to gross floor area can be used as a performance indicator. The best practise office water use benchmark advised by Waterwise UK is 0.4m^3/m^2/year.

Source: Waterwise UK

5 CORPORATE CITIZENSHIP: EXTENDING INTO THE COMMUNITY

In addition to making travel dreams come true, AirAsia X believes in playing our part in uplifting the lives of the marginalised, and contributing in ways that leave lasting impressions. Over the years, we have taken our can-do spirit and brand of optimism into homes for senior citizens, orphanages and hospital wards – lending cheer and bringing smiles to faces young and old. In the process of generating goodwill and joy, we add a new dimension to our everyday working lives, making it more meaningful.

In 2019, we conducted the following programmes:

16 February: Chik Sin Thong Klang & Pantai Old Folk's Home

AirAsia X, led by our CEO Benyamin Ismail, visited the old folks home to share in Chinese New Year festivities. A special lunch was organised which included festive music, dancing and the handing out of *ang-pau* (red packets) as well as hampers.

23 June: Hospital Putrajaya

Some 60 children in the paediatric ward received a surprise visit from a group of Allstar volunteers led by Benyamin, who spread Hari Raya Aidilfitri cheer with *duit raya* (money) and gifts. The volunteers also handed out fruit baskets and a cake to the medical team to thank them for taking care of their young patients during the festive month.

23 October: RedQ

Allstars were joined by 30 underprivileged children from Waja Home in Klang, Selangor in celebrating Deepavali. AirAsia Group President (Airlines) Bo Lingam, Benyamin and AirAsia Malaysia CEO Riad Asmat welcomed the children personally and treated them to a tour of the office, followed by a banana leaf lunch and sharing session with inspiring Allstars.

1 October: Penang

In support of the United Nations' International Day for Older Persons, AirAsia arranged a trip to Penang for 26 old folks from Chik Sin Thong Klang and Pantai Old Folk's Home, who had never flown before. A heart-warming video of the trip, titled The Penang Assam Laksa Dream, has been uploaded onto our official YouTube, Facebook and IG TV accounts.

In addition to the above, we worked with AirAsia Group in promoting smoke-free practices among our Allstars, with RedQ redesignated as a non-smoking compound while raising awareness of travel sustainability and responsibility for the betterment of our environment through a sustainable travel campaign named "+Me" in China.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the 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 year ended 31 December 2019 ("the Financial Year").

The Board of AAX is committed to ensuring good corporate governance standards are applied across AAX and the subsidiaries of AAX ("the Group"). Save as disclosed otherwise, the Board takes guidance and considers that it has complied with the statutory requirements, principles and best practices inclusive of the corporate governance principles, and recommendations as set out in the Malaysian Code on Corporate Governance ("MCCG") released by the Securities Commission Malaysia, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") ("MMLR") and the Companies Act 2016 during the Financial Year.

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 AAX's Corporate Governance Report. This statement is guided by key practices of the MCCG and should be read together with AAX's Corporate Governance Report 2019 published on AAX's website at at http://airasiax.listedcompany.com/home.html.

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 AAX and monitors the Senior Managements' performance. The Board ensures the effective discharge of its fiduciary and leadership functions, as well as sustains 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 AAX 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 Secretaries (who are legally qualified to act as company secretaries 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 check and balance. The positions of the Chairman, GCEO and the CEO are held by three (3) different individuals. The roles of the Chairman, GCEO as well as the CEO are also described in the Board Charter at http://airasiax.com/misc/AAX-BoardCharter.pdf.

To assist the Board in discharging its duties and responsibilities in order to enhance business and corporate efficiency and effectiveness, the Board has in place a Governance Structure for the Group where specific powers of the Board are delegated to the relevant committees, the GCEO and the CEO, as depicted on pages 59 to 60 of the Annual Report.

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 AAX 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.

CHAIRMAN

The Chairman oversees the Board in the effective discharge of its role and to instil 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 AAX'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.

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 AAX 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 AAX, particularly in relation to strategic business development, high impact and high value investments, and cross business matters of the Group.

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 AAX's and the Group's assets.

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.

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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

2. Board Composition

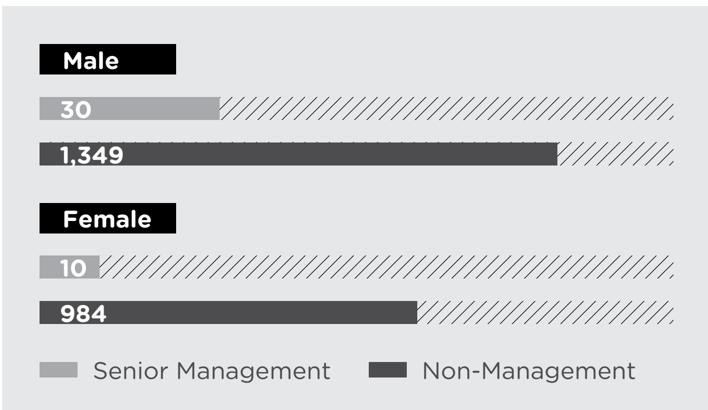
The size, balance and composition of the Board support its role that drives the long-term direction and strategy of the Company. A key function of the Board is to create value for shareholders and track the progress of each milestone that meets its business objectives. The Board also ensures that AAX upholds a high level of corporate governance while meeting its other obligations to its shareholders and other stakeholders.

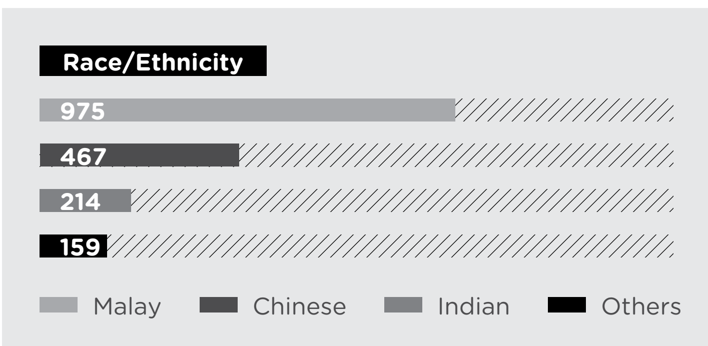
The Company has implemented procedures for the nomination and election of Directors via the NRC. The NRC assesses candidates against the skills, knowledge and experience required by AAX. AAX recognises the benefits of having a diverse Board. In line with AAX's Board Diversity Policy, selection of candidates to join the Board is in part dependent on the pool of candidates with the necessary skills, knowledge and experience. The NRC will review the nominees for directorship and membership of Board Committees by going through their profiles and interviewing the nominees, if found suitable, following which the NRC will submit its recommendations to the Board.

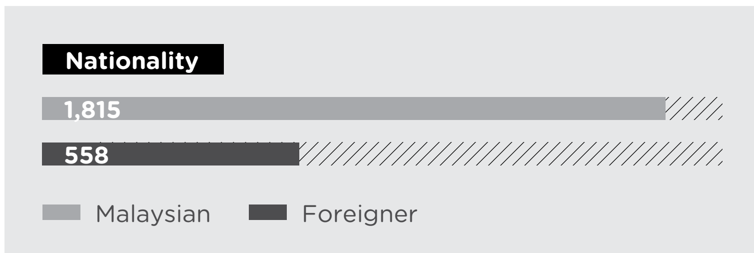
The profile of each Director can be found on pages 10 to 13 of the Annual Report 2019.

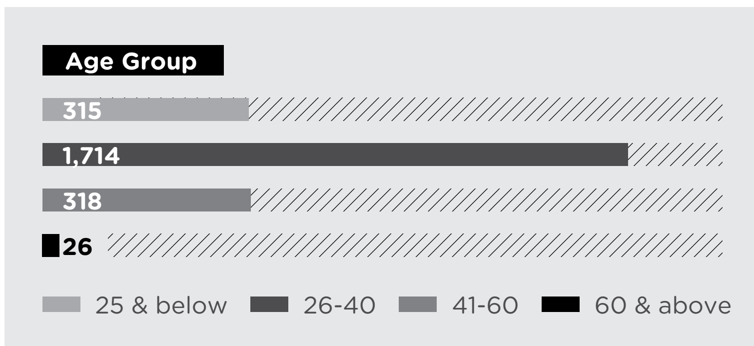
AAX's diverse Board includes and makes good use of differences in skills, regional and industry experience, background, race, gender, ethnicity, age and other attributes of the Directors. While AAX had only one (1) woman director represented on the Board during the Financial Year, AAX board does not support the gender quota of 30% representation of women by 2021 as the women directors should not be restricted to a number and it could be more than 30%. The Board through its NRC had commenced with the process and engaged an external organisation to help seek professional women to be appointed to the Board.

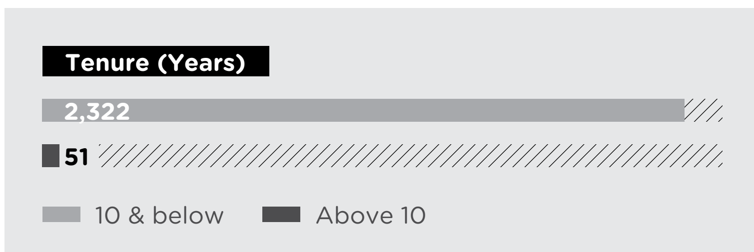
There are many women who hold top and senior management positions in the Company, as depicted in the diversity table below:





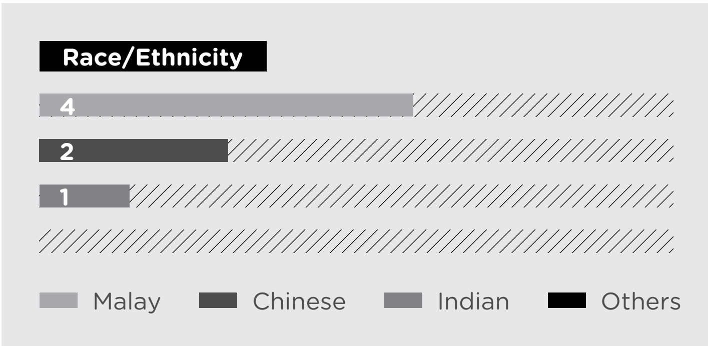


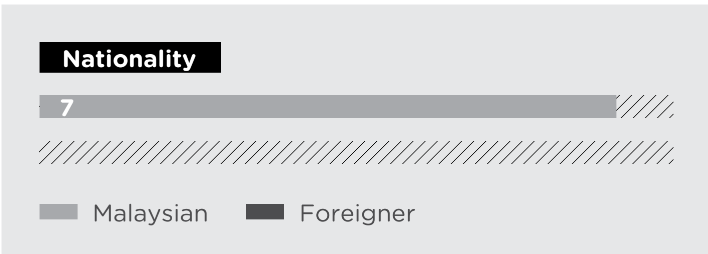


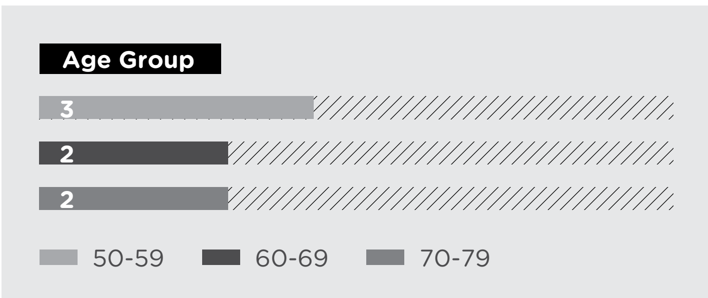


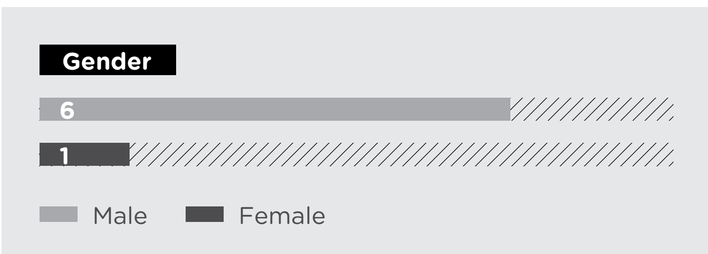
CORPORATE GOVERNANCE OVERVIEW STATEMENT

The current diversity in the race/ethnicity (cultural background), nationality, age and gender of the existing Board is as follows:









The Board has in place a policy which limits the tenure of Independent Non-Executive Directors to nine (9) years. 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. Following the release of the MCCG, AAX 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.

3. Our Board and its Committees

In order for the Board to operate efficiently and give the right level of attention and consideration to relevant matters, the Board Committees, namely the AC, NRC, RMC and SRB (collectively referred to as the "Committees") assist the Board in fulfilling its oversight functions. The Committees' agendas and schedules of items to be discussed at their meetings are prepared in accordance with the terms of reference of each Committee and take account other topical and ad-hoc matters. All Committees operate within their clearly defined terms of reference and operating procedures whereupon the Board receives reports of their proceedings and deliberations with their recommendations. In addition to the vertical lines of reporting, the Committees communicate and work together where required.

At the Committees' meetings, items are discussed and, as appropriate, endorsed, approved or recommended to the Board for approval. Following the Committees' meetings, the Chairman of each Committee provides the Board with a summary of the main decisions and discussion points, and the minutes of the Committees' meetings are presented to the Board for notation hence, the non-committee members are kept up-to-date with the work undertaken by each Committee. The ultimate responsibility for decision making lies with the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The members of the Board and its Committees have discharged their roles and responsibilities in 2019, through their attendance at the meetings of the Group as set out in the table below:

Director	Board	AC	NRC	RMC	SRB
Tan Sri Rafidah Aziz Senior Independent Non-Executive Chairman	6/6		3/3	2/2	4/4
Datuk Kamarudin bin Meranun Non-Independent Non-Executive Director	6/6				0/4
Tan Sri Anthony Francis Fernandes Non-Independent Non-Executive Director	5/6				
Dato' Lim Kian Onn Non-Independent Non-Executive Director	5/6	6/6			
Dato' Fam Lee Ee Non-Independent Non-Executive Director	6/6		3/3	2/2	4/4
Tan Sri Asmat bin Kamaludin Independent Non-Executive Director	4/6	6/6			
Dato' Yusli bin Mohamed Yusoff Independent Non-Executive Director	6/6	6/6	3/3	2/2	

During the Financial Year, the Board met six (6) times inclusive of special Board meetings. All Directors attended at least fifty percent (50%) of the Board meetings held during the Financial Year, with the majority having full attendance, and have complied with the MMLR in terms of attendance. This reflects the Board members' commitment and dedication in fulfilling their duties and responsibilities.

4. Board Effectiveness Evaluation

The Board through its NRC conducts the annual assessment on effectiveness of the Board, the Committees, the individual Directors and Committee members of the Company. During the Financial Year, the NRC conducted a digital performance evaluation of the Board and Committees and reviewed the summary results thereof and recommended the proposed improvement(s) to the Board for approval. Each member of the Board undertook an evaluation of the Board in terms of mix of skills and competencies, composition, quality of information and decision-making, and boardroom activities, and the NRC was satisfied that all the Directors have devoted sufficient time to discharge their responsibilities. The NRC was generally satisfied that the Committees comprised the right composition of members, provided useful recommendations in assisting the Board in its decision-making and consequently, the conduct of Board meetings were more efficient and effective. The members of the Committees have sufficient and relevant expertise in fulfilling their roles. The NRC also reviewed and assessed the independence of the Independent Directors of the Company as per the requirement under the MMLR.

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 in order to keep themselves abreast with the changes in the aviation industry, as well as new statutory and regulatory requirements. During the Financial Year, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The details of training programmes, conferences and seminars attended by the Directors during the Financial Year are outlined below:

Name	Programmes
Tan Sri Rafidah Aziz	• Tan Sri Rafidah Aziz is a speaker at various conferences and symposiums.
Datuk Kamarudin bin Meranun	• Global Entrepreneur Symposium 2019 at the International Islamic University of Malaysia on 24 September 2019. • Seminar Siswapreneur 2019 at Kolej Mawar, UiTM on 19 October 2019.
Tan Sri Anthony Francis Fernandes	• Obama Foundation Asia-Pacific Leaders Program Design Workshop, Hawai'i, 1 January 2019 to 7 January 2019. • MIT Asia Business Conference in Cambridge, Massachusetts, on 2 March 2019. • Harvard Asia Business Conference Cambridge, Massachusetts, on 3 March 2019. • Money 20/20 Asia, Singapore, on 19 March 2019. • Milken Tokyo Symposium, Tokyo, on 25 March 2019. • 22nd Credit Suisse Asian Investment Conference, Hong Kong, on 26 March 2019. • Oracle Open World Asia 2019, Singapore, on 27 March 2019. • ABAC Luncheon Dialogue Meeting, Bangkok, on 4 April 2019. • Asean Secretariat Dialogue, Jakarta, on 9 April 2019. • 3rd Credit Suisse Asia Entrepreneurs Forum, Singapore, on 14 May 2019. • Rise Hong Kong on 9 July 2019. • Rakuten Optimism 2019, Yokohama, Japan, on 1 August 2019. • Cloud Training for Directors, Sepang, on 7 August 2019 (AirAsia in-house training). • Data Dashboard Training for Senior Management, Sepang, on 16 August 2019 (AirAsia in-house training). • EPF Learning Campus 2019 Knowledge Fair, Kajang, on 9 October 2019. • Asean Business & Investment Summit Keynote, Bangkok, on 2 November 2019. • National Resilence College, Puspahanas, Putrajaya, on 10 December 2019. • Suhakam 2019 International Human Rights Day Forum, Bangsar South, on 10 December 2019. • MDEC 2019: MySkills, Bangsar South, on 10 December 2019. • Obama Foundation Leadership, Bangsar South, 11 December 2019 – 13 December 2019. • Kuala Lumpur Summit, KLCC, on 19 December 2019.
Dato' Lim Kian Onn	• General Understanding of Section 17A, Malaysian Anti-Corruption Commission Act 2009 organised by Tricor Knowledge House Sdn. Bhd., on 26 November 2019.
Dato' Fam Lee Ee	• Google – cyber security on 16 January 2019. • Malaysia-China Bilateral Cooperation Luncheon on 18 February 2019. • CG Advocacy Programme - Cyber Security in the Boardroom, Kuala Lumpur, on 27 June 2019. • Malaysia-China Outlook Forum organised by Star Media Group, on 8 July 2019 • ICDM - The Role Of The Nomination & Remuneration Committee In Human Capital Management, Kuala Lumpur, on 23 July 2019. • Cloud Training for Directors, Sepang, on 7 August 2019 (AirAsia in-house training). • Malaysia-China Belt & Road Cooperation Forum 2019, Kuala Lumpur, on 8 August 2019. • Integriti – Inculcating Good Governance in Corporate Entity, Kuala Lumpur, on 1 November 2019. • Annual Joint Business Council Meeting of MCBC and CCPITTM in Zhenghou, Henan Province, on 1 November 2019.

Name	Programmes
Tan Sri Asmat bin Kamaludin	• Directors' programmes organised by Panasonic.
Dato' Yusli bin Mohamed Yusoff	• Offence by Commercial Organisation Anti-Bribery Management Systems organised by FGV Group Governance Division, on 13 May 2019. • Corporate Governance organised by KPMG Management & Risk Consulting, on 13 May 2019. • Financing the SDGS - Malaysian Private Sector Role in Bridging the Gap from Goals to Actions by organised Global Compact Network Malaysia & United Nations Malaysia, on 11 September 2019. • Bursa Malaysia. Diversity Xperience organised by Bursa Malaysia Berhad, on 2 October 2019. • MFRS 16 Leases organised by Deloitte, on 21 October 2019.

6. Remuneration

The following table shows the remuneration details of the Directors of AAX during the Financial Year:

Director	Fees	Other Fees	Salaries	Bonuses	EPF and other allowances*	Total
Tan Sri Rafidah Aziz	255,000	-	-	-	15,000	270,000
Datuk Kamarudin bin Meranun	85,000	-	-	-	6,000	91,000
Tan Sri Anthony Francis Fernandes	65,000	-	-	-	5,000	70,000
Dato' Lim Kian Onn	95,000	-	-	-	11,000	106,000
Dato' Fam Lee Ee	125,000	-	-	-	15,000	140,000
Tan Sri Asmat bin Kamaludin	95,000	-	-	-	10,000	105,000
Dato' Yusli bin Mohamed Yusoff	145,000	-	-	-	17,000	162,000

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 meeting allowance shall be RM1,000.00 per meeting.*

7. Limits of Authority

AAX 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 AAX and facilitates decision-making at the appropriate level in the organisation's hierarchy.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

8. Review and adopting a strategic plan

Every quarter, the Board and AC will review the operational and financial performance of AAX as well as its subsidiaries, joint ventures and associates under the Group. Detailed reports on the airlines within the Group are tabled for review and deliberation. The Board will assess their performance against budget and the corresponding quarter of the preceding year. Furthermore, the Group's budget and strategy meeting is chaired by the GCEO to chart the direction for the current and near-term period ahead. The GCEO updates the Board quarterly on progress made in relation to the Group's business plans, including any changes and new initiatives.

9. Remuneration and Succession Planning

AAX places a strong emphasis on the development and growth of its staff, fondly known as Allstars. This is evidenced by AAX's continuous commitment in grooming successors across the Group, in the spirit of One AirAsia with the appointment of Nadda Buranasiri as the GCEO of AAX. There is a Group Talent Policy in place to identify and build a robust Group talent pipeline. Talent reviews are conducted with the Senior Management to map talent needs across the Group's different locations and to identify future leaders. The Group Talent function oversees structured talent entry and development initiatives, including leadership development programmes, coaching, cross-functional and cross-country assignments.

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 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 Financial Year, 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.

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

The Audit Committee's report is set out on pages 75 to 76 of the Annual Report 2019.

2. Risk Management Committee

The RMC of the Company comprises three (3) Non-Executive Directors with a majority of Independent Directors. It 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:

- To oversee and recommend the Enterprise Risk Management ("ERM") strategies, frameworks and policies of Group;
- To implement and maintain sound ERM frameworks, which identify, assess, manage and monitor the Group's strategic, financial, operational and compliance risks; and
- 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").

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

(a) Roles and responsibilities of the RMC, RMD, Management and departments;
(b) Guidance on the risk management process and the associated methodologies and tools; and
(c) 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 for the Financial Year, 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 68 to 74 of the Annual Report 2019.

Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

1. Effective Communication with Shareholders and Investors

AAX 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 AAX to enable them to make an informed decision.

AAX 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.

AAX 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. AGM

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 13th AGM of AAX held on 26 June 2019, all members of the Board were present to respond to questions raised by the shareholders or proxies. The voting process at the 13th AGM was conducted through an electronic poll voting system and scrutinised by an independent scrutineer. AAX will continue to leverage technology to enhance the quality of its shareholder engagement and facilitate further participation by shareholders at AAX's AGMs.

This Corporate Governance Overview Statement was approved by the Board of AAX on 28 July 2020.

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 financial year ended 31 December 2019 ("Financial Year").

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 75 to 76 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://airasiax.listedcompany.com/home.html.

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

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

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 75 to 76 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 Year.

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 In 2019

During the Financial Year, the RMD focused on establishing structure and documentation for ERM across the Group, increasing Management participation in risk management, providing robust risk management education and awareness, and completing targeted business impact analyses and recovery plans testing.

A key initiative was the formation of a Management-level Risk Committee ("MRC") to increase participation by Management in risk management processes. The MRC is tasked to review the key risks of the Group prior to submission to the RMC.

The RMD also identified and established Crisis Management Teams to respond to business continuity events and conducted business continuity plan exercises for key systems, functions and stations to minimise significant operational disruptions in the event of a crisis.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

The Group's significant risks and mitigation actions 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. The Group has also established a Crisis Management Team to respond to and reduce the impact of a crisis on the business.
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 an annual brand health assessment to enable strategic brand management through understanding market preferences and creating positioning/perception efforts to meet these preferences. A 24/7 Social Command Centre is in place for real time monitoring of consumer sentiments stemming from social networks through social listening platforms and uses customer service tools to enable quicker action and response to customer issues in primary social media channels. A media monitoring service is also used to monitor and send notification if any targeted media coverage of AAX and a team is established to ensure necessary and effective response to mitigate potential reputational threats.
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 systems 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.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

RISK	MITIGATION
OPERATIONAL RISK	
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 focused on detecting, containing and remediating cyber threats. The Group adopts the ISO/IEC 27002 International Code of Practice for Information Security Controls into the Group's processes, procedures and technology. Regular security assessments, penetration tests and source code reviews are performed on 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.
FINANCIAL RISK	
Fuel Price - A surge in fuel price would have a significant impact on AAX's profits with fuel making up one of the key cost components for operations	AAX relies on a related party, who has a large fleet size of its own, for the monitoring, contracting and hedging of its fuel price.
Foreign Currency - Unexpected massive currency depreciation, in particular the Malaysian Ringgit to the US Dollar, will have a detrimental effect on AAX's cost of financing and profitability	These exposures are managed by natural hedges that arise when payments for foreign currency are matched against receivables denominated in the same foreign currency, or whenever possible by intra-group arrangements and settlements.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

RISK	MITIGATION
COMPLIANCE RISK	
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	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.
Data Security & Privacy – Violation of data privacy laws and regulations and loss of customer confidence due to a data breach	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.
SUSTAINABILITY RISK	
Sustainability Risk - Economic, environmental and social impact that, if not managed, may adversely affect the Group	The Group has established a Sustainability Working Committee which consists of departmental representatives and is driven by the Group Sustainability Team to promote proactive participation in and awareness of global sustainability matters and making improvements to long-term sustainability plans. The Group Sustainability team also 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).

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 58 to 67 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.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

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.

People 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. The latest version of LOA was approved by the Board in July 2018.

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)

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 on 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

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Code of Conduct

AAX 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.

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 28 July 2020.

AUDIT COMMITTEE ("AC") REPORT

This report outlines the activities of the AC of AirAsia X Berhad ("AAX" or "the Company") for the financial year ended 31 December 2019 ("the Financial Year").

This report has been reviewed by the AC and approved by the Board of Directors ("the Board") of AAX on 28 July 2020, 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 three (3) non-executive members, a majority of whom are independent non-executive directors, including the Chairman and none of them are an alternate director. The Chairman of AC is appointed by the Board and is not the Chairman of the Board.

The AC meets the requirement of paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), which stipulates that at least one (1) member of the AC must be a qualified accountant.

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

B. Attendance of Meetings

A total of six (6) meetings were held during the Financial Year and the details of the attendance of each AC member are as follows:

Name	Directorship	Number of meetings attended
Dato' Yusli bin Mohamed Yusoff - Chairman	Independent Non-Executive Director	6/6
Tan Sri Asmat bin Kamaludin	Independent Non-Executive Director	6/6
Dato' Lim Kian Onn	Non-Independent Non-Executive Director	6/6

The Head of Internal Audit of AAX attended the AC meetings to present the audit and investigation reports. Representing the senior management team, the Group Chief Executive Officer, Chief Executive Officer ("CEO") and Chief Financial Officer 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 2019

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 Year is as set out below:

Financial Reporting

- Reviewed and deliberated on the quarterly financial announcements and annual audited financial statements prior to submission to the Board for consideration and approval.

External Audit

- Reviewed 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.

AUDIT COMMITTEE ("AC") REPORT

Internal Audit

- Deliberated and approved the Internal Audit Plan for the Financial Year 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.
- Provided 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.

D. Internal Audit Function and Summary of Work

AAX has an in-house IAD to assist the AC in carrying out its functions. The mission of IAD is to enhance and protect the organisational value of AAX by providing risk-based and objective assurance, advice and insight. IAD helps AAX accomplish its business objectives by bringing systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control framework and governance processes.

IAD is guided by its Internal Audit Charter approved by AC that provides independence & reflects the function and responsibilities of the department. 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.

IAD is a corporate member of the Institute of Internal Auditors ("IIA") and carries out its audits in accordance with the International Professional Practices Framework issued by the IIA.

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.

During the Financial Year, audit reviews were conducted on a risk-based Internal Audit Plan approved by the AC. The areas reviewed include flight operations, cabin crew department, finance, loyalty points billings, cargo billing and collections, ground operations and station audits.

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 is staffed by five (5) executives. The Head of Internal Audit, Mr. Seng Kian Aik was appointed in April 2017. He is a member of Institute of Internal Auditors Malaysia and Malaysian Institute of Certified Public Accountants. He is also a Chartered Accountant of Malaysian Institute of Accountants and Chartered Accountants of Australia and New Zealand. Total operational costs of the IAD for the Financial Year were RM623,534.

ADDITIONAL COMPLIANCE INFORMATION

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 Malaysia") for the financial year ended 31 December 2019 ("Financial Year") for AirAsia X Berhad ("AAX" or the "Company"):

1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSAL

There were no corporate proposals during the Financial Year.

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 Financial Year.

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 8 to the Financial Statements on page 130 of this Annual Report:

Audit Fees	Company RM'000	Group RM'000
Audit fees paid to the External Auditors for the Financial Year	445	621

Non-Audit Fees	Company RM'000	Group RM'000
Non-audit fees paid to the External Auditors for the Financial Year 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 26 June 2019, the Company had obtained a shareholders' mandate to allow the Company and/or its subsidiaries 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 Malaysia, details of the RRPT entered into during the Financial Year 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") **Interested Major Shareholders** AirAsia Tune Group Sdn. Bhd. (Company No.: 200701040836) (798868-P) ("Tune Group") Tan Sri Tony Datuk Kamarudin	RM8,600,000

ADDITIONAL COMPLIANCE INFORMATION

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual value
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 **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Datuk Kamarudin	RM21,617,949
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	RM4,476,045
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	RM6,537,916

ADDITIONAL COMPLIANCE INFORMATION

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual value
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	RM7,897,865
6.	AirAsia SEA Sdn. Bhd. (Company No.: 201301015339) (1045172-A) ("AirAsia SEA")	Provision of the following shared services by AirAsia SEA to our Company: (a) Finance and accounting support operation services; (b) People department support operation services; (c) Information and technology operation support services; and (d) 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	RM3,550,891
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	RM1,537,133
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	RM39,763,111

ADDITIONAL COMPLIANCE INFORMATION

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual value
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	CNY31,787,593 (RM19,073,840)
REVENUE/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	RM1,974,466
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	RM1,832,449
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	RM555,953

ADDITIONAL COMPLIANCE INFORMATION

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual value
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	RM3,669,722
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	RM862,340
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	RM35,997
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	RM17,738,411

ADDITIONAL COMPLIANCE INFORMATION

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual value
8.	Teleport Commerce Malaysia Sdn. Bhd. *(formerly known as RedCargo Logistics Sdn. Bhd.)* (Company No.: 201801009926) (1271940-D)("Teleport Malaysia")	Purchase of AAX's cargo transportation capacity by Teleport Malaysia on routes operated by AAX.	**Interested Directors** Tan Sri Tony Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Datuk Kamarudin	RM185,956,833
9.	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	RM1,143,192

The shareholdings of the interested Directors and interested Major Shareholders in our Company as at 30 June 2020 are as follows:

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Interested Directors				
Tan Sri Tony	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	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 30 April 2019 and 30 July 2020 respectively on the directorships and shareholdings of the interested Directors and interested Major Shareholders in the transacting parties as stated above.

CODE OF BUSINESS CONDUCT

Objectives

The objective of AAX is to engage efficiently, responsibly and profitably in the commercial aviation business. AAX seeks a high standard of performance and aim to maintain a long-term position in its respective competitive environments.

Responsibilities

AAX recognises five areas of responsibility:

To shareholders

To protect shareholders' investment, and provide an acceptable return.

To guests

To win and maintain guests by developing and providing services which offer value in terms of price, quality and safety, which are supported by the operations and commercial expertise.

To employees

To respect the human rights of the employees, to provide the employees with good and safe conditions of work, and good and competitive terms and conditions of service, to promote the development and best use of human talent and equal opportunity employment, and to encourage the involvement of employees in the planning and direction of their work, and in the application of these principles within AAX. It is recognised that commercial success depends on the full commitment of all employees.

To those with whom it does business

To seek mutually beneficial relationships with vendors, suppliers and in joint ventures and to promote the application of these principles in so doing. The ability to promote these principles effectively will be an important factor in the decision to enter into or remain in such relationships.

To society

To conduct business as responsible corporate members of society, to observe the laws of the countries in which AAX operates, to express support for fundamental human rights in line with the legitimate role of business.

These five areas of responsibility are seen as inseparable. Therefore it is the duty of management continuously to assess the priorities and discharge its responsibilities as best it can on the basis of that assessment.

Economic Principles

Profitability is essential to discharging these responsibilities and staying in business. It is a measure both of efficiency and of the value that guests place on AAX services. It is essential for AAX to maintain low operational unit cost without compromising Flight Safety Standards to be able to consistently provide low cost fares to guests. Without profits and a strong financial foundation it would not be possible to fulfil the responsibilities outlined above.

Business Integrity

AAX insists on honesty, integrity and fairness in all aspects of its business and expect the same in its relationships with all those with whom it does business. The direct or indirect offer, payment, soliciting and acceptance of bribes in any form are unacceptable practices. Employees must avoid conflicts of interest between their private financial activities and their part in the conduct of company business. All business transactions on behalf of AAX must be reflected accurately and fairly in the accounts of the company in accordance with established procedures and be subject to audit.

CODE OF BUSINESS CONDUCT

Political Activities

AAX acts in a socially responsible manner within the laws of the countries in which it operates in pursuit of its legitimate commercial objectives. AAX does not make payments to political parties, organisations or its representatives or take any part in party politics. However, when dealing with governments, AAX has the right and the responsibility to make its position known on any matter which affects themselves, its employees, its guests, or its shareholders. AAX also has the right to make its position known on matters affecting the community, where it has a contribution to make.

Health, Safety And The Environment

Consistent with AAX's commitment to maintain low operational cost, AAX will ensure that in doing so, it will not compromise Flight Safety Standards.

To this end AAX manages these matters as any other critical business activity, set targets for improvement, and measure, appraise and report performance.

The Community

The most important contribution that companies can make to the social and material progress of the countries in which they operate is in performing their basic activities as effectively as possible. In addition, AAX takes a constructive interest in societal matters which may not be directly related to the business. Opportunities for involvement - for example through community, educational or donations programmes – will vary depending upon the size of the company concerned, the nature of the local society, and the scope for useful private initiatives.

Competition

AAX supports free enterprise. It seeks to compete fairly and ethically and within the framework of applicable competition laws; AAX will not prevent others from competing freely with it.

Communication

AAX recognises that in view of the importance of the activities in which they are engaged and the impact on national economies and individuals, open communication is essential. To this end, AAX has comprehensive corporate information programmes and provides full relevant information about its activities to legitimately interested parties, subject to any overriding considerations of business confidentiality and cost.

Personal Data Protection

AAX recognises the importance of personal data protection. AAX undertakes that the personal information provided by its guests through AirAsia's website will only be used to purposes for which the personal information was originally requested and for directly related purposes unless AAX is required or authorised under law to disclose such personal information or written consent allowing disclosure of such personal information is given by our guests.

AAX also undertakes to not sell the name and/or personal data of our guests to third parties.

SP&G | Gallagher

FINANCIAL
STATEMENTS

OTHER INFORMATION

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries, associate and joint venture are disclosed in Notes 17, 18 and 19 to the financial statements.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Loss for the financial year	(650,317)	(682,534)

There were no material transfers to or from reserves or provisions during the financial year 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 year were not substantially affected by any item, transaction or event of a material and unusual nature.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares and debentures during the financial year.

DIRECTORS

The names of the Directors of the Company in office since the beginning of the financial year 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 year 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
Wong Mee Yen *(Resigned on 30 August 2019)*

DIRECTORS' REPORT

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during the year, 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 7 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 33 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 RM50 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 RM180,000.

DIRECTORS' REMUNERATION

The Directors' remuneration are disclosed in Note 7 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 year in shares in the Company or its related corporations during and at the end of the financial year are as follows:

	Number of ordinary shares			
The Company	**1.1.2019**	**Acquired**	**Disposed**	**31.12.2019**
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**

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D.)

* 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.

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

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 year 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 year.

DIRECTORS' REPORT

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 year 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 year 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 year in which this report is made.

(g) As at 31 December 2019, the net current liabilities shortfall position of the Group and of the Company amounted to RM1,080.3 million and RM1,103.5 million respectively. Note 41 to the financial statements discussed the management steps to address the current impact of the COVID-19 pandemic. The Board of Directors is confident that based on the strategies and the funding plans, the Group will be in good stead to weather the current challenging environment.

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 41 to the financial statements.

AUDITORS AND AUDITORS' REMUNERATION

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

Auditors' remuneration are disclosed in Note 8 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 year.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 30 July 2020.

Tan Sri Rafidah Aziz
Director

Datuk Kamarudin Bin Meranun
Director

Kuala Lumpur, Malaysia

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	4	**4,233,344**	4,571,376	**4,231,015**	4,568,277
Operating expenses					
- Staff costs	5	**(429,016)**	(422,845)	**(418,640)**	(412,383)
- Depreciation	6	**(745,434)**	(127,268)	**(755,567)**	(127,268)
- Aircraft fuel expenses		**(1,680,688)**	(1,876,060)	**(1,680,688)**	(1,876,060)
- Maintenance and overhaul		**(701,627)**	(485,389)	**(701,627)**	(485,389)
- User charges		**(431,336)**	(508,121)	**(431,336)**	(508,121)
- Aircraft operating lease expenses		**-**	(898,654)	**-**	(898,654)
- Other operating expenses	8	**(406,734)**	(464,398)	**(440,635)**	(473,727)
Other income	9	**41,055**	7,414	**23,209**	7,414
Operating loss		**(120,436)**	(203,945)	**(174,269)**	(205,911)
Finance income	10	**137,529**	55,773	**137,441**	55,773
Finance costs	10	**(364,911)**	(70,611)	**(345,706)**	(70,611)
Net operating loss		**(347,818)**	(218,783)	**(382,534)**	(220,749)
Net foreign exchange gain	10	**42,914**	16,011	**43,524**	16,112
Share of results of an associate	18	**(1,104)**	-	**-**	-
Share of results of a joint venture	19	**-**	-	**-**	-
Other losses	11	**-**	(23,889)	**-**	(23,889)
Loss before taxation		**(306,008)**	(226,661)	**(339,010)**	(228,526)
Taxation					
- Current taxation	12	**495**	(918)	**650**	172
- Deferred taxation	12	**(344,804)**	(73,903)	**(344,174)**	(74,423)
		(344,309)	(74,821)	**(343,524)**	(74,251)
Loss for the financial year		**(650,317)**	(301,482)	**(682,534)**	(302,777)
Loss per share (sen)					
- Basic	13	**(15.7)**	(7.3)		
- Diluted	13	**(15.7)**	(7.3)		

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Loss for the financial year	**(650,317)**	(301,482)	**(682,534)**	(302,777)
Other comprehensive income/(loss)				
Items that may be subsequently reclassified to profit or loss				
Cash flow hedges	**129,621**	(98,374)	**129,621**	(98,374)
Foreign currency translation differences	**60**	(149)	**-**	-
Other comprehensive profit/(loss) for the financial year, net of tax	**129,681**	(98,523)	**129,621**	(98,374)
Total comprehensive loss for the financial year	**(520,636)**	(400,005)	**(552,913)**	(401,151)

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

Group	Note	2019 RM'000	2018 RM'000
Assets			
Non-current assets			
Property, plant and equipment	14	**623,445**	624,964
Right-of-use assets	15	**4,959,771**	-
Finance lease receivables	16	**842,043**	-
Investment in an associate	18	**-**	-
Investment in a joint venture	19	**-**	-
Deferred tax assets	20	**-**	385,753
Trade and other receivables	23	**1,588,833**	1,714,195
Amount due from an associate	24	**50,165**	67,287
Derivative financial assets	21	**1,311**	-
		8,065,568	2,792,199
Current assets			
Inventories	22	**13,102**	13,257
Trade and other receivables	23	**671,902**	189,837
Amount due from an associate	24	**117,772**	-
Amount due from a joint venture	24	**4,501**	-
Amount due from related parties	24	**119,328**	48,851
Finance lease receivables	16	**170,631**	-
Derivative financial assets	21	**44,615**	-
Tax recoverable		**1,481**	806
Deposits, cash and bank balances	25	**357,961**	297,609
		1,501,293	550,360
Non-current assets held for sale	26	**-**	999,012
		1,501,293	1,549,372
Total assets		**9,566,861**	4,341,571
Equity and liabilities			
Current liabilities			
Sales in advance	2.17	**730,725**	697,126
Derivative financial liabilities	21	**2,317**	96,811
Trade and other payables	27	**823,811**	1,081,631
Amount due to an associate	24	**-**	7,777
Amount due to related parties	24	**30,616**	97,381
Borrowings	28	**860,070**	192,324
Provision for aircraft maintenance	29	**134,101**	-
		2,581,640	2,173,050
Net current liabilities		**(1,080,347)**	(623,678)

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

Group (cont'd.)	Note	2019 RM'000	2018 RM'000
Non-current liabilities			
Derivative financial liabilities	21	**3,541**	33,675
Trade and other payables	27	**52,925**	52,767
Borrowings	28	**5,405,541**	494,728
Provision for aircraft maintenance	29	**1,385,285**	1,013,689
		6,847,292	1,594,859
Total liabilities		**9,428,932**	3,767,909
Net assets		**137,929**	573,662
Equity attributable to equity holders of the Company			
Share capital	30	**1,534,043**	1,534,043
Warrant reserve	31	**62,222**	62,222
Other reserves	31	**30,452**	(99,169)
Currency translation reserve		**89**	29
Accumulated losses		**(1,488,877)**	(923,463)
Total equity		**137,929**	573,662

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

Company	Note	2019 RM'000	2018 RM'000
Assets			
Non-current assets			
Property, plant and equipment	14	**623,445**	624,964
Right-of-use assets	15	**5,041,965**	-
Finance lease receivables	16	**842,043**	-
Investments in subsidiaries	17	**4**	*
Investment in an associate	18	**-**	20,018
Investment in a joint venture	19	**-**	-
Deferred tax assets	20	**-**	385,108
Trade and other receivables	23	**1,588,833**	1,714,195
Amount due from an associate	24	**50,165**	67,287
Derivative financial assets	21	**1,311**	-
		8,147,766	2,811,572
Current assets			
Inventories	22	**13,102**	13,257
Trade and other receivables	23	**671,802**	189,760
Amount due from subsidiaries	24	**134,229**	33,464
Amount due from an associate	24	**16,568**	15,662
Amount due from a joint venture	24	**4,501**	-
Amount due from related parties	24	**119,328**	48,851
Finance lease receivables	16	**170,631**	-
Derivative financial assets	21	**44,615**	-
Tax recoverable		**1,616**	1,641
Deposits, cash and bank balances	25	**337,947**	296,150
		1,514,339	598,785
Non-current assets held for sale	26	**-**	999,012
		1,514,339	1,597,797
Total assets		**9,662,105**	4,409,369

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

Company (cont'd.)	Note	2019 RM'000	2018 RM'000
Equity and liabilities			
Current liabilities			
Sales in advance	2.17	**730,725**	697,126
Derivative financial liabilities	21	**2,317**	96,811
Trade and other payables	27	**811,539**	1,078,906
Amount due to subsidiaries	24	**2,898**	1,688
Amount due to an associate	24	**26,622**	56,902
Amount due to related parties	24	**33,084**	99,723
Borrowings	28	**876,590**	192,324
Provision for aircraft maintenance	29	**134,101**	-
		2,617,876	2,223,480
Net current liabilities		**(1,103,537)**	(625,683)
Non-current liabilities			
Derivative financial liabilities	21	**3,541**	33,675
Trade and other payables	27	**52,925**	52,767
Borrowings	28	**5,479,458**	494,728
Provision for aircraft maintenance	29	**1,385,285**	1,013,689
		6,921,209	1,594,859
Total liabilities		**9,539,085**	3,818,339
Net assets		**123,020**	591,030
Equity attributable to equity holders of the Company			
Share capital	30	**1,534,043**	1,534,043
Warrant reserve	31	**62,222**	62,222
Other reserves	31	**30,452**	(99,169)
Accumulated losses		**(1,503,697)**	(906,066)
Total equity		**123,020**	591,030

* Less than RM1,000

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Attributable to equity holders of the Company						
		Non-Distributable					Distributable	
Group	**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**
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	2.27	**-**	**-**	**-**	**-**	**-**	**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**
At 1 January 2018		4,148,148	1,534,043	62,222	(795)	178	(607,042)	988,606
Effects of adoption of MFRS 9 and MFRS 15		-	-	-	-	-	(14,939)	(14,939)
At 1 January 2018 (As restated)		4,148,148	1,534,043	62,222	(795)	178	(621,981)	973,667
Net loss for the financial year		-	-	-	-	-	(301,482)	(301,482)
Other comprehensive loss for the financial year		-	-	-	(98,374)	(149)	-	(98,523)
Total comprehensive loss for the financial year		-	-	-	(98,374)	(149)	(301,482)	(400,005)
At 31 December 2018		4,148,148	1,534,043	62,222	(99,169)	29	(923,463)	573,662

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Attributable to equity holders of the Company					
		Non-Distributable				Distributable	
Company	**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**
At 1 January 2019		**4,148,148**	**1,534,043**	**62,222**	**(99,169)**	**(906,066)**	**591,030**
Effects of adoption of MFRS 16	2.27	**-**	**-**	**-**	**-**	**84,903**	**84,903**
At 1 January 2019 (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**
At 1 January 2018		4,148,148	1,534,043	62,222	(795)	(588,350)	1,007,120
Effects of adoption of MFRS 9 and MFRS 15		-	-	-	-	(14,939)	(14,939)
At 1 January 2018 (As restated)		4,148,148	1,534,043	62,222	(795)	(603,289)	992,181
Loss for the financial year		-	-	-	-	(302,777)	(302,777)
Other comprehensive loss for the financial year		-	-	-	(98,374)	-	(98,374)
Total comprehensive loss for the financial year		-	-	-	(98,374)	(302,777)	(401,151)
At 31 December 2018		4,148,148	1,534,043	62,222	(99,169)	(906,066)	591,030

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash flows from operating activities					
Loss before taxation		**(306,008)**	(226,661)	**(339,010)**	(228,526)
Adjustments for:					
Property, plant and equipment and right-of-use assets					
- Depreciation	6	**745,434**	127,268	**755,567**	127,268
- Write off	8	**10**	7,844	**10**	7,844
Allowance for impairment of trade and other receivables	8	**69,404**	149,897	**69,404**	149,897
Impairment loss on investment in an associate	8	**-**	-	**21,122**	-
Loss on disposal of non-current assets held for sale	8	**90,416**	-	**90,416**	-
(Gain)/loss on lease modification on right-of-use assets	8,9	**(16,337)**	-	**8,992**	-
Finance income	10	**(78,890)**	(17,961)	**(78,802)**	(17,961)
Finance costs	10	**315,536**	31,007	**296,331**	31,007
Impact of discounting effect on financial instruments (net)	10	**(9,264)**	1,792	**(9,264)**	1,792
Fair value losses on derivative financial instruments	11	**-**	23,889	**-**	23,889
Share of results of an associate	18	**1,104**	-	**-**	-
Net unrealised foreign exchange gain	10	**(39,299)**	(2,100)	**(39,909)**	(2,201)
Operating profit before working capital changes		**772,106**	94,975	**774,857**	93,009
Changes in working capital:					
Inventories		**155**	(4,739)	**155**	(4,739)
Trade and other receivables		**(24,634)**	(187,961)	**(24,611)**	(188,313)
Related parties balances		**(239,813)**	77,324	**(244,879)**	77,982
Trade and other payables		**(80,321)**	168,598	**(88,440)**	169,769
Sales in advance		**33,599**	(49,733)	**33,599**	(49,733)
Cash flows generated from operations		**461,092**	98,464	**450,681**	97,975
Finance costs paid		**(3,951)**	(3,834)	**(3,933)**	(3,834)
Interest received		**5,177**	5,263	**5,089**	5,263
Tax paid		**(676)**	(2,027)	**(676)**	(2,027)
Net cash generated from operating activities		**461,642**	97,866	**451,161**	97,377

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash flows from investing activities					
Additions of property, plant and equipment		**(46,336)**	(9,165)	**(46,336)**	(9,165)
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 generated from/(used in) investing activities		**1,024,170**	(9,165)	**1,024,170**	(9,165)
Cash flows from financing activities					
Repayment of lease liabilities	28	**(735,884)**	-	**(763,085)**	-
Repayment of term loans	28	**(377,786)**	(187,307)	**(377,786)**	(187,307)
Repayment of hire purchase	28	**(12)**	(32)	**(12)**	(32)
Interest paid for lease liabilities	28	**(293,901)**	-	**(274,714)**	-
Interest paid for term loans	28	**(17,682)**	(28,286)	**(17,682)**	(28,286)
Interest paid for hire purchase	28	**(2)**	(5)	**(2)**	(5)
Deposits pledged as securities		**(5,337)**	(3,777)	**(5,337)**	(3,777)
Net cash used in financing activities		**(1,430,604)**	(219,407)	**(1,438,618)**	(219,407)
Net increase/(decrease) in cash and cash equivalents		**55,208**	(130,706)	**36,713**	(131,195)
Currency translation differences		**(193)**	(8,137)	**(253)**	(7,988)
Cash and cash equivalents at beginning of the financial year		**252,604**	391,447	**251,145**	390,328
Cash and cash equivalents at end of the financial year	25	**307,619**	252,604	**287,605**	251,145

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

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2019

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.

The principal activity of the Company is that of providing long haul air transportation services. The principal activities of the subsidiary companies are disclosed in Note 17.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 30 July 2020.

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.

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

As of 1 January 2019, the Group and the Company adopted new MFRS and amendments to MFRS (collectively referred to as "pronouncements") that have been issued by the Malaysian Accounting Standards Board ("MASB") as described fully in Note 2.27.

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 year. 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.

For the year ended 31 December 2019, the Group and the Company have reported a net loss of RM650.3 million and RM682.5 million respectively. In addition, as at 31 December 2019, the Group's and the Company's current liabilities exceeded their current assets by RM1,080.3 million and RM1,103.5 million respectively. Further, in 2020, the global economy, in particular the commercial airlines industry, faces an uncertainty as a result of the unprecedented COVID-19 pandemic. The travel and border restrictions implemented by countries around the world has led to a significant fall in demand for international air travel which impacted the Group's and the Company's financial performance and cash flows. These events or conditions, along with other matters as set forth in Note 41, 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.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.1 Basis of preparation (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:

(a) Deferral of payments to creditors and a financial institution

As at 31 December 2019, the current liabilities of the Group and the Company relating to aircraft lessors, maintenance service providers and a financial institution amounted RM877.8 million and RM894.3 million respectively. The Group and the Company have obtained payment deferrals on outstanding amounts due to certain lessors and are currently engaging with the lessors and maintenance service providers to seek for payment deferrals and concessions. In addition, the Group and the Company have also received an offer from the said financial institution to defer principal repayments and is currently finalising the terms and conditions for such deferral.

(b) Rationalisation of fleet and routes

As part of the Group's and the Company's plans to return to profitability, the Group and the Company plan to focus in core markets to improve yield. Some of the initiatives include, amongst others, the following:

- focusing on mature routes in core markets with historically proven demand;
- determining the optimal flight frequency that commensurate with passenger demand; and
- terminating unprofitable routes.

In connection with the above plans, the Group and the Company plan to operate a leaner fleet size which require the Group and the Company to return excess aircraft to the aircraft lessors. At present, the Group and the Company have successfully returned one aircraft and are in discussions with the other aircraft lessors to achieve the optimal fleet size. The Group and the Company are also in discussions with the aircraft lessors to reduce future lease rental rates. Further, the Group and the Company are also in discussion with maintenance service providers to reduce future maintenance costs.

(c) Funding

The Company plans to make an application for a government guaranteed loan of up to RM500 million under the Danajamin PRIHATIN Guarantee Scheme ("DPGS"). This application is subject to the credit assessment, final evaluation and approval from the relevant financial institutions. At present, the Company is in discussion with a financial institution to secure the DPGS loan.

The above plans are formulated with an aim to achieve an organised and systematic resolution to address the Group's and the Company's current financial conditions. The validity of the going concern assumption of the Group and the Company is dependent on the ability of the Group and the Company to gradually resume their scheduled flight operations on a staggered basis starting early 2021 and their ability to return to profitability requires the successful implementation of management's plans to obtain the continued support from the aircraft lessors, maintenance service providers and financial institutions.

Further details of management's plans are disclosed in Note 41 to the financial statements. The Directors believe that management's plans once finalised and implemented to address the financial conditions of the Group will enable the Group and the Company to generate sufficient cash flows to meet their financial obligations. Thus, the Directors believe that it is appropriate to prepare the financial statements of the Group and Company 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 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.

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.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Basis of consolidation (cont'd.)

(ii) Associates (cont'd.)

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.

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.

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 2.5 on impairment of non-financial assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Basis of consolidation (cont'd.)

(iii) Joint arrangements (cont'd.)

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.

2.3 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 2.14 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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. For the current financial year ended 31 December 2019, the estimated residual value for aircraft airframes and engines is 10% of their cost (2018: 10% of their cost).

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 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 2.5 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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 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 2.5 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.

2.5 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.

2.6 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 2.3 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 year and calendar months of the components used.

2.7 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.7 Leases (cont'd.)

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

(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 2.5.

(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 28 Borrowings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.7 Leases (cont'd.)

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

(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.

(iv) Sale and leaseback transactions

Sale and leaseback transactions are tested under IFRS 15 at the date of the transaction, and if the transaction qualifies as a sale, the underlying asset is derecognised and a right-of-use asset with a corresponding liability is recognised equal to the retained interest in the asset. Any gain or loss is recognised immediately in the consolidated income statement for the interest in the asset transferred to the lessor. If the transaction does not qualify as sale under IFRS 15, a financial liability equal to the sale value is recognised in the consolidated financial statements as 'Term loans' within 'Borrowings'.

Gains and losses arising on sale and leaseback transactions resulting in an operating lease and where the sale price and subsequent future lease payments are at fair value, are recognised immediately in the consolidated income statement. Where the sale price is below fair value, any losses are immediately recognised in the consolidated income statement, except where the loss is compensated for by future lease payments at below market price, it is deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. Where the sale price is above fair value, the excess over fair value is accounted for as a deferred credit and amortised over the period for which the asset is expected to be used.

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.

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 2.21) 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.7 Leases (cont'd.)

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

(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

Until the financial year ended 31 December 2018, when the Group and the Company were intermediate lessors, the subleases were classified as finance or operating leases by reference to the underlying assets.

From 1 January 2019, when the Group and the Company are intermediate lessors, they assess the lease classification of a sublease with reference to the right-of-use asset ("ROU" assets) 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.

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.

2.8 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.9 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.

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 2.24. 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 21. 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).

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.

2.10 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. Otherwise, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.11 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.

2.12 Provision

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.

2.13 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.

(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.14 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 year.

2.15 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.15 Income taxes (cont'd.)

(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.

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.)

2.16 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 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.

2.17 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.

(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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.17 Revenue recognition (cont'd.)

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

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.

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.

2.18 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.)

2.18 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.

2.19 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.

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.

2.20 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.20 Financial assets (cont'd.)

(i) Recognition and initial measurement (cont'd.)

Prior to 1 January 2019, 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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.20 Financial assets (cont'd.)

(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.

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.

2.21 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).

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.

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2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

2.22 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.

2.23 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.

2.24 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.)

2.24 Financial liabilities (cont'd.)

(ii) Subsequent measurement (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.

2.25 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.

2.26 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.

NOTES TO THE FINANCIAL STATEMENTS
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.27 Adoption of new and revised pronouncements

As at 1 January 2019, 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 2019

MFRS 16	Leases
Amendments to MFRS 3	Business Combinations: Annual Improvements to MFRS Standards 2015-2017 Cycle
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 11	Joint Arrangements: Annual Improvements to MFRS Standards 2015-2017 Cycle
Amendments to MFRS 112	Income Taxes: Annual Improvements to MFRS Standards 2015-2017 Cycle
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 123	Borrowing Costs: Annual Improvements to MFRS Standards 2015-2017 Cycle
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments

The principal changes in accounting policies and their effects are set out below:

(i) MFRS 16 Leases

The Group and the Company applied MFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

MFRS 16 supersedes MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 does not have an impact for leases where the Group is the lessor.

The Group and the Company adopted MFRS 16 using the modified retrospective method of adoption, with the date of initial application of 1 January 2019. The Group and the Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Group and the Company applied the standard only to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4 at the date of initial application. The Group and the Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

The principal changes in accounting policies and their effects are set out below (cont'd.):

(i) MFRS 16 Leases (cont'd.)

The effect of adopting MFRS 16 is, as follows:

Group	Audited 31.12.2018 RM'000	MFRS 16 adjustments RM'000	After adoption of MFRS 16 RM'000
Statement of financial position			
Right-of-use assets (Note 15)	-	5,657,360	5,657,360
Finance lease receivables	-	1,182,606	1,182,606
Lease Liabilities (Note 28)	-	(6,755,063)	(6,755,063)
Accumulated losses	(923,463)	84,903	(838,560)

Company	Audited 31.12.2018 RM'000	MFRS 16 adjustments RM'000	After adoption of MFRS 16 RM'000
Statement of financial position			
Right-of-use assets (Note 15)	-	5,749,687	5,749,687
Finance lease receivables	-	1,182,606	1,182,606
Lease Liabilities (Note 28)	-	(6,847,390)	(6,847,390)
Accumulated losses	(906,066)	84,903	(821,163)

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

Liabilities	Group RM'000	Company RM'000
Operating lease commitments as at 31 December 2018 (Note 32(b))	**6,664,520**	**6,664,520**
Add: Lease modification	**269,272**	**326,692**
Add: Sales and leaseback of aircraft	**1,154,795**	**1,154,795**
Add: Commitments relating to office rental	**64,760**	**64,760**
Less: Present value of lease liabilities	**(1,398,284)**	**(1,363,377)**
Lease liabilities as at 1 January 2019	**6,755,063**	**6,847,390**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

The principal changes in accounting policies and their effects are set out below (cont'd.):

(i) MFRS 16 Leases (cont'd.)

The weighted average incremental borrowing rate as at 1 January 2019 for the Group and the Company are 4.90% and 4.76% respectively.

Upon adoption of MFRS 16, the Group and the Company applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Group and the Company recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In accordance with the modified retrospective approach method of adoption, the Group and the Company applied MFRS 16 at the date of initial application as if it had already been effective at the commencement date of existing lease contracts.

As at 1 January 2019:
- 'Right-of-use assets' and 'finance lease receivables' were recognised and presented separately in the statement of financial position.
- Additional lease liabilities were recognised and included under 'Borrowings'.
- 'Accumulated losses' decreased due to the net impact of these adjustments.

(ii) MFRS 3 Business Combinations (Annual Improvements 2015-2017 Cycle)

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where joint control is obtained.

(iii) MFRS 11 Joint Arrangements (Annual Improvements 2015-2017 Cycle)

An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in MFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured. An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where a joint control is obtained.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.28 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 2020

Amendment 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)
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

Effective for annual periods beginning on or after 1 January 2021

MFRS 17	Insurance Contract

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 101	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
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 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.

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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.

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 2.3, would increase the recorded depreciation for the financial year ended 31 December 2019 by RM865,000 (2018: RM3,626,000) and decrease the carrying amount of property, plant and equipment as at 31 December 2019 by RM5,635,000 (2018: RM26,916,000).

(ii) Deferred tax assets

Deferred tax assets are mainly originating from unutilised tax incentives, investment tax allowances, unabsorbed capital allowances and tax losses carry forward. The deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Estimating the future taxable profits involves significant assumptions, especially in respect of regulatory approvals for prospective routes, aircraft delivery, fares, load factors, fuel price, maintenance cost and currency movements. Based on these projections, management has derecognised the deferred tax assets as at reporting date due to uncertainties relating to the COVID-19 environment.

(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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

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

(iv) Leases - Estimating the incremental borrowing rate

The Group and the Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group and the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group and the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group and the Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

4. REVENUE

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Revenue from contracts with customers	**4,013,967**	4,118,460	**4,011,638**	4,115,361
Aircraft operating lease income	**219,377**	452,916	**219,377**	452,916
	4,233,344	4,571,376	**4,231,015**	4,568,277
<u>Revenue from contracts with customers</u>				
Type of goods or services				
Scheduled flights	**2,893,458**	2,941,796	**2,893,458**	2,941,796
Charter flights	**114,946**	136,369	**114,946**	136,369
Freight services	**182,955**	182,997	**182,955**	182,997
Ancillary revenue	**820,279**	854,199	**820,279**	854,199
Management fees	**2,329**	3,099	**-**	-
	4,013,967	4,118,460	**4,011,638**	4,115,361
Timing of revenue recognition				
At a point of time	**4,013,967**	4,118,460	**4,011,638**	4,115,361

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

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5. STAFF COSTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Wages, salaries, bonuses and allowances	**394,635**	388,684	**385,073**	378,955
Defined contribution retirement plan	**34,381**	34,161	**33,567**	33,428
	429,016	422,845	**418,640**	412,383

Included in staff costs of the Group and of the Company was previous year's Executive Directors' remuneration amounting to RM2,763,000 as further disclosed in Note 7.

6. DEPRECIATION

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Property, plant and equipment (Note 14)	**47,845**	127,268	**47,845**	127,268
Right-of-use assets (Note 15)	**697,589**	-	**707,722**	-
	745,434	127,268	**755,567**	127,268

7. DIRECTORS' REMUNERATION

The details of remuneration paid to Directors of the Group and of the Company during the financial years ended 31 December 2019 and 2018, respectively, are as follows:

	Salary and other emoluments RM'000	Fees RM'000	EPF and 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**

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7. DIRECTORS' REMUNERATION (CONT'D.)

	Salary and other emoluments RM'000	Fees RM'000	EPF and other allowances RM'000	Total RM'000
2018				
Executive Directors:				
Datuk Kamarudin Bin Meranun	1,265	-	149	1,414
Tan Sri Anthony Francis Fernandes	1,200	-	149	1,349
	2,465	-	298	2,763
Non-executive Directors:				
Dato' Lim Kian Onn	-	95	10	105
Dato' Fam Lee Ee	-	125	18	143
Tan Sri Rafidah Aziz	-	255	18	273
Tan Sri Asmat Bin Kamaludin	-	95	9	104
Dato' Yusli Bin Mohamed Yusoff	-	145	19	164
	-	715	74	789
Total Executive and Non-executive Directors	2,465	715	372	3,552

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

	Number of Directors	
	2019	2018
Executive Directors:		
Less than RM100,000	**-**	-
RM100,001 to RM150,000	**-**	-
RM150,001 to RM200,000	**-**	-
More than RM200,000	**-**	2
Non-executive Directors:		
Less than RM100,000	**2**	-
RM100,001 to RM150,000	**3**	3
RM150,001 to RM200,000	**1**	1
More than RM200,000	**1**	1

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8. OTHER OPERATING EXPENSES

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Management fee	-	-	8,930	10,254
Rental of land and buildings	781	8,132	758	7,911
Auditors' remuneration				
- Statutory audit	621	551	445	398
- Non-audit fees	14	14	-	14
Rental of equipment	247	78	247	78
Advertising expenses	52,976	77,409	52,976	77,180
Credit card charges	41,333	42,556	41,333	42,556
In-flight meal expenses	24,152	24,362	24,152	24,362
Insurance expenses	26,620	15,464	26,620	15,462
Allowance for impairment of trade and other receivables (Note 23)	69,404	149,897	69,404	149,897
Property, plant and equipment written off (Note 14)	10	7,844	10	7,844
Impairment loss on investment in an associate (Note 18)	-	-	21,122	-
Loss on disposal of non-current assets held for sale	90,416	-	90,416	-
Loss on lease modification on right-of-use assets (Note 15)	-	-	8,992	-

Other operating expenses include loss on disposal of assets previously held for sale of RM90,416,000 (2018: RM Nil).

9. OTHER INCOME

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Gain on lease modification on right-of-use assets (Note 15)	16,337	-	-	-
Carbon credit sale	8,353	-	8,353	-
Others	16,365	7,414	14,856	7,414
	41,055	7,414	23,209	7,414

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10. FINANCE INCOME/(COSTS) AND NET FOREIGN EXCHANGE GAIN

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
(a) Finance income:				
Interest income from deposits with licensed bank	**5,177**	5,807	**5,089**	5,807
Interest income from finance lease receivables (Note 15)	**61,904**	-	**61,904**	-
Other interest income	**11,809**	12,154	**11,809**	12,154
	78,890	17,961	**78,802**	17,961
Impact of discounting effect on financial instruments	**58,639**	37,812	**58,639**	37,812
	137,529	55,773	**137,441**	55,773
Finance costs:				
Interest expense on lease liabilities (Note 15 and Note 28)	**(293,901)**	-	**(274,714)**	-
Interest expense on term loans (Note 28)	**(17,682)**	(28,286)	**(17,682)**	(28,286)
Interest expense on hire purchase (Note 28)	**(2)**	(5)	**(2)**	(5)
Bank facilities and other charges	**(3,951)**	(2,716)	**(3,933)**	(2,716)
	(315,536)	(31,007)	**(296,331)**	(31,007)
Impact of discounting effect on financial instruments	**(49,375)**	(39,604)	**(49,375)**	(39,604)
	(364,911)	(70,611)	**(345,706)**	(70,611)
(b) Net foreign exchange gain:				
Realised	**3,615**	13,911	**3,615**	13,911
Unrealised	**39,299**	2,100	**39,909**	2,201
	42,914	16,011	**43,524**	16,112

11. OTHER LOSSES

	Group and Company	
	2019 RM'000	2018 RM'000
Other losses from fuel contracts held for trading	**-**	(23,889)

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12. TAXATION

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Current taxation:				
Malaysian income tax	**1,402**	3,151	**1,222**	3,151
Foreign tax	**280**	1,090	**-**	-
	1,682	4,241	**1,222**	3,151
Overprovision in respect of prior years	**(2,177)**	(3,323)	**(1,872)**	(3,323)
	(495)	918	**(650)**	(172)
Deferred taxation (Note 20):				
Relating to origination and reversal of temporary differences	**356,237**	85,575	**355,607**	86,095
Overprovision in respect of previous year	**(11,433)**	(11,672)	**(11,433)**	(11,672)
	344,804	73,903	**344,174**	74,423
Total income tax expense	**344,309**	74,821	**343,524**	74,251

The Group is 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 are domiciled and operate.

Domestic current income tax is calculated at the statutory tax rate of 24% (2018: 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 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Loss before taxation	**(306,008)**	(226,661)	**(339,010)**	(228,526)
Tax at Malaysian statutory tax rate of 24% (2018: 24%)	**(73,442)**	(54,399)	**(81,362)**	(54,846)
Expenses not deductible for tax purposes	**56,297**	10,594	**62,680**	10,471
Income not subject to tax	**(29,377)**	(5,327)	**(28,930)**	(5,327)
Deferred tax assets not recognised	**241,915**	138,948	**241,915**	138,948
Utilisation of previously unrecognised unutilised reinvestment allowance	**(14,490)**	-	**(14,490)**	-
Utilisation of previously unrecognised unutilised investment tax allowance	**177,016**	-	**177,016**	-
Overprovision of deferred tax in respect of prior years	**(11,433)**	(11,672)	**(11,433)**	(11,672)
Overprovision of income tax in respect of prior years	**(2,177)**	(3,323)	**(1,872)**	(3,323)
Total income tax expenses	**344,309**	74,821	**343,524**	74,251

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13. LOSS PER SHARE (SEN)

(a) Basic loss per share

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

	Group	
	2019	**2018**
Loss for the financial year (RM'000)	**(650,317)**	(301,482)
Weighted average number of ordinary shares in issue ('000)	**4,148,148**	4,148,148
Loss per share (sen)	**(15.7)**	(7.3)

(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.

14. PROPERTY, PLANT AND EQUIPMENT

Group and Company	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	Assets not yet in operation RM'000	Pre-delivery payments RM'000	Total RM'000
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 8)	**-**	**(10)**	**-**	**-**	**-**	**-**	**-**	**(10)**
At 31 December 2019	**432,982**	**53,380**	**262**	**3,101**	**-**	**-**	**133,720**	**623,445**

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14. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group and Company	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	Assets not yet in operation RM'000	Pre-delivery payments RM'000	Total RM'000
2018								
Net book value								
At 1 January 2018	1,413,376	59,995	580	6,459	5	210	115,278	1,595,903
Additions	156,454	6,217	-	455	(4)	63	-	163,185
Depreciation (Note 6)	(112,190)	(12,466)	(170)	(2,442)	-	-	-	(127,268)
Write off (Note 8)	(4)	(105)	-	-	-	(273)	(7,462)	(7,844)
Reclassification (Note 26)	(998,629)	(383)	-	-	-	-	-	(999,012)
At 31 December 2018	459,007	53,258	410	4,472	1	-	107,816	624,964

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

Group and Company	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	Assets not yet in operation RM'000	Pre-delivery payments RM'000	Total RM'000
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**
2018								
Cost	670,312	143,067	3,588	16,955	1	-	107,816	941,739
Accumulated depreciation	(211,305)	(79,181)	(3,178)	(12,073)	-	-	-	(305,737)
Accumulated impairment losses	-	(10,628)	-	(410)	-	-	-	(11,038)
	459,007	53,258	410	4,472	1	-	107,816	624,964

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

The reclassification amounting to RM999 million was related to asset held for sale (Note 26).

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

	Group and Company	
	2019 RM'000	**2018 RM'000**
Assets under hire purchase:		
Net book value at the end of financial year	**33**	45

Included in property, plant and equipment of the Group and Company are aircraft pledged as security for borrowings (Note 28) with a net book value of RM424 million (2018: RM449 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.

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.

15. RIGHT-OF-USE ASSETS

The Group and the Company has adopted simplified approach on MFRS16 towards the lease contracts for aircraft, engines and office used in its operations. Leases of aircraft and engines generally have lease terms between 6 to 12 years, while office generelly 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.

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

Group	**Aircraft and engines RM'000**	**Office RM'000**	**Total RM'000**
As at 1 January 2019	**-**	**-**	**-**
Additions	**5,613,880**	**43,480**	**5,657,360**
Depreciation expense	**(692,954)**	**(4,635)**	**(697,589)**
As at 31 December 2019	**4,920,926**	**38,845**	**4,959,771**

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15. 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: (cont'd.)

Company	Aircraft and engines RM'000	Office RM'000	Total RM'000
As at 1 January 2019	-	-	-
Additions	5,706,207	43,480	5,749,687
Depreciation expense	(703,087)	(4,635)	(707,722)
As at 31 December 2019	5,003,120	38,845	5,041,965

The following are the amounts recognised in profit or loss:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Depreciation on right-of-use assets (Note 6)	697,589	-	707,722	-
Interest income from finance lease receivables (Note 10)	(61,904)	-	(61,904)	-
Interest expense on lease liabilities (Note 10)	293,901	-	274,714	-
(Gain)/loss on lease modification (Note 8 and Note 9)	(16,337)	-	8,992	-
Unrealised foreign exchange gains	(39,299)	-	(39,908)	-
Total amount recognised in profit or loss	873,950	-	889,616	-

16. FINANCE LEASE RECEIVABLES

	Weighted average rate of finance		Group and Company	
	2019 %	2018 %	2019 RM'000	2018 RM'000
Secured:				
Current	5.45%	-	170,631	-
Non-current	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 Group's and Company's finance lease receivables are as follows:

	Group and Company	
	2019 RM'000	2018 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	-

17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019 RM'000	2018 RM'000
Unquoted investments, at cost	**4**	*

* *Denotes RM10.*

The details of the subsidiaries are as follows:

Name	Country of incorporation/ Principal place of business	Group's effective equity interest 2019 %	2018 %	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
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 *(Incorporated on 18 January 2019)*	Malaysia	**100**	-	Provision of aircraft leasing facilities

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

18. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unquoted investments, at cost	**21,122**	20,018	**21,122**	20,018
Group's share of post-acquisition losses	**(21,122)**	(20,018)	**-**	-
Impairment loss	**-**	-	**(21,122)**	-
	-	-	**-**	20,018

On 20 February 2019, the Group and the Company has subscribed for newly issued ordinary shares of the associate of RM1,104,000.

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18. INVESTMENT IN AN ASSOCIATE (CONT'D.)

The details of the associate are as follows:

Name	Country of incorporation	Group's effective equity interest 2019 %	Group's effective equity interest 2018 %	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.

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 2019 RM'000	TAAX 2018 RM'000
Current:		
Cash and cash equivalents	**84,047**	153,837
Other current assets	**468,945**	294,039
Total current assets	**552,992**	447,876
Non-current:		
Assets	**2,301,725**	165,393
Current:		
Financial liabilities	**(184,428)**	(83,033)
Other current liabilities	**(782,577)**	(507,547)
Total current liabilities	**(967,005)**	(590,580)
Non-current:		
Liabilities	**(2,114,064)**	(11,574)
Net (liabilities)/assets	**(226,352)**	11,115

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18. INVESTMENT IN AN ASSOCIATE (CONT'D.)

Summarised statement of comprehensive income

	TAAX	
	2019 RM'000	**2018 RM'000**
Revenue	**1,788,373**	1,523,905
Cost of sales	**(1,892,865)**	(1,390,683)
Other operating expenses	**(77,133)**	(106,712)
Interest expense	**(86,238)**	(1,149)
Other income	**36,612**	39,926
(Loss)/profit before tax	**(231,251)**	65,287
Taxation	**1,363**	469
(Loss)/profit after tax	**(229,888)**	65,756
Other comprehensive income	**3,743**	196
Total comprehensive (loss)/income	**(226,145)**	65,952
Dividend received from associate	**-**	-

Reconciliation of summarised financial information

	TAAX	
	2019 RM'000	**2018 RM'000**
Opening net liabilities at 1 January	**(32,791)**	(75,167)
Total comprehensive income for the financial year	**(226,145)**	65,952
Effect of foreign exchange translation	**11,321**	(3,111)
Elimination of unrealised profit from downstream sales	**(21,001)**	(20,465)
Closing net liabilities at 31 December	**(268,616)**	(32,791)
Cumulative unrecognised share in losses as at 1 January	**(40,635)**	(61,399)
Share of (loss)/profit for the financial year	**(115,554)**	20,764
Cumulative unrecognised share in losses as at 31 December	**(156,189)**	(40,635)

19. INVESTMENT IN A JOINT VENTURE

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Unquoted investments, at cost	**53,888**	53,888	**53,888**	53,888
Group's share of post-acquisition losses	**(53,888)**	(53,888)	**-**	-
Accumulated impairment losses	**-**	-	**(53,888)**	(53,888)
	-	-	**-**	-

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19. 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 2019 %	Group's effective equity interest 2018 %	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:

<u>Summarised statement of financial position</u>

	IAAX 2019 RM'000	IAAX 2018 RM'000
Current:		
Cash and cash equivalents	**2,819**	1,288
Other current assets	**4,011**	57,874
Total current assets	**6,830**	59,162
Non-current:		
Assets	**8,535**	78,627
Current:		
Financial liabilities	**(362,465)**	(306,023)
Other current liabilities	**(6,729)**	(32,647)
Total current liabilities	**(369,194)**	(338,670)
Non-current:		
Liabilities	**(4,475)**	(3,756)
Net liabilities	**(358,304)**	(204,637)

19. INVESTMENT IN A JOINT VENTURE (CONT'D.)

Summarised statement of comprehensive income

	IAAX	
	2019 RM'000	**2018 RM'000**
Revenue	**91,013**	623,166
Cost of sales	**(231,858)**	(714,086)
Other operating expenses	**(23,537)**	-
Interest income	**100**	104
Interest expense	**(227)**	(568)
Other income	**-**	20,542
Loss before tax	**(164,509)**	(70,842)
Taxation	**-**	(27,581)
Loss after tax	**(164,509)**	(98,423)
Other comprehensive income	**655**	939
Total comprehensive loss	**(163,854)**	(97,484)
Dividend received from joint venture	**-**	-

Reconciliation of summarised financial information

	IAAX	
	2019 RM'000	**2018 RM'000**
Opening net liabilities at 1 January	**(222,822)**	(114,846)
Total comprehensive loss for the financial year	**(163,854)**	(97,484)
Effect of foreign exchange translation	**(10,186)**	(3,621)
Other adjustments	**-**	(297)
Elimination of unrealised profit from downstream sales	**(7,084)**	(6,574)
Closing net liabilities at 31 December	**(403,946)**	(222,822)
Cumulative unrecognised share in losses as at 1 January	**(130,549)**	(77,641)
Share of loss for the financial year	**(88,751)**	(52,908)
Cumulative unrecognised share in losses as at 31 December	**(219,300)**	(130,549)

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20. DEFERRED TAX ASSETS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At 1 January	**385,753**	423,664	**385,108**	423,497
Recognised in profit or loss (Note 12)	**(344,804)**	(73,903)	**(344,174)**	(74,423)
Deferred tax effect on items taken to equity	**(40,934)**	36,034	**(40,934)**	36,034
Exchange rate differences	**(15)**	(42)	**-**	-
At 31 December	**-**	385,753	**-**	385,108
Presented after appropriate offsetting as follows:				
Deferred tax assets	**159,311**	721,511	**142,218**	720,866
Deferred tax liabilities	**(159,311)**	(335,758)	**(142,218)**	(335,758)
	-	385,753	**-**	385,108

The components and movements of deferred tax assets and liabilities during the financial years prior to offsetting are as follows:

Deferred tax assets of the Group:

	Unutilised tax losses, investment tax allowances and capital allowances RM'000	Sales in advance RM'000	Derivatives and others RM'000	Total RM'000
At 1 January 2019	**485,613**	**166,624**	**69,274**	**721,511**
Recognised in profit or loss	**(485,613)**	**(99,095)**	**15,365**	**(569,343)**
Recognised directly to equity	**-**	**-**	**7,158**	**7,158**
Exchange rate differences	**-**	**-**	**(15)**	**(15)**
At 31 December 2019	**-**	**67,529**	**91,782**	**159,311**
At 1 January 2018	584,045	171,501	16,940	772,486
Recognised in profit or loss	(98,432)	(4,877)	16,342	(86,967)
Recognised directly to equity	-	-	36,034	36,034
Exchange rate differences	-	-	(42)	(42)
At 31 December 2018	485,613	166,624	69,274	721,511

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20. DEFERRED TAX ASSETS (CONT'D.)

The components and movements of deferred tax assets and liabilities during the financial years prior to offsetting are as follows: (cont'd.)

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000	Derivatives RM'000	Total RM'000
At 1 January 2019	**335,758**	**-**	**335,758**
Recognised in profit or loss	**(227,317)**	**2,778**	**(224,539)**
Recognised directly to equity	**-**	**48,092**	**48,092**
At 31 December 2019	**108,441**	**50,870**	**159,311**
At 1 January 2018	343,279	5,543	348,822
Recognised in profit or loss	(7,521)	(5,543)	(13,064)
At 31 December 2018	335,758	-	335,758

Deferred tax assets of the Company:

	Unutilised tax losses, investment tax allowances and capital allowances RM'000	Sales in advance RM'000	Derivatives and others RM'000	Total RM'000
At 1 January 2019	**485,613**	**166,624**	**68,629**	**720,866**
Recognised in profit or loss	**(485,613)**	**(99,095)**	**(1,098)**	**(585,806)**
Recognised directly to equity	**-**	**-**	**7,158**	**7,158**
At 31 December 2019	**-**	**67,529**	**74,689**	**142,218**
At 1 January 2018	584,045	171,501	16,773	772,319
Recognised in profit or loss	(98,432)	(4,877)	15,822	(87,487)
Recognised directly to equity	-	-	36,034	36,034
At 31 December 2018	485,613	166,624	68,629	720,866

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20. DEFERRED TAX ASSETS (CONT'D.)

The components and movements of deferred tax assets and liabilities during the financial years prior to offsetting are as follows: (cont'd.)

Deferred tax liabilities of the Company:

	Property, plant and equipment RM'000	Derivatives RM'000	Total RM'000
At 1 January 2019	**335,758**	**-**	**335,758**
Recognised in profit or loss	**(227,317)**	**(14,315)**	**(241,632)**
Recognised directly to equity	**-**	**48,092**	**48,092**
At 31 December 2019	**108,441**	**33,777**	**142,218**
At 1 January 2018	343,279	5,543	348,822
Recognised in profit or loss	(7,521)	(5,543)	(13,064)
At 31 December 2018	335,758	-	335,758

Deferred tax assets are mainly originating from unutilised tax incentives, investment tax allowances, unabsorbed capital allowances and tax losses carry forward. As disclosed in Note 3(ii) to the financial statements, the deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Estimating the future taxable profits involves significant assumptions, especially in respect of regulatory approvals for prospective routes, aircraft delivery, fares, load factors, fuel price, maintenance cost and currency movements. These assumptions have been built based on past performance and adjusted for non-recurring circumstances and a reasonable growth rate. Based on these projections, management has derecognised the deferred tax assets as at reporting date due to uncertainties relating to the COVID-19 environment.

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

	Group and Company	
	2019 RM'000	2018 RM'000
Unutilised investment tax allowances and other temporary differences	**1,586,930**	578,950

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21. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

	Group and Company			
	2019		2018	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Current				
Commodity derivatives of cash flow hedge	**44,615**	**2,317**	-	96,811
Non-current				
Commodity derivatives of cash flow hedge	**1,311**	**3,541**	-	33,675

The full fair value of a hedging derivative is 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 are denominated in US Dollar.

Fuel contracts

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

As at 31 December 2019, the Group and the Company had entered into Brent fixed swap contracts which represent an additional 46% (2018: 31%) of the Group's total expected fuel volume for the financial years 2020 to 2021. This is to hedge against the fuel price risk that the Group and the Company is exposed to. Gains and losses recognised in the hedging reserve in equity on Brent and fuel derivative contracts as of 31 December 2019 are recognised in the profit or loss in the period or periods during which the hedged forecast transactions affect the profit or loss.

22. INVENTORIES

	Group and Company	
	2019 RM'000	2018 RM'000
Consumables and in-flight merchandise	**13,102**	13,257

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23. TRADE AND OTHER RECEIVABLES

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Non-current					
Deposits	(c)	**792,778**	800,767	**792,778**	800,767
Prepayments	(d)	**769,440**	876,537	**769,440**	876,537
Deferred lease expenses	(e)	**26,615**	36,891	**26,615**	36,891
		1,588,833	1,714,195	**1,588,833**	1,714,195
Current					
Trade receivables		**79,365**	66,228	**79,365**	66,228
Less: Allowance for impairment of receivables		**(57,219)**	(59,324)	**(57,219)**	(59,324)
Trade receivables, net	(a)	**22,146**	6,904	**22,146**	6,904
Other receivables		**257,192**	225,797	**257,192**	225,797
Less: Allowance for impairment of receivables		**(236,666)**	(165,157)	**(236,666)**	(165,157)
	(b)	**20,526**	60,640	**20,526**	60,640
Deposits	(c)	**185,578**	26,047	**185,575**	25,992
Prepayments	(d)	**438,739**	90,705	**438,642**	90,683
Deferred lease expenses	(e)	**4,913**	5,541	**4,913**	5,541
Other receivables, net		**649,756**	182,933	**649,656**	182,856
		671,902	189,837	**671,802**	189,760

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23. TRADE AND OTHER RECEIVABLES (CONT'D.)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Total trade and other receivables		**2,260,735**	1,904,032	**2,260,635**	1,903,955
Add: Finance lease receivables	16	**1,012,674**	-	**1,012,674**	-
Add: Deposits, cash and bank balances	25	**357,961**	297,609	**337,947**	296,150
Add: Amount due from subsidiaries	24	**-**	-	**134,229**	33,464
Add: Amount due from an associate	24	**167,937**	67,287	**66,733**	82,949
Add: Amount due from a joint venture	24	**4,501**	-	**4,501**	-
Add: Amount due from related parties	24	**119,328**	48,851	**119,328**	48,851
Less: Prepayments		**(1,208,179)**	(967,242)	**(1,208,082)**	(967,220)
Less: Deferred lease expenses		**(31,528)**	(42,432)	**(31,528)**	(42,432)
Total financed assets carried at amortised cost	35(a)	**2,683,429**	1,308,105	**2,696,437**	1,355,717

The normal credit terms of the Group and of the Company range from 15 to 30 days (2018: 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 RM15,414,000 (2018: RM4,095,000) are substantially from companies with good collection track records.

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

As of 31 December 2019, trade receivables for the Group and Company of RM6,732,000 (2018: RM2,809,000) 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 2019 RM'000	Group and Company 2018 RM'000
Less than 30 days	**1,359**	2,809
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	**-**	-
	6,732	2,809

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23. TRADE AND OTHER RECEIVABLES (CONT'D.)

(a) Trade receivables (cont'd.)

(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	
	2019 RM'000	**2018 RM'000**
More than 180 days	**57,219**	59,324
Less: Allowance for impairment of receivables	**(57,219)**	(59,324)
	-	-

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	
	2019 RM'000	**2018 RM'000**
At 1 January	**59,324**	57,089
Charged to profit or loss (Note 8)	**(2,105)**	2,235
At 31 December	**57,219**	59,324

(b) Other receivables

Other receivables include lease receivables, refunds of value-added tax receivable from the authorities in various countries in which the Group and the Company operates.

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

Other receivables that are neither past due nor impaired for the Group and Company of RM18,950,000 (2018: RM51,035,000) respectively are substantially with companies with good collection track records.

23. TRADE AND OTHER RECEIVABLES (CONT'D.)

(b) Other receivables (cont'd.)

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

As at 31 December 2019, other receivables for the Group and Company of RM1,576,000 (2018: RM9,605,000) were past due. These debts relate to a number of external parties where there is no expectation of default.

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

	Group and Company	
	2019 RM'000	2018 RM'000
Less than 30 days	339	4
Between 31 and 60 days	416	565
Between 61 and 90 days	-	751
Between 91 and 120 days	161	-
Between 121 and 180 days	400	8,285
More than 180 days	260	-
	1,576	9,605

(iii) Financial assets that are past due and impaired

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

	Group and Company	
	2019 RM'000	2018 RM'000
More than 180 days	236,666	165,157
Less: Allowance for impairment of receivables	(236,666)	(165,157)
	-	-

The individually impaired other 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 other receivables are as follows:

	Group and Company	
	2019 RM'000	2018 RM'000
At 1 January	165,157	17,495
Charged to profit or loss (Note 8)	71,509	147,662
At 31 December	236,666	165,157

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23. TRADE AND OTHER RECEIVABLES (CONT'D.)

(c) Deposits

Deposits of the Group and of the Company at the reporting date are with a number of external parties.

Included in deposits are deposits paid to lessors for leased aircraft and funds placed with lessor in respect of maintenance of the leased aircraft. 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.

(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 10 to 12 years (2018: 6 to 12 years).

The movement of deferred lease expense (current and non-current) is as follows:

	Group and Company	
	2019 RM'000	2018 RM'000
At 1 January	**42,432**	37,118
Impact of discounting effect on financial instruments - net	**(10,904)**	5,314
At 31 December	**31,528**	42,432
Representing:		
Current	**4,913**	5,541
Non-current	**26,615**	36,891
	31,528	42,432

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23. TRADE AND OTHER RECEIVABLES (CONT'D.)

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.

The currency profile of trade and other receivables (excluding prepayments and deferred lease expense) are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Ringgit Malaysia	**30,190**	63,194	**30,187**	63,194
US Dollar	**966,902**	815,548	**966,902**	815,548
Australian Dollar	**8,055**	1,214	**8,055**	1,159
Euro	**213**	352	**213**	352
Indian Rupee	**4,837**	4,582	**4,837**	4,582
Chinese Renminbi	**1,513**	1,406	**1,513**	1,406
Japanese Yen	**6,202**	4,371	**6,202**	4,371
Others	**3,116**	3,691	**3,116**	3,691
	1,021,028	894,358	**1,021,025**	894,303

24. AMOUNT DUE FROM/(TO) SUBSIDIARIES, AN ASSOCIATE, A JOINT VENTURE AND RELATED PARTIES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Amount due from				
Non-current				
Amount due from an associate	**50,165**	67,287	**50,165**	67,287
Current				
Amount due from subsidiaries	**-**	-	**134,229**	33,464
Amount due from an associate	**117,772**	-	**16,568**	15,662
Amount due from a joint venture	**4,501**	-	**4,501**	-
Amount due from related parties	**119,328**	48,851	**119,328**	48,851
	241,601	48,851	**274,626**	97,977
	291,766	116,138	**324,791**	165,264
Amount due to				
Current				
Amount due to subsidiaries	**-**	-	**(2,898)**	(1,688)
Amount due to an associate	**-**	(7,777)	**(26,622)**	(56,902)
Amount due to related parties	**(30,616)**	(97,381)	**(33,084)**	(99,723)
	(30,616)	(105,158)	**(62,604)**	(158,313)

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24. AMOUNT DUE FROM/(TO) SUBSIDIARIES, AN ASSOCIATE, A JOINT VENTURE AND RELATED PARTIES (CONT'D.)

The amount due from subsidiaries and related parties are unsecured, interest free and repayable on demand.

The amount due from an associate at Group of RM167,937,000 (2018: RM67,287,000) and at Company of RM66,733,000 (2018: RM82,949,000) respectively are unsecured, bearing effective weighted average interest rate of 9.6% per annum and repayable over 6 years.

The amount due from a joint venture at Group of RM4,501,000 (2018: RM Nil) and at Company of RM4,501,000 (2018: RM Nil) respectively are unsecured, bearing effective weighted average interest rate of 10.6% per annum and repayable over 7 years.

The amount due to subsidiaries, an associate, a joint venture and related parties are unsecured, interest free and repayable on demand.

The amount due from/(to) related parties are in respect of trading transactions. The normal credit terms of the Group and the Company range from 30 to 60 days (2018: 30 to 60 days).

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

Amount due from subsidiaries, an associate, a joint venture and related parties that are neither past due nor impaired for the Group and the Company amounted to RM160,459,000 (2018: RM111,256,000) and RM166,894,000 (2018: RM155,191,000) respectively.

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

The ageing analysis of amount due from subsidiaries, an associate, a joint venture and related parties that are past due but not impaired is as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Less than 6 months	**84,269**	4,881	**143,116**	10,072
More than 6 months	**47,038**	1	**14,781**	1
	131,307	4,882	**157,897**	10,073

(iii) Financial assets that are past due and impaired

There are no amounts due from subsidiaries, an associate, a joint venture and related parties that are past due and not impaired.

The maximum exposure to credit risk as at the reporting date is the carrying value of the amount due from subsidiaries, an associate, a joint venture, and related parties mentioned above.

The currency profile of amount due from subsidiaries, an associate, a joint venture and related parties are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Ringgit Malaysia	**64,702**	385	**64,852**	33,849
US Dollar	**177,448**	96,945	**210,018**	112,607
Others	**49,616**	18,808	**49,921**	18,808
	291,766	116,138	**324,791**	165,264

NOTES TO THE FINANCIAL STATEMENTS
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24. AMOUNT DUE FROM/(TO) SUBSIDIARIES, AN ASSOCIATE, A JOINT VENTURE AND RELATED PARTIES (CONT'D.)

The currency profile of amount due to subsidiaries, an associate, a joint venture and related parties are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Ringgit Malaysia	**11,083**	12,037	**11,083**	17,539
US Dollar	**12,641**	72,780	**43,312**	118,091
Australian Dollar	**-**	1,395	**984**	3,737
Others	**6,892**	18,946	**7,225**	18,946
	30,616	105,158	**62,604**	158,313

25. DEPOSITS, CASH AND BANK BALANCES

For the purposes of the statements of cash flows, cash and cash equivalents include the following:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances	**261,652**	241,017	**241,638**	239,558
Deposits with licensed banks	**96,309**	56,592	**96,309**	56,592
Total deposits, cash and bank balances	**357,961**	297,609	**337,947**	296,150
Less: Bank balances pledged as securities	**(31,522)**	(29,412)	**(31,522)**	(29,412)
Deposits pledged as securities	**(18,820)**	(15,593)	**(18,820)**	(15,593)
Cash and cash equivalents	**307,619**	252,604	**287,605**	251,145

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25. DEPOSITS, CASH AND BANK BALANCES (CONT'D.)

The currency profile of deposits, cash and bank balances are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Ringgit Malaysia	**192,120**	110,271	**192,062**	110,271
US Dollar	**65,289**	41,089	**47,651**	41,089
Australian Dollar	**39,508**	83,602	**37,190**	82,143
Euro	**778**	673	**778**	673
Indian Rupee	**16,654**	11,722	**16,654**	11,722
Chinese Renminbi	**2,227**	7,994	**2,227**	7,994
Japanese Yen	**21,359**	12,797	**21,359**	12,797
Others	**20,026**	29,461	**20,026**	29,461
	357,961	297,609	**337,947**	296,150

The Group's and the Company's weighted average effective interest rate of deposits at the reporting date is 3.06% (2018: 3.15%) per annum.

The bank balances and deposits with licensed banks of the Group and of the Company amounting to RM31,522,000 and RM18,820,000 (2018: RM29,412,000 and RM15,593,000) respectively are pledged as securities for banking facilities granted to the Group and of the Company.

26. NON-CURRENT ASSETS HELD FOR SALE

	Group and Company	
	2019 RM'000	2018 RM'000
At net book value:		
Property, plant and equipment	-	999,012

In prior year, the non-current assets held for sale are pledged as security for borrowings (Note 28).

The non-current assets held for sale were for certain aircraft and related equipments for which have been disposed and disclosed under other operating expenses (Note 8).

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27. TRADE AND OTHER PAYABLES

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Current					
Trade payables	(a)	**241,100**	300,728	**230,111**	300,728
Other payables and accruals	(b)	**581,108**	778,913	**579,825**	776,188
Deferred lease income	(c)	**1,603**	1,990	**1,603**	1,990
		823,811	1,081,631	**811,539**	1,078,906
Non-current					
Other deposits		**47,896**	43,069	**47,896**	43,069
Deferred lease income	(c)	**5,029**	9,698	**5,029**	9,698
		52,925	52,767	**52,925**	52,767
Total trade and other payables		**876,736**	1,134,398	**864,464**	1,131,673
Add: Borrowings	28	**6,265,611**	687,052	**6,356,048**	687,052
Add: Amount due to subsidiaries	24	**-**	-	**2,898**	1,688
Add: Amount due to an associate	24	**-**	7,777	**26,622**	56,902
Add: Amount due to related parties	24	**30,616**	97,381	**33,084**	99,723
Less: Deferred lease income		**(6,632)**	(11,688)	**(6,632)**	(11,688)
Total financial liabilities carried at amortised cost	35(a)	**7,166,331**	1,914,920	**7,276,484**	1,965,350

(a) Trade payables

The credit term of trade payables granted to the Group and the Company is 7 to 90 days (2018: 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.

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27. 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 (2018: 7 to 11 years).

The movement of deferred lease income (current and non-current) are as follows:

	Group and Company	
	2019 RM'000	2018 RM'000
At 1 January	**11,688**	20,218
Impact of discounting effect on financial instruments - net	**(5,056)**	(8,530)
At 31 December	**6,632**	11,688
Representing:		
Current	**1,603**	1,990
Non-current	**5,029**	9,698
	6,632	11,688

The currency profile of trade and other payables (excluding deferred lease income) are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Ringgit Malaysia	**482,488**	684,003	**482,488**	683,843
US Dollar	**249,759**	348,416	**240,570**	348,416
Australian Dollar	**23,548**	29,037	**20,464**	26,472
Euro	**1,336**	3,739	**1,336**	3,739
Indian Rupee	**9,867**	6,688	**9,867**	6,688
Chinese Renminbi	**24,481**	16,085	**24,481**	16,085
Japanese Yen	**45,768**	4,629	**45,768**	4,629
Others	**32,857**	30,113	**32,858**	30,113
	870,104	1,122,710	**857,832**	1,119,985

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28. BORROWINGS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current				
Secured:				
- Lease liabilities	**803,518**	-	**820,038**	-
- Term loans	**56,541**	192,313	**56,541**	192,313
- Hire purchase	**11**	11	**11**	11
	860,070	192,324	**876,590**	192,324
Non-current				
Secured:				
- Lease liabilities	**5,158,147**	-	**5,232,064**	-
- Term loans	**247,372**	494,694	**247,372**	494,694
- Hire purchase	**22**	34	**22**	34
	5,405,541	494,728	**5,479,458**	494,728
Total borrowings	**6,265,611**	687,052	**6,356,048**	687,052

	2019 %	2018 %	2019 %	2018 %
Weighted average rate of finance				
- Lease liabilities	**4.90**	-	**4.76**	-
- Term loans	**2.75**	4.13	**2.75**	4.13
- Hire purchase	**5.12**	3.96	**5.12**	3.96

Total borrowings consist of the following banking facilities:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fixed rate borrowings	**5,961,698**	323,610	**6,052,135**	323,610
Floating rate borrowings	**303,913**	363,442	**303,913**	363,442
	6,265,611	687,052	**6,356,048**	687,052

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28. BORROWINGS (CONT'D.)

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Not later than 1 year	**860,070**	192,324	**876,590**	192,324
Later than 1 year and not later than 5 years	**3,497,156**	416,323	**3,549,966**	416,323
Later than 5 years	**1,908,385**	78,405	**1,929,492**	78,405
	6,265,611	687,052	**6,356,048**	687,052

The currency profile of borrowings are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Ringgit Malaysia	**39,800**	45	**39,800**	45
US Dollar	**6,225,811**	687,007	**6,316,248**	687,007
	6,265,611	687,052	**6,356,048**	687,052

The carrying amounts and fair values of the fixed rate borrowings are as follows:

	2019		2018	
Group	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Lease liabilities	**5,961,665**	**7,053,511**	-	-
Term loans	**-**	**-**	323,565	324,810
Hire purchase	**33**	**36**	45	48
	5,961,698	**7,053,547**	323,610	324,858

	2019		2018	
Company	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Lease liabilities	**6,052,102**	**7,115,471**	-	-
Term loans	**-**	**-**	323,565	324,810
Hire purchase	**33**	**36**	45	48
	6,052,135	**7,115,507**	323,610	324,858

28. BORROWINGS (CONT'D.)

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 4.91% (2018: 4.54%) and 4.76% (2018: 4.54%) per annum respectively. The fair values of fixed rate borrowings are within level 2 of the fair value hierarchy (Note 34(e)).

Lease liabilities

The lease liabilities are for operating leases of aircraft, engines and office (Note 15). The maturity of the lease liabilities is between 31 March 2020 to 31 March 2037. The maturity analysis of lease liabilities are disclosed in Note 34(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 (2018: 10 to 12 years), with equal principal instalments, at a combination of floating rate of LIBOR + 0.8% and fixed interest rates were between 2.82% to 5.45% 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 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 (Note 10(a))	(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	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

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28. 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 2018	-	861,893	77	861,970
Changes from financing cash flows				
Repayment of borrowings	-	(187,307)	(32)	(187,339)
Interest paid (Note 10(a))	-	(28,286)	(5)	(28,291)
Total changes from financing cash flows	-	646,300	40	646,340
Other changes				
Liability-related				
Finance costs	-	28,286	5	28,291
Unrealised foreign exchange losses	-	12,421	-	12,421
Balance as at 31 December 2018	-	687,007	45	687,052

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 (Note 10(a))	**(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	**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**

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28. 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 2018	-	861,893	77	861,970
Changes from financing cash flows				
Repayment of borrowings	-	(187,307)	(32)	(187,339)
Interest paid (Note 10(a))	-	(28,286)	(5)	(28,291)
Total changes from financing cash flows	-	646,300	40	646,340
Other changes				
Liability-related				
Finance costs	-	28,286	5	28,291
Unrealised foreign exchange losses	-	12,421	-	12,421
Balance as at 31 December 2018	-	687,007	45	687,052

During the current financial year, the Group and the Company have requested a waiver of the debt to equity covenants relating to the term loans, and was granted such a waiver for the period commencing on 31 December 2019 and ending on 31 December 2020.

29. PROVISION FOR AIRCRAFT MAINTENANCE

	Group and Company	
	2019 RM'000	2018 RM'000
Aircraft maintenance provision		
Current	**134,101**	-
Non-current	**1,385,285**	1,013,689
	1,519,386	1,013,689

The movements in the provision account are as follows:

	Group and Company	
	2019 RM'000	2018 RM'000
At 1 January	**1,013,689**	789,043
Additions during the year	**534,860**	235,158
Reversal during the year	**(29,163)**	(10,512)
At 31 December	**1,519,386**	1,013,689

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30. SHARE CAPITAL

	Group and Company	
	2019 RM'000	2018 RM'000
Issued and fully paid up:		
Ordinary shares:		
1 January/31 December	**1,534,043**	1,534,043

There were no changes in the issued and paid-up capital of the Company during the financial year.

31. WARRANT AND OTHER RESERVES

	Group and Company Cash flow hedge reserve	
	2019 RM'000	2018 RM'000
At 1 January	**(99,169)**	(795)
Net change in fair value, net of deferred tax	**129,621**	(98,374)
At 31 December	**30,452**	(99,169)

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 4,148,148,177 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.

32. CAPITAL COMMITMENTS

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

	Group and Company	
	2019 RM'000	2018 RM'000
Property, plant and equipment - approved and contracted for:		
- later than 1 year and not later than 5 years	**64,424,839**	72,688,701
- later than 5 years	**70,918,961**	43,036,513
	135,343,800	115,725,214

The approved and contracted capital commitments for the Group and the Company are in respect of aircraft purchase.

32. CAPITAL COMMITMENTS (CONT'D.)

(b) Non-cancellable operating leases

From 1 January 2019, the Group and the Company have recognised ROU assets and lease liabilities for the leases it has entered into (except for short-term and low-value leases) and accordingly no longer presents operating lease commitments. Having applied the modified retrospective approach to the implementation of MFRS 16, the Group and Company have continued to present the comparative financial information for the aggregate payments, for which there were commitments under leases as follows as at 31 December:

	Group and Company	
	2018	
	Future minimum lease payments RM'000	Future minimum sublease receipts RM'000
Not later than 1 year	987,091	291,298
Later than 1 year and not later than 5 years	4,968,902	1,290,295
Later than 5 years	708,527	174,113
	6,664,520	1,755,706

The Group and the Company leases various aircraft and engines under non-cancellable operating lease agreements. The lease terms are between 6 to 12 years (2018: 6 to 12 years).

33. 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 31 December 2019 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

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33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

Subsidiaries of AirAsia Group Berhad	
- AirAsia SEA Sdn Bhd	Common Directors and shareholders
- Rokki Sdn Bhd	Common Directors and shareholders
- BIGLIFE Sdn Bhd	Common Directors and shareholders
- Big Pay Malaysia Sdn Bhd	Common Directors and shareholders
- Ground Team Red Sdn Bhd	Common Directors and shareholders
- Red Cargo Logistics Sdn Bhd	Common Directors and shareholders
- AirAsia (Guangzhou) Aviation Service Limited	Common Directors and shareholders
Associates of AirAsia Group Berhad	
- 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	Common Directors and shareholders
- Philippines AirAsia Inc	Common Directors and shareholders
- AirAsia (India) Pvt Ltd	Common Directors and shareholders
Other related entities	
- Ormond Lifestyle Services Sdn Bhd (formerly known as Yummy Kitchen Sdn Bhd)	Common Directors and shareholders
- Tune Protect Re Ltd	Common Directors and shareholders
- Tune Insurance Malaysia Berhad	Common Directors and shareholders

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 33(f).

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33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
(a) Income:				
Aircraft operating lease income for leased aircraft				
- AAX Mauritius One Limited	**-**	-	**378,640**	365,464
- PT Indonesia AirAsia Extra	**65,655**	87,452	**65,655**	87,452
- Thai AirAsia X Co., Ltd	**378,640**	365,464	**-**	-
Commission on travel insurance for passengers charged to Tune Insurance Malaysia Berhad	**1,974**	3,234	**1,974**	3,234
Provision of lounge services to AirAsia Berhad	**1,832**	1,788	**1,832**	1,788
Management fees charged to PT Indonesia AirAsia	**2,317**	3,098	**-**	-
Sale of ticket and other ancillary revenue to BIGLIFE Sdn Bhd	**17,738**	12,675	**17,738**	12,675
Sale of cargo transportation to Red Cargo Logistics Sdn Bhd	**185,957**	88,407	**185,957**	88,407
(b) Recharges:				
Recharges of expenses to				
- Philippines AirAsia Inc	**3,669**	1,530	**3,669**	1,530
- Thai AirAsia Co., Ltd	**862**	315	**862**	315
- AirAsia Japan Co., Ltd	**556**	464	**556**	464
- PT Indonesia AirAsia	**36**	29	**36**	29
- Thai AirAsia X Co., Ltd	**37,789**	27,567	**37,789**	27,567
- PT Indonesia AirAsia Extra	**2,164**	2,991	**2,164**	2,991
- AirAsia (Guangzhou) Aviation Service Limited	**392**	199	**392**	199
Recharges of expenses by				
- AirAsia Berhad	**(21,618)**	(40,133)	**(21,618)**	(40,133)
- AirAsia Japan Co., Ltd	**(2,426)**	(3,089)	**(2,426)**	(3,089)
- AirAsia (India) Pvt Ltd	**(777)**	(926)	**(777)**	(926)
- AirAsia SEA Sdn Bhd	**(2,273)**	(1,948)	**(2,273)**	(1,948)
- Ground Team Red Sdn Bhd	**(656)**	(530)	**(656)**	(530)

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33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
(c) Other charges:				
Management fees charged by AirAsia X Services Pty Ltd (Note 8)	**-**	-	**(8,930)**	(10,254)
Brand license fee charged by AirAsia Berhad	**(8,600)**	(8,530)	**(8,600)**	(8,530)
Office rental charged by AirAsia Berhad	**(3,360)**	(3,360)	**(3,360)**	(3,360)
In-flight entertainment system and software expense charged by Rokki Sdn Bhd	**(4,476)**	(3,725)	**(4,476)**	(3,725)
Shared service management fee charged by AirAsia SEA Sdn Bhd	**(3,551)**	(3,239)	**(3,551)**	(3,239)
Provision of food catering services charged by Ormond Lifestyle Services Sdn Bhd	**(1,537)**	(1,486)	**(1,537)**	(1,486)
Ground handling services charged by Ground Team Red Sdn Bhd	**(39,763)**	(21,894)	**(39,763)**	(21,894)
Purchase of loyalty point from BIGLIFE Sdn Bhd	**(6,538)**	(6,140)	**(6,538)**	(6,140)
Turnaround charges charged by AirAsia (Guangzhou) Aviation Service Limited	**(5,089)**	-	**(5,089)**	-
Marketing funds charged by AirAsia (Guangzhou) Aviation Service Limited	**(13,985)**	-	**(13,985)**	-
Premium collected on travel insurance for passengers paid to Tune Insurance Malaysia Berhad	**(7,898)**	(12,934)	**(7,898)**	(12,934)

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- 31 DECEMBER 2019

33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
(d) Receivables (Note 24):				
- AAX Mauritius One Limited	**-**	-	**127,795**	33,464
- Red Cargo Logistics Sdn Bhd	**38,140**	15,083	**38,140**	15,083
- Thai AirAsia X Co., Ltd	**167,937**	67,287	**66,733**	82,949
- PT Indonesia AirAsia Extra	**4,501**	-	**4,501**	-
- AirAsia Berhad	**71,039**	24,302	**71,039**	24,302
- Others	**10,149**	9,466	**16,583**	9,466
	291,766	116,138	**324,791**	165,264
(e) Payables (Note 24):				
- Thai AirAsia X Co., Ltd	**-**	7,777	**26,622**	56,902
- AirAsia (Guangzhou) Aviation Service Limited	**6,892**	12,790	**6,892**	12,790
- Philippines AirAsia (including Philippines AirAsia Inc)	**354**	19,806	**354**	19,806
- PT Indonesia AirAsia	**6,183**	18,862	**8,650**	21,203
- Thai AirAsia Co., Ltd	**6,105**	26,422	**6,105**	26,422
- Ground Team Red Sdn Bhd	**5,726**	8,986	**5,726**	8,986
- Others	**5,356**	10,515	**8,255**	12,204
	30,616	105,158	**62,604**	158,313
(f) Key management personnel compensation:				
- Basic salaries, bonus and allowances	**5,564**	8,857	**5,564**	8,857
- Defined contribution plan	**494**	852	**494**	852
	6,058	9,709	**6,058**	9,709

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34. 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 vis-a-vis its ongoing exposure to fuel price, interest rate, foreign currency exchange, credit, liquidity and cash flow risks.

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.

During the financial year ended 31 December 2019, the Group and the Company entered into Brent fixed swap contracts. There were 4,842,043 barrels (2018: 4,857,328 barrels) (Note 21) of Brent and fuel contracts outstanding as at 31 December 2019.

As at 31 December 2019, 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:

	2019		2018	
	+USD5 RM'000	-USD5 RM'000	+USD5 RM'000	-USD5 RM'000
Impact on other comprehensive income/(loss)	**98,122**	**(98,122)**	102,501	(102,501)

NOTES TO THE FINANCIAL STATEMENTS
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34. 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

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.

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 31 December 2019, 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 year are tabulated below:

	2019		2018	
	+60bps RM'000	-60bps RM'000	+60bps RM'000	-60bps RM'000
Impact on post tax (loss)/profits	**(1,839)**	**1,839**	(2,124)	2,124

(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 28), 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 31 December 2019, 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 year are tabulated below:

	2019		2018	
	+5% RM'000	-5% RM'000	+5% RM'000	-5% RM'000
Impact on post tax (loss)/profits	**(211,292)**	**211,292**	(14,255)	14,255

The exposure to other foreign currency risk of the Group and the Company is not material and hence, sensitivity analysis is not presented.

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34. 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	16	1,012,674	-	-	-	-	-	-
Trade and other receivables	23	966,902	8,055	213	4,837	1,513	6,202	3,116
Amount due from an associate, a joint venture and related parties	24	177,448	-	-	-	-	-	49,616
Deposits, cash and bank balances	25	65,289	39,508	778	16,654	2,227	21,359	20,026
Derivative financial assets	21	45,926	-	-	-	-	-	-
		2,268,239	47,563	991	21,491	3,740	27,561	72,758
Financial liabilities								
Trade and other payables	27	249,759	23,548	1,336	9,867	24,481	45,768	32,857
Amount due to related parties	24	12,641	-	-	-	-	-	6,892
Borrowings	28	6,225,811	-	-	-	-	-	-
Derivative financial libialities	21	5,858	-	-	-	-	-	-
		6,494,069	23,548	1,336	9,867	24,481	45,768	39,749
Net exposure		(4,225,830)	24,015	(345)	11,624	(20,741)	(18,207)	33,009

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34. 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 2018								
Financial assets								
Trade and other receivables	23	815,548	1,214	352	4,582	1,406	4,371	3,691
Amount due from an associate and related parties	24	96,945	-	-	-	-	-	18,808
Deposits, cash and bank balances	25	41,089	83,602	673	11,722	7,994	12,797	29,461
		953,582	84,816	1,025	16,304	9,400	17,168	51,960
Financial liabilities								
Trade and other payables	27	348,416	29,037	3,739	6,688	16,085	4,629	30,113
Amount due to an associate and related parties	24	72,780	1,395	-	-	-	-	18,946
Borrowings	28	687,007	-	-	-	-	-	-
Derivative financial libialities	21	130,486	-	-	-	-	-	-
		1,238,689	30,432	3,739	6,688	16,085	4,629	49,059
Net exposure		(285,107)	54,384	(2,714)	9,616	(6,685)	12,539	2,901

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34. 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	16	1,012,674	-	-	-	-	-	-
Trade and other receivables	23	966,902	8,055	213	4,837	1,513	6,202	3,116
Amount due from subsidiaries, an associate, a joint venture and related parties	24	210,018	-	-	-	-	-	49,921
Deposits, cash and bank balances	25	47,651	37,190	778	16,654	2,227	21,359	20,026
Derivative financial assets	21	45,926	-	-	-	-	-	-
		2,283,171	45,245	991	21,491	3,740	27,561	73,063
Financial liabilities								
Trade and other payables	27	240,570	20,464	1,336	9,867	24,481	45,768	32,858
Amount due to subsidiaries, an associate and related parties	24	43,312	984	-	-	-	-	7,225
Borrowings	28	6,316,248	-	-	-	-	-	-
Derivative financial libialities	21	5,858	-	-	-	-	-	-
		6,605,988	21,448	1,336	9,867	24,481	45,768	40,083
Net exposure		(4,322,817)	23,797	(345)	11,624	(20,741)	(18,207)	32,980

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34. 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 2018								
Financial assets								
Trade and other receivables	23	815,548	1,159	352	4,582	1,406	4,371	3,691
Amount due from a subsidiary, an associate, and related parties	24	112,607	-	-	-	-	-	18,808
Deposits, cash and bank balances	25	41,089	82,143	673	11,722	7,994	12,797	29,461
		969,244	83,302	1,025	16,304	9,400	17,168	51,960
Financial liabilities								
Trade and other payables	27	348,416	26,472	3,739	6,688	16,085	4,629	30,113
Amount due to a subsidiary, an associate and related parties	24	118,091	3,737	-	-	-	-	18,946
Borrowings	28	687,007	-	-	-	-	-	-
Derivative financial liabilities	21	130,486	-	-	-	-	-	-
		1,284,000	30,209	3,739	6,688	16,085	4,629	49,059
Net exposure		(314,756)	53,093	(2,714)	9,616	(6,685)	12,539	2,901

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2019

34. 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 41.

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 41 and also potential impacts from events outside the Group's control.

34. 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.

Group	Note	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
At 31 December 2019					
Term loans		**64,433**	**62,836**	**179,070**	**21,418**
Hire purchase	28	**13**	**13**	**10**	**-**
Lease liabilities	28	**1,076,138**	**1,070,942**	**2,882,880**	**2,023,551**
Trade and other payables	27	**823,811**	**-**	**-**	**52,925**
Amount due to related parties	24	**30,616**	**-**	**-**	**-**
		1,995,011	**1,133,791**	**3,061,960**	**2,097,894**
At 31 December 2018					
Term loans		216,908	193,890	258,981	80,596
Hire purchase	28	13	13	22	-
Trade and other payables	27	1,081,631	-	-	52,767
Amount due to an associate	24	7,777	-	-	-
Amount due to related parties	24	97,381	-	-	-
		1,403,710	193,903	259,003	133,363

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34. 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.)

Company	Note	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
At 31 December 2019					
Term loans		**64,433**	**62,836**	**179,070**	**21,418**
Hire purchase	28	**13**	**13**	**10**	**-**
Lease liabilities	28	**1,085,590**	**1,080,393**	**2,908,146**	**2,041,342**
Trade and other payables	27	**811,539**	**-**	**-**	**52,925**
Amount due to subsidiaries	24	**2,898**	**-**	**-**	**-**
Amount due to an associate	24	**26,622**	**-**	**-**	**-**
Amount due to related parties	24	**33,084**	**-**	**-**	**-**
		2,024,179	**1,143,242**	**3,087,226**	**2,115,685**
At 31 December 2018					
Term loans		216,908	193,890	258,981	80,596
Hire purchase	28	13	13	22	-
Trade and other payables	27	1,078,906	-	-	52,767
Amount due to a subsidiary	24	1,688	-	-	-
Amount due to an associate	24	56,902	-	-	-
Amount due to related parties	24	99,723	-	-	-
		1,454,140	193,903	259,003	133,363

34. 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.

The Group's and the Company's overall strategy remained unchanged from 2017. The gearing ratio as at 31 December 2019 and 2018 were as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Total borrowings (Note 28)	**6,265,611**	687,052	**6,356,048**	687,052
Less: Cash and cash equivalents (Note 25)	**(307,619)**	(252,604)	**(287,605)**	(251,145)
Net debt	**5,957,992**	434,448	**6,068,443**	435,907
Total equity attributable to equity holders of the Group and Company	**137,929**	573,662	**123,020**	591,030
Total capital	**6,095,921**	1,008,110	**6,191,463**	1,026,937
Gearing ratio	**0.98**	0.43	**0.98**	0.42

During the current financial year the Group and the Company requested a waiver of the debt to equity covenants relating to the term loans for the purchase of Airbus A330-300 aircraft. The Export Credit Agency (ECA) Facility Agents granted such a waiver for the period commencing on 1 January 2019 and ending on 31 December 2020.

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34. 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

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);
- 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
31 December 2019				
Assets				
Derivatives used for hedging	**-**	**45,926**	**-**	**45,926**
Liabilities				
Derivatives used for hedging	**-**	**(5,858)**	**-**	**(5,858)**
Loans and borrowings	**-**	**(7,503,547)**	**-**	**(7,503,547)**
	-	**(7,013,479)**	**-**	**(7,013,479)**
31 December 2018				
Liabilities				
Derivatives used for hedging	-	(130,486)	-	(130,486)
Loans and borrowings	-	(324,858)	-	(324,858)
	-	(455,344)	-	(455,344)

34. 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.)

Company	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	-	(7,115,507)	-	(7,115,507)
	-	(7,075,439)	-	(7,075,439)
31 December 2018				
Liabilities				
Derivatives used for hedging	-	(130,486)	-	(130,486)
Loans and borrowings	-	(324,858)	-	(324,858)
	-	(455,344)	-	(455,344)

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Company then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The Group's and the Company's Level 2 financial instruments comprise fuel swap contracts. The fair value of fuel swap contracts is determined using forward fuel price at the reporting date, with the resulting value discounted back to present value.

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35. FINANCIAL INSTRUMENTS

(a) Financial instruments by category

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

Group	Derivatives used for hedging RM'000	Other financial liabilities at amortised cost RM'000	Total RM'000
31 December 2019			
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	-	870,104	870,104
Amount due to related parties	-	30,616	30,616
Total	5,858	7,166,331	7,172,189

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35. 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 2018			
Assets as per statement of financial position			
Trade and other receivables excluding prepayments and deferred lease expense	-	894,358	894,358
Amount due from an associate	-	67,287	67,287
Amount due from related parties	-	48,851	48,851
Deposits, cash and bank balances	-	297,609	297,609
Total	-	1,308,105	1,308,105

Group	Derivatives used for hedging RM'000	Other financial liabilities at amortised cost RM'000	Total RM'000
31 December 2018			
Liabilities as per statement of financial position			
Derivative financial liabilities	130,486	-	130,486
Borrowings	-	687,052	687,052
Trade and other payables excluding deferred lease income	-	1,122,710	1,122,710
Amount due to an associate	-	7,777	7,777
Amount due to related parties	-	97,381	97,381
Total	130,486	1,914,920	2,045,406

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35. FINANCIAL INSTRUMENTS (CONT'D.)

(a) Financial instruments by category (cont'd.)

Company	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	-	1,021,025	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

Company	Derivatives used for hedging RM'000	Other financial liabilities at amortised cost RM'000	Total RM'000
31 December 2019			
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	-	857,832	857,832
Amount due to subsidiaries	-	2,898	2,898
Amount due to an associate	-	26,622	26,622
Amount due to related parties	-	33,084	33,084
Total	5,858	7,276,484	7,282,342

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35. FINANCIAL INSTRUMENTS (CONT'D.)

(a) Financial instruments by category (cont'd.)

Company	Assets at fair value through other comprehensive income RM'000	Amortised cost RM'000	Total RM'000
31 December 2018			
Assets as per statement of financial position			
Trade and other receivables excluding prepayments and deferred lease expense	-	894,303	894,303
Amount due from subsidiaries	-	33,464	33,464
Amount due from an associate	-	82,949	82,949
Amount due from related parties	-	48,851	48,851
Deposits, cash and bank balances	-	296,150	296,150
Total	-	1,355,717	1,355,717

Company	Derivatives used for hedging RM'000	Other financial liabilities at amortised cost RM'000	Total RM'000
31 December 2018			
Liabilities as per statement of financial position			
Derivative financial liabilities	130,486	-	130,486
Borrowings	-	687,052	687,052
Trade and other payables excluding deferred lease income	-	1,119,985	1,119,985
Amount due to subsidiaries	-	1,688	1,688
Amount due to an associate	-	56,902	56,902
Amount due to related parties	-	99,723	99,723
Total	130,486	1,965,350	2,095,836

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35. 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		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Counterparties without external credit rating				
Group 1	**-**	-	**-**	-
Group 2	**15,414**	4,095	**15,414**	4,095
Total trade receivables that are neither past due nor impaired (Note 23 (a)(i))	**15,414**	4,095	**15,414**	4,095

	Note	Group		Company	
		2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Deposits, cash and bank balances					
AAA to A-		**356,317**	295,064	**336,303**	293,605
BBB to BBB-		**1,295**	2,250	**1,295**	2,250
		357,612	297,314	**337,598**	295,855
Cash on hand		**349**	295	**349**	295
Total	25	**357,961**	297,609	**337,947**	296,150
Amount due from subsidiaries, an associate, a joint venture and related parties					
Group 1		**-**	15,083	**-**	15,083
Group 2		**160,459**	96,173	**166,894**	140,108
Total	24	**160,459**	111,256	**166,894**	155,191
Derivative financial assets					
AA+ to A+		**15,525**	-	**15,525**	-
A to BBB-		**25,838**	-	**25,838**	-
No rating		**4,563**	-	**4,563**	-
Total	21	**45,926**	-	**45,926**	-

Group 1 – New customers/related parties (Less than 6 months)

Group 2 – Existing customers/related parties (more than 6 months) with no defaults in the past

All other receivables and deposits are substantially with existing counterparties with no history of default.

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36. 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:

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination adjustments RM'000	Total RM'000
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)
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)

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36. SEGMENTAL INFORMATION (CONT'D.)

The Group's operations by geographical segments are as follows: (cont'd.)

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination adjustments RM'000	Total RM'000
2018					
Segment results					
Revenue	4,571,376	1,523,905	623,166	(452,916)	6,265,531
Operating expenses					
- Staff costs	(422,845)	(116,691)	(29,059)	-	(568,595)
- Depreciation of property, plant and equipment	(127,268)	(5,523)	(2,048)	-	(134,839)
- Aircraft fuel expenses	(1,876,060)	(552,898)	(298,062)	-	(2,727,020)
- Maintenance and overhaul	(485,389)	(194,140)	(78,188)	181,283	(576,434)
- User charges	(508,121)	(189,015)	(63,310)	-	(760,446)
- Aircraft operating lease expenses	(898,654)	(269,900)	(192,324)	271,633	(1,089,245)
- Other operating expenses	(464,398)	(187,004)	(51,095)	-	(702,497)
Other income	7,414	39,926	20,542	-	67,882
Operating (loss)/profit	(203,945)	48,660	(70,378)	-	(225,663)
Finance income	55,773	-	104	-	55,877
Finance costs	(70,611)	(1,149)	(568)	-	(72,328)
Net operating (loss)/profit	(218,783)	47,511	(70,842)	-	(242,114)
Net foreign exchange gain	16,011	17,776	-	-	33,787
Other losses	(23,889)	-	-	-	(23,889)
(Loss)/profit before taxation	(226,661)	65,287	(70,842)	-	(232,216)
Taxation	(74,821)	469	(27,581)	-	(101,933)
(Loss)/profit after taxation	(301,482)	65,756	(98,423)	-	(334,149)

36. SEGMENTAL INFORMATION (CONT'D.)

The Group's operations by geographical segments are as follows: (cont'd.)

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination adjustments RM'000	Total RM'000
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)**
2018					
Segment assets					
Non-current assets^	2,792,199	165,393	78,627	(67,287)	2,968,932
Investment in an associate and a joint venture	-	-	-	-	-
Current assets	1,549,372	447,876	59,162	(7,777)	2,048,633
	4,341,571	613,269	137,789	(75,064)	5,017,565
Segment liabilities					
Non-current liabilities	(1,594,859)	(11,574)	(3,756)	67,287	(1,542,902)
Current liabilities	(2,173,050)	(590,580)	(338,670)	7,777	(3,094,523)
	(3,767,909)	(602,154)	(342,426)	75,064	(4,637,425)

^ *Excluding investment in an associate and a joint venture.*

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36. SEGMENTAL INFORMATION (CONT'D.)

	2019 RM'000	2018 RM'000
(a) Reconciliation of segment revenue to reported revenue:		
Segment revenue	**5,893,353**	6,265,531
Less: Revenue from an associate and a joint venture which were not consolidated	**(1,660,009)**	(1,694,155)
	4,233,344	4,571,376
(b) Reconciliation of segment loss before taxation to reported loss before taxation:		
Segment loss before taxation	**(538,754)**	(232,216)
Add: Expenses from an associate and a joint venture which were not consolidated	**232,746**	5,555
	(306,008)	(226,661)
(c) Reconciliation of segment assets to reported total assets:		
Segment assets	**12,101,491**	5,017,565
Less: Assets of an associate and a joint venture which were not consolidated	**(2,534,630)**	(675,994)
	9,566,861	4,341,571
(d) Reconciliation of segment liabilities to reported total liabilities:		
Segment liabilities	**(12,711,232)**	(4,637,425)
Add: Liabilities of an associate and a joint venture which were not consolidated	**3,282,300**	869,516
	(9,428,932)	(3,767,909)

37. 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.

37. UNCONSOLIDATED STRUCTURED ENTITIES (CONT'D.)

The details of the Merah X entities are as follows:

Name	Country of incorporation	Purpose
Merah X Dua Limited	Malaysia	Purchase of 3 Airbus A330-300 aircraft
Merah X Tiga Limited	Malaysia	Purchase of 2 Airbus A330-343 aircraft
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 year ended 31 December 2019. 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.

38. COMPARATIVE FIGURES

Certain comparative amounts of the Group and of the Company have been reclassified to conform with current year's presentation.

39. OTHER MATTERS

Litigation involving the Company and Malaysia Airports (Sepang) Sdn Bhd

In the prior year, the Company received a sealed Writ of Summons and Statement of Claim, dated 10 December 2018, from Messrs Skrine ("Skrine") on behalf of Malaysia Airports (Sepang) Sdn Bhd ("MASSB") for RM26.7 million being the alleged outstanding passenger service charges ("PSC") and shortfall of RM23 in PSC per passenger which was purportedly effective from 1 July 2018.

On 18 July 2019, the Kuala Lumpur High Court allowed MASSB's application for summary judgment against the Company and ordered payments of the outstanding PSC ("Judgment Order"). On 22 July 2019, the Company appealed against the Judgment Order and any connected interlocutory applications.

On 18 September 2019, the Company paid the sum of RM27,387,890.77 (being the amounts specified in the Garnishee Show Cause Orders dated 23 August 2019 plus late payment charges and costs) to MASSB to defray the garnishee execution proceedings. The payment was made by the Company without prejudice to the Company's rights, including the Company's rights in the appeals made in relation to the Judgment Order.

On 2 October 2019, the Company filed a Writ of Summons at the Kuala Lumpur High Court against MASSB for a sum of RM479,781,285.00, being loss and damage caused by negligence 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 Company is vigorously defending the proceedings relating to the above claims through its solicitors.

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40. SIGNIFICANT EVENT

Sale and leaseback transactions

On 27 March 2019, the Company had entered into sub-sale arrangements through AAX Leasing Eleven Ltd ("AAXLEL") (an indirect subsidiary of the Company through AAX Aviation Capital Ltd) for the disposal of three (3) aircraft owned by the Company to Jerdons Baza Leasing 1048 DAC (pertaining to aircraft with Manufacturing Serial Number ("MSN") 1048), Jerdons Baza Leasing 1066 DAC (pertaining to aircraft with MSN 1066) and Jerdons Baza Leasing 1075 DAC (pertaining to aircraft with MSN 1075) for an aggregate consideration of USD164.3 million (approximately RM680.0 million) (before adjustments).

On the same date, AAXLEL had entered into lease agreements with Jerdons Baza Leasing 1048 DAC (pertaining to aircraft with MSN 1048), Jerdons Baza Leasing 1066 DAC (pertaining to aircraft with MSN 1066) and Jerdons Baza Leasing 1075 DAC (pertaining to aircraft with MSN 1075). Simultaneously, the Company entered into sub-leases with AAXLEL as sub-lessor and the Company as sub-lessee to continue operating the abovementioned aircraft in its fleet.

On 16 August 2019, the Company had entered into sub-sale arrangements through AAXLEL for the disposal of two (2) aircraft owned by the Company (pertaining to aircraft with MSN1126 and MSN1311) to Bluesky 33 Leasing Company Limited for an aggregate consideration of USD113.5 million (approximately RM474.5 million) (before adjustments).

On the same date AAXLEL had entered into lease agreements with Bluesky 33 Leasing Company Limited (pertaining to aircraft with MSN1126 and MSN1311). Simultaneously, the Company entered into sub-leases with AAXLEL as sub-lessor and the Company as sub-lessee to continue operating the abovementioned aircraft in its fleet.

The above transactions were completed during the year resulting in a loss on sale of RM90.4 million and a net cash inflow of RM908.6 million, as reflected in the Company's statements of cash flows.

41. SUBSEQUENT EVENTS

Airbus bribery allegations

AirAsia X Berhad ("AAX") was mentioned in the Approved Judgment and the Statement of Facts in relation to the case of Regina v Airbus SE ("Airbus"), dated 31 January 2020, whereby Airbus signed a Deferred Prosecution Agreement ("DPA") with the U.K. Serious Fraud Office ("SFO") with a settlement of US$4 billion. Indicated therein is that Airbus paid US$50 million and offered US$55 million more to sponsor a sports team linked to two non-executive directors of AAX.

On 2 February 2020, the Securities Commission Malaysia ("SC") announced that it will examine the allegations against AAX as mentioned in the SFO report.

On 3 February 2020, the Board formed a Non-Executive Independent Board Committee ("Committee") to review the allegations and to take any necessary action. The Committee engaged BDO Governance Advisory Sdn Bhd ("BDO") to assist them in conducting an independent internal inquiry.

On 16 March 2020, the independent inquiry report was presented to the Committee and the final report was circulated to and accepted by the Committee on 20 March 2020. The report concluded that AAX's sponsorship of the sports team was approved in compliance with its procedures, and that the sponsorship of the sports team by Airbus was disclosed to and supported by the Board of Directors of AAX at the relevant time. The two non-executive directors (Tan Sri Anthony Francis Fernandes and Datuk Kamarudin bin Meranun) had properly disclosed their interests to the Board of Directors of AAX and abstained from discussions and/or decisions relating to the said sponsorships.

On 20 March 2020, the same report from BDO was submitted to the SC. As of 30 July 2020, there was no update subsequent to the submission of the report.

41. SUBSEQUENT EVENTS (CONT'D.)

COVID-19 pandemic

In 2020, the global economy, in particular the commercial airlines industry, faces uncertainty as a result of the unprecedented COVID-19 pandemic. The travel and border restrictions implemented by countries around the world has led to a significant fall in demand for international air travel which impacted the Group's and the Company's financial performance and cash flows. These travel restrictions have had a material impact on the operations of the Group and the Company, commencing with the cancellation of flights in the months of February 2020 and March 2020, followed by a complete suspension of services in mid-April 2020, a consequence of government imposed travel restrictions. As at the date of this report, the Group and the Company have not resumed scheduled flight operations, but are limited to a number of ad-hoc cargo and charter operations. The Group and the Company expect to gradually resume their scheduled flight operations on a staggered basis starting early 2021. However, should travel and border restrictions be lifted earlier, the Group and the Company may resume scheduled flight operations in the last quarter of 2020.

Nonetheless, the overall timing of recovery of the COVID-19 pandemic would affect the ability of the Group to meet its forecasted revenue, which in turn may affect the Group's cashflow generated from operations.

Given the continued uncertainty around the duration and extent of the travel restrictions, and the length of time that will be required for the airline industry to recover to pre-COVID-19 levels, the Group and the Company have initiated several measures to weather through the current challenging times:

(a) Capacity

The travel restrictions imposed around the world meant that capacity of the Group and the Company fell by 22% in the first quarter of 2020 compared to the first quarter of 2019 and by 99% in the second quarter of the year. As at the date of this report, 20 aircraft have been placed in long term parking and are subjected to a regular supplier mandated maintenance program, which will allow them to return to service when required.

As and when there is a gradual reopening of international borders, the Group and the Company will be able to restart scheduled flight services and increase capacity as demand returns. The Group and the Company expect to gradually resume their scheduled flight operations on a staggered basis starting early 2021. However, should travel and border restrictions be lifted earlier, the Group and the Company may resume scheduled flight operations in the last quarter of 2020.

The Group and the Company also intend to operate a leaner fleet size to reduce the fixed operating cost base.

(b) Route rationalisation

The Group and the Company intend to focus in core markets such as China, South Korea, Japan and Australia to build yield and optimise profitability by focusing on mature routes in core markets with historically proven demand and economics, and operating at optimal frequency to avoid deploying excess capacity in the market to rebuild route yield. In addition, the Group and the Company also plan to terminate unprofitable routes.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2019

41. SUBSEQUENT EVENTS (CONT'D.)

COVID-19 pandemic (cont'd.)

(c) Working Capital Management

The main creditors of the Group and the Company are aircraft lessors, maintenance providers and a financial institution. The Group and the Company have obtained payment deferrals on outstanding amounts due from certain lessors and are currently engaging with the lessors and maintenance service providers to seek for payment deferrals and concessions. In addition, the Group and the Company have also received an offer from a financial institution to defer principal repayments.

The Group and the Company also intend to operate a leaner fleet size and are currently in discussions with lessors to reduce future lease rental rates which are integral in reducing the future operating cost base and to return to profitability.

The Group and the Company also restructured fuel hedges exposures to reduce the Group's and the Company's hedging losses.

Further, salary reductions, ranging from 15% to 75%, have been implemented across all levels of the Group and the Company apart from the most junior staff, while headcount has been reduced by 10% with further reductions planned, primarily in the flight operations related functions.

(d) Funding

The Company plans to make an application for a government guaranteed loan of up to RM500 million under the Danajamin PRIHATIN Guarantee Scheme ("DPGS"). This application is subject to the credit assessment, final evaluation and approval from the relevant financial institutions. At present, the Company is in discussion with a financial institution to secure the DPGS loan.

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.

The financial statements have been prepared based upon conditions existing at 31 December 2019 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. As the outbreak of COVID-19 occurred after 31 December 2019, its impact is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to financial statements as at 31 December 2019 for the impacts of COVID-19. For the next financial year ending 2020, based on the performance for the remainder of the year, the Group and the Company will reassess right-of-use ("ROU") assets and any other affected areas for impairment.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Tan Sri Rafidah Aziz and Datuk Kamarudin Bin Meranun, 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 87 to 192 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 31 December 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 30 July 2020.

Tan Sri Rafidah Aziz
Director

Datuk Kamarudin Bin Meranun
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 87 to 192 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 30 July 2020.

Andrew Littledale
1-KWQX

Before me,

Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AIRASIA X BERHAD

(INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of AirAsia X Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 87 to 192.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Material uncertainty related to going concern

We draw attention to Note 2.1 to the financial statements, which indicates that the Group and Company have reported a net loss of RM650.3 million and RM682.5 million respectively for the year ended 31 December 2019. In addition, the Group's and Company's current liabilities exceeded its current assets by RM1,080.3 million and RM1,103.5 million respectively. Further, in 2020, the global economy, in particular the commercial airlines industry, faces an uncertainty as a result of the unprecedented COVID-19 pandemic. The travel and border restrictions implemented by countries around the world has led to a significant fall in demand for international air travel which impacted the Group's and the Company's financial performance and cash flows. These events or conditions, along with other matters as set forth in Note 2.1 and Note 41 to the financial statements, indicate the existence of material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

Nevertheless, as disclosed in Note 2.1 and Note 41 to the financial statements, the financial statements of the Group and of the Company have been prepared on a going concern basis, the validity of which is highly dependent on the successful implementation of the following management's plans in responding to the conditions above:

(a) Deferral of payments to creditors and a financial institution

As at 31 December 2019, the current liabilities of the Group and the Company relating to aircraft lessors, maintenance service providers and a financial institution amounted to RM877.8 million and RM894.3 million respectively. The Group and the Company have obtained payment deferrals on outstanding amounts due to certain lessors and are currently engaging with the lessors and maintenance service providers to seek for payment deferrals and concessions. In addition, the Group and the Company have also received an offer from the said financial institution to defer principal repayments and is currently finalising the terms and conditions for such deferral.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AIRASIA X BERHAD

(INCORPORATED IN MALAYSIA)

Material uncertainty related to going concern (cont'd.)

(b) Rationalisation of fleet and routes

As part of the Group's and the Company's plans to return to profitability, the Group and the Company plan to focus in core markets to improve yield. Some of the initiatives include, amongst others, the following:

- focusing on mature routes in core markets with historically proven demand;
- determining the optimal flight frequency that commensurate with passenger demand to avoid deploying excess capacity in the market; and
- terminating unprofitable routes.

In connection with the above plans, the Group and the Company plan to operate a leaner fleet size which require the Group and the Company to return excess aircraft to the aircraft lessors. At present, the Group and the Company have successfully returned one aircraft and are in discussions with the other aircraft lessors to achieve the optimal fleet size. The Group and the Company are also in discussions with the aircraft lessors to reduce future lease rental rates. Further, the Group and the Company are also in discussion with maintenance service providers to reduce future maintenance costs.

(c) Funding

At present, the Company is in discussions with a financial institution to secure a loan under the Danajamin PRIHATIN Guarantee Scheme ("DPGS"). Under the DPGS, the Company plans to make an application for a government guaranteed loan of up to RM500 million. This application is subject to the credit assessment, final evaluation and approval from the relevant financial institutions.

The above plans are formulated with an aim to achieve an organised and systematic resolution to address the Group's and the Company's current financial conditions. The validity of the going concern assumption of the Group and the Company is dependent on the ability of the Group and the Company to gradually resume their scheduled flight operations on a staggered basis starting early 2021 and their ability to return to profitability which requires the successful implementation of management's plans to obtain the continued support from the aircraft lessors, maintenance service providers and financial institutions.

Should the going concern basis for the preparation of the financial statements be no longer appropriate, adjustments will have to be made to state the assets at their realisable values and to provide for further liabilities which may arise.

Our opinion is not modified in respect of this matter.

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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AIRASIA X BERHAD

(INCORPORATED IN MALAYSIA)

Key audit matters (cont'd.)

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Key risk	Our response
Revenue recognition from scheduled flights and ancillary services	
Refer to Note 4 to the financial statements for revenue and statement of financial position for sales in advance. For the financial year ended 31 December 2019, revenue from scheduled flights and ancillary services represent 88% (2018: 83%) of the total revenue of the Group and of the Company. The Group and the Company rely on an integrated information technology system (including the flight reservation system and revenue accounting system) in accounting for its scheduled flights and ancillary revenue. Such information system processes large volumes of data comprising individually low value transactions. The flight reservation system is managed by a third party vendor. The accounting for revenue from scheduled flights and ancillary services are susceptible to management override through the posting of manual journal entries either in the underlying ledgers or as a consolidation journal. The above factors gave rise to higher risk of material misstatement in the timing and amount of revenue from scheduled flights and ancillary services recognised. Accordingly, we identified revenue recognition to be an area of focus.	Our audit sought to place a high level of reliance on the Group's and the Company's information technology systems and key controls which the management relies on in recording revenue from scheduled flights and ancillary services. As the flight reservation system is managed by a third party vendor, we obtained and evaluated the external auditors' report on the operating effectiveness of the key controls over the flight reservation system and revenue accounting system. We involved our information technology specialists to test the operating effectiveness of the automated controls of the other key modules of the information technology system. We also tested the non-automated controls in place to ensure completeness and accuracy of revenue recognised, including timely updating of approved changes to base fares and ancillary fares. In addition, we also performed, amongst others, the following procedures: (a) Performed data analytics to reconcile the revenue recognised in respect of scheduled flights and ancillary services and the amount of sales in advance to the payments received from passengers; (b) Performed procedures to corroborate the occurrence of revenue by tracing samples of revenue recognised to settlement reports from financial institutions; (c) Tested the reconciliation of data between the flight reservation system and the general ledger to corroborate the completeness of revenue; and (d) Performed cut-off procedures to determine if revenue from scheduled flights and ancillary services are recorded in the correct accounting period.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AIRASIA X BERHAD

(INCORPORATED IN MALAYSIA)

Key audit matters (cont'd.)

Key risk	Our response
Provision for aircraft maintenance	
Refer to Note 3(iii) and Note 29 to the financial statements for provision for aircraft maintenance. As at 31 December 2019, the provision for aircraft maintenance of the Group and of the Company amounted to RM1,519 million (2018: RM1,014 million). As of 31 December 2019, the Group and the Company operate thirty (30) aircraft under 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. Given the significant amounts of these provisions and the extent of management judgment and estimates required, we considered this area as a key audit matter.	In addressing this area of audit focus, our audit procedures included, amongst others: (a) we obtained an understanding of management's process over estimating aircraft maintenance for aircraft held under operating leases; (b) we recalculated the aircraft maintenance and evaluated the key assumptions adopted by management in estimating the aircraft return obligations for each aircraft by discussing with the Group's and the Company's relevant fleet maintenance engineers the aircraft utilisation statistics; and (c) in addition, we obtained an understanding of the redelivery terms of operating leases by comparing the estimated costs and comparable actual costs incurred by the Group and the Company.
Recognition of deferred tax assets	
Refer to Note 3(ii) and Note 20 to the financial statements for deferred tax. As at 31 December 2019, the Group and the Company had derecognised deferred tax assets amounting to RMNil (2018: RM386 million and RM385 million), respectively, in relation to unutilised investment tax allowance, unabsorbed capital allowances, unused tax losses, sales in advance and other deductible temporary differences ("unused tax losses/ allowances and deductible temporary differences") to the extent that it is probable that future taxable profits will be available against which these deductible temporary differences can be utilised.	Our audit procedures included, amongst others: (a) we evaluated the key assumptions applied in respect of revenue growth rates and operating costs by comparing them to past actual outcome, supplemented by expectations of the future economic conditions; and (b) we also assessed the adequacy of the Group's and the Company's disclosures on the deferred tax assets in Note 3(ii) and Note 20 to the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AIRASIA X BERHAD

(INCORPORATED IN MALAYSIA)

Key audit matters (cont'd.)

Key risk	Our response
Recognition of deferred tax assets (cont'd.) The assessment of future taxable profits is a complex process and requires significant management's judgments, in particular the judgments applied in respect of the expected future economic conditions of the industry which impact the revenue growth rates and operating costs of the entities being assessed. During the year, management has derecognised the deferred tax assets as at reporting date due to uncertainties relating to the COVID-19 environment. In view of the significance of the amount and the significant judgements involved, we consider this to be a key audit matter.	
Fair value derivative financial assets/liabilties Refer to Note 21 to the financial statements for derivative financial assets/liabilities. As at 31 December 2019, the Group's and the Company's derivative financial assets and liabilities amounted to RM46 million and RM6 million respectively (2018: RM130 million derivative financial liabilities). Net gains on effective cash flow hedges during the financial year amounting to RM130 million (2018: RM98 million net loss) were recognised in other comprehensive income. The gain or loss arising from ineffective hedges is recognised immediately in the income statement. The Group and the Company enter into various derivative financial instruments as part of the Group's overall hedging strategy to manage its exposure to fuel price risk. These instruments comprise fuel options and fuel swap contracts. Valuation models used to estimate the fair value of derivative financial instruments can be subjective in nature and involve various assumptions regarding future market conditions, such as risk free rates, interest rate volatility and forward rates. The use of different valuation techniques and assumptions could produce significantly different estimates of fair value and/or hedge effectiveness. Due to the complexity involved and the magnitude of the balance, we consider the fair value measurement of derivative financial instruments to be an area of audit focus.	In addressing this area of audit focus, our audit procedures included, amongst others: (a) involved our valuation specialists to assess the methodology and the appropriateness of the valuation models used to estimate the fair value of the derivative financial instruments; (b) our valuation specialists also evaluated the key inputs applied in the valuation model such as contractual cash flows, risk free rates, interest rate volatility and forward rates, by benchmarking them with external data; and (c) obtained third party confirmations to corroborate the existence and valuation of the derivative financial instruments.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AIRASIA X BERHAD
(INCORPORATED IN MALAYSIA)

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 annual 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 2019 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 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 2019 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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AIRASIA X BERHAD

(INCORPORATED IN MALAYSIA)

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:

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.

- 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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AIRASIA X BERHAD
(INCORPORATED IN MALAYSIA)

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 17 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. 03403/12/2020 J
Chartered Accountant

Kuala Lumpur, Malaysia
30 July 2020

ANALYSIS OF SHAREHOLDINGS

AS AT 30 JUNE 2020

DISTRIBUTION OF SHAREHOLDINGS

Class of shares : Ordinary shares ("Shares")
Voting rights : One vote per ordinary share

Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	387	0.87	17,359	0.00
100 – 1,000	5,763	12.92	4,680,244	0.11
1,001 – 10,000	16,892	37.88	109,424,200	2.64
10,001 – 100,000	18,175	40.76	651,949,275	15.72
100,001 to less than 5% of issued shares	3,374	7.57	2,071,746,648	49.94
5% and above of issued shares	3	0.01	1,310,331,376	31.59
	44,594	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 ("AirAsia X") based on the Register of Substantial Shareholders are as follows:

	DIRECT		INDIRECT	
Name	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
Tune Group Sdn. Bhd. ("TGSB")	739,602,874(1)	17.83	-	-
AirAsia Berhad ("AAB")	570,728,502	13.76	-	-
Tan Sri Anthony Francis Fernandes	111,587,228(2)	2.69	1,310,331,376(4)	31.59
Datuk Kamarudin bin Meranun	370,709,939(3)	8.94	1,310,331,376(4)	31.59

NOTES:
(1) Shares held through CIMSEC Nominees (Tempatan) Sdn. Bhd. and RHB Capital Nominees (Tempatan) Sdn. Bhd.
(2) Shares held through CIMB Group Nominees (Tempatan) Sdn. Bhd, and through own name.
(3) Shares held through CIMB Group Nominees (Tempatan) Sdn. Bhd., AllianceGroup Nominees (Tempatan) Sdn. Bhd. and through own name.
(4) Deemed interested by virtue of Section 8 of the Companies Act 2016 through a shareholding of more than 20% in TGSB and AAB.

LIST OF DIRECTORS' SHAREHOLDINGS

AS AT 30 JUNE 2020

The interests of the Directors of AirAsia X in the Shares and options over shares in the Company and its related corporations based on the Company's Register of Directors' Shareholdings are as follows:

Name	Direct		Indirect	
	No. of Shares Held	% of Issued Shares	No. of Shares held	% of Issued Shares
Tan Sri Rafidah Aziz	175,000[(1)]	0.00*	100,000[(2)]	0.00*
Datuk Kamarudin bin Meranun	370,709,939[(3)]	8.94	1,310,331,376[(5)]	31.59
Tan Sri Anthony Francis Fernandes	111,587,228[(4)]	2.69	1,310,331,376[(5)]	31.59
Dato' Lim Kian Onn	-	-	175,833,356[(6)]	4.24
Dato' Fam Lee Ee	-	-	-	-
Tan Sri Asmat bin Kamaludin	297,400[(7)]	0.01	40,000[(6)]	0.00*
Dato' Yusli bin Mohamed Yusoff	-	-	-	-

NOTES:

* *Negligible.*

(1) *Shares held through CGS-CIMB Nominees (Tempatan) Sdn. Bhd.*

(2) *Deemed interest held under the name of her spouse (deceased).*

(3) *Shares held through CIMB Group Nominees (Tempatan) Sdn. Bhd., AllianceGroup Nominees (Tempatan) Sdn. Bhd. and through own name.*

(4) *Shares held through CIMB Group Nominees (Tempatan) Sdn. Bhd. and through own name.*

(5) *Deemed interested by virtue of Section 8 of the Companies Act 2016 through a shareholding of more than 20% in TGSB and AAB.*

(6) *Deemed interest held through his spouse and children.*

(7) *Shares held through CIMSEC Nominees (Tempatan) Sdn. Bhd.*

There were no options offered to and exercised by, or shares granted to and vested in Directors during the financial year ended 31 December 2019.

LIST OF TOP 30 LARGEST SHAREHOLDERS

AS AT 30 JUNE 2020

	Name of Shareholders	No. of Shares Held	% of Issued Share Capital
1.	AirAsia Berhad	570,728,502	13.76
2.	RHB Capital Nominees (Tempatan) Sdn Bhd *RHB Islamic Bank Berhad Pledged Securities Account for Tune Group Sdn Bhd*	521,503,118	12.57
3.	CIMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tune Group Sdn Bhd (EDG&GCM)*	218,099,756	5.26
4.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for Bank Julius Baer & Co. Ltd. (Singapore Bch)*	199,653,631	4.81
5.	CIMB Group Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kamarudin bin Meranun (GCM CBM-SKY X)*	180,430,982	4.35
6.	Kamarudin bin Meranun	138,178,957	3.33
7.	CIMB Group Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Anthony Francis Fernandes (GCM CBM-SKY X)*	111,303,728	2.68
8.	AllianceGroup Nominees (Tempatan) Sdn Bhd *Export-Import Bank of Malaysia Berhad for Kamarudin bin Meranun*	52,100,000	1.26
9.	Citigroup Nominees (Asing) Sdn Bhd *Exempt An for UBS AG Singapore (Foreign)*	29,500,000	0.71
10.	HSBC Nominees (Asing) Sdn Bhd *JPMCB NA for Vanguard Emerging Markets Stock Index Fund*	24,100,360	0.58
11.	HSBC Nominees (Asing) Sdn Bhd *JPMCB NA for Vanguard Total International Stock Index Fund*	23,707,796	0.57
12.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc*	22,209,982	0.54
13.	Seng Siaw Wei	18,000,000	0.43
14.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for DFA Emerging Markets Small Cap Series*	15,301,700	0.37
15.	Teo Tuan Kwee	10,030,000	0.24
16.	Low Bok Sang	9,500,000	0.23
17.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd *Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)*	9,242,500	0.22
18.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Yong Loy Huat*	8,500,000	0.20
19.	Citigroup Nominees (Asing) Sdn Bhd *Exempt An for Citibank New York (Norges Bank 1)*	7,839,500	0.19
20.	Gan Hai Toh	7,459,000	0.18
21.	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lim Chee Sing (R01-Margin)*	7,030,000	0.17
22.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Shelina binti Razaly Wahi (MH6755)*	6,358,300	0.15
23.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Su Ming Keat*	6,272,400	0.15
24.	Ting Chek Hua	6,150,000	0.15
25.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for Mohamad Zekri bin Haji Ibrahim (PB)*	6,000,000	0.14
26.	Kenanga Nominees (Tempatan) Sdn Bhd *ECM Libra Foundation*	6,000,000	0.14
27.	Lim Chow Sen @ Lim Chow Soon	5,500,000	0.13
28.	Chiew Kin Ning	5,250,000	0.13
29.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Beh Lee Fong (E-SS2)*	5,013,700	0.12
30.	Ooi Chieng Sim	5,003,700	0.12

CORPORATE DIRECTORY

OFFICE AND STATIONS

MALAYSIA

Kuala Lumpur
AirAsia X Passenger Ops Office,
LS2-3-110, Level 3, Terminal KLIA2,
KL International Airport, Jalan KLIA2,
64000 KLIA, Sepang, Selangor, Malaysia

AUSTRALIA

Gold Coast
AirAsia X Berhad (Lot 1 Site 49) Level 1,
Airport Central, 1 Eastern Avenue, QLD
4225, Australia

Avolon - Melbourne
AirAsia X Berhad
80 Beach Rd, LARA. VIC 3212

Sydney
AirAsia X Berhad
Sydney International Airport
Level 3-1062
Airport Dr, Sydney NSW 2020

Perth
Unit 1L29 Terminal 1, Perth Airport WA
6105, Australia

CHINA

Hangzhou
Room 2025A, International Terminal,
Hangzhou Xiaoshan International
Airport, Xiaoshan District, Hangzhou,
Zhejiang Province, China

Beijing
Room 32092
Terminal 2 Beijing Capital International
Airport, Beijing, China

Chengdu
AirAsia X Berhad L318, International
Departure, Chengdu Shuangliu
International Airport, Chengdu, Sichuan
Province, China

Shanghai
Room 2PS-10-02, Terminal 2, Shanghai
Pudong International Airport 201202
China

Xi'An
International Zone 1-177, Terminal 3 Of
Xi'an Xianyang International Airport,
China

Wuhan
GB17-18, 2nd Floor, International Terminal,
TianHe International Airport, Wuhan

Changsha
Minus One Floor, T2, Chang Sha
Huanghua International Airport, Chang
Sha City, Hu Nan Province, China

Chongqing
Rm31400, Level 2, Terminal 1,
Chongqing Jiangbei International Airport

TAIWAN

Taipei
C-O-260-2 Terminal 1, Taoyuan
International Airport, 15 Hang Zhan S Rd.
Dayuan Dist., Taoyuan City, Taiwan, ROC

SOUTH KOREA

Seoul
Room 2063, Incheon International
Airport Passenger Terminal, 272
Gonghang-ro, Jung-gu, Incheon City,
22382 Rep. of Korea

Jeju
1st Floor, Jeju International Airport,
2 Gonghang-ro, Jeju-si, Jeju-do, Rep. of
Korea

Busan
3rd Floor, International Terminal of
Gimhae International Airport, 108
Gonghangjinipno, Gangseo-Gu, Busan,
S.Korea

JAPAN

Sapporo
International Terminal Bldg 2F, New
Chitose Airport Bibi, Chitose, Hokkaido,
Japan 066-0012

Tokyo
Room S7K0 International Passenger
Building, 2-6-5 Haneda Kuko, Otaku,
Tokyo, Japan 144-0041

Osaka
2F Airline North Building
Kansai International Airport
Senshukuko Kita 1
Izumisano-shi Osaka

Fukuoka
4F International Terminal Building,
Fukuoka Airport

Narita
M5065, Terminal 2, Narita International
Airport, 1-1, Furugome, Narita, Chiba,
282-0004, Japan

Nagoya
Chubu Centrair International Airport,
1 Chome-1 Centrair, Tokoname, Aichi
479-0881, Japan

INDIA

Delhi
AirAsia X Berhad, Room No-135, Level 4,
Indira Gandhi International Airport,
Terminal 3, New Delhi-110037, India

Amritsar
AirAsia X Berhad
Room no 4, SGRDJ International Airport,
Amritsar, Punjab-143001

SAUDI ARABIA

Jeddah
AirAsia X Berhad Office No.
L02-B10-003 Alnakhil Trading Center,
No. 12, Madinah Road, King Abdulaziz
International Airport, Hajj Terminal, KSA

UNITED STATES OF AMERICA

Honolulu, Hawaii
AirAsia X Berhad
Honolulu International Airport
300 Rodgers Boulevard #55
Honolulu, Hawaii 96819 USA

INDONESIA

Denpasar
AirAsia X Berhad
Ngurah Rai International Airport

SINGAPORE

Singapore
Singapore Changi Airport Terminal 1,
Boulevard Road Level 3 #03-116/117,
Singapore 918144

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting of AirAsia X Berhad (Company No. 200601014410) (734161-K) ("the Company") will be held as a fully 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, 15 September 2020 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 year ended 31 December 2019.
   Please refer to Note A.

2. To approve the Non-Executive Directors' Remuneration as described in Note B for the period from 16 September 2020 until the next Annual General Meeting of the Company to be held in the year 2021. **(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) Tan Sri Asmat bin Kamaludin; and **(Ordinary Resolution 2)**

   ii) Dato' Yusli bin Mohamed Yusoff. **(Ordinary Resolution 3)**

4. To re-appoint Messrs Ernst & Young PLT 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, with or without modifications, 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**"), Additional Temporary Relief Measures to Listed Issuers announced by Bursa Securities on 16 April 2020 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 20% 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 31 December 2021, 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 AND NEW 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 and new 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 30 July 2020 ("**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 Annual General Meeting ("**AGM**") of the Company following the AGM at which this shareholders' mandate is approved, at which time it will lapse, unless by an ordinary resolution passed at that AGM, such authority is renewed;

   (b) the expiration of the period within which the next AGM after the date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("**Act**") (but must 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.

NOTICE OF ANNUAL GENERAL MEETING

7 **RETENTION OF SENIOR INDEPENDENT NON-EXECUTIVE CHAIRMAN**

"**THAT** Tan Sri Rafidah Aziz, the Director who has served the Board as a Senior Independent Non-Executive Chairman of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as a Senior Independent Non-Executive Chairman of the Company." **(Ordinary Resolution 7)**
Please refer to Note E.

8. **SPECIAL RESOLUTION**
PROPOSED ALTERATION OR AMENDMENTS TO THE CONSTITUTION OF AIRASIA X BERHAD ("THE COMPANY")

"**THAT** the proposed alteration or amendments to the existing Rules 70, 94, 96 and 184 of the Constitution of the Company, as annexed herewith as Appendix A, be and are hereby approved and adopted, with immediate effect.

AND THAT the Directors of the Company be and are hereby authorised to assent to any conditions, modification, variation and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing." **(Special Resolution)**
Please refer to Note F.

OTHER ORDINARY BUSINESS

9. 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

REBECCA KONG SAY TSUI (MAICSA 7039304)
(SSM PC No.: 202008001003)

THAM WAI YING (MAICSA 7016123)
(SSM PC No.: 202008001181)

Company Secretaries
Kuala Lumpur
30th day of July, 2020

NOTICE OF ANNUAL GENERAL MEETING

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 Fourteenth Annual General Meeting of the Company ("14th AGM") will be held as a fully 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 15 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/agm_egm.html**.

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 Chairperson 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 14th 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 14th 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 Annual General Meeting ("AGM" or "the Meeting"), 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 **7 September 2020** ("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. The Form of Proxy in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.

5. 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.

6. 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.

7. The Form of Proxy or other instruments of appointment shall not be treated as valid unless deposited at the Registered Office of the Company 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 or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time set for holding the Meeting or adjourned general meeting at which the person named in the appointment proposes to vote. **Faxed copies of the duly executed Form of Proxy are not acceptable.**

8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

NOTICE OF ANNUAL GENERAL MEETING

9. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

EXPLANATORY NOTES:

A. Audited Financial Statements together with the Reports of the Directors and Auditors thereon for the financial year ended 31 December 2019

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 hence, the matter will not be put forward for voting.

B. To approve the Non-Executive Directors' Remuneration for the period from 16 September 2020 until the next Annual General Meeting ("AGM") of the Company to be held in the year 2021 (Ordinary Resolution 1)

The Nomination and Remuneration Committee ("NRC") had recommended and the Board of Directors ("the Board") affirmed that the Non-Executive Directors' Remuneration for the period from 16 September 2020 until the next AGM of the Company to be held in the year 2021 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
NRC	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 16 September 2020 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.

NOTICE OF ANNUAL GENERAL MEETING

C. Authority to allot shares pursuant to Sections 75 and 76 of the Act (Ordinary Resolution 5)

The Company had at its Thirteenth AGM held on 26 June 2019 ("13th 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 13th 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 as well as the Additional Temporary Relief Measures to Listed Issuers announced by Bursa Malaysia Securities Berhad ("Bursa Securities") via its letter dated 16 April 2020, amongst others, an increase in general mandate limit for new issues of securities to not more than 20% of the total number of issued shares of the Company for the time being ("20% General Mandate"). Pursuant to the 20% General Mandate, Bursa Securities has also mandated that the 20% General Mandate may be utilised by a listed issuer to issue new securities until 31 December 2021 ("Extended Utilisation Period"). The Board would like to procure the shareholders' approval for the 20% General Mandate, inclusive of the Extended Utilisation Period, pursuant to Section 76(1) of the Act, at the forthcoming AGM of the Company.

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 20% of the total number of issued shares of the Company at any point of time. The 20% General Mandate, if granted at this AGM, unless revoked or varied by the Company in a general meeting, would expire on 31 December 2021.

The 20% General 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).

The Board of Directors' Statement

The Board of Directors of the Company ("the Board"), after due consideration, is of the view that, in light of the unprecedented challenges faced by the Company and the airline industry arising from the COVID-19 outbreak worldwide, the 20% General Mandate is one (1) of the most appropriate avenues of fund raising for the Company at this juncture. The 20% General Mandate will provide the Company further flexibility to raise funds expeditiously, compared to bank borrowing(s) which would incur interest cost(s). Any funds raised from this 20% General Mandate is expected to be used for general working capital purposes, repayment of existing borrowings and to defray any applicable expenses for the placement under the 20% General Mandate.

The Board, having considered the current and prospective financial position, needs and capacity of the Company, is of the view that the 20% General Mandate is in the best interest of the Company and its shareholders.

NOTICE OF ANNUAL GENERAL MEETING

D. Proposed Renewal of Existing Shareholders' Mandate and New 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 Group 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 30 July 2020 for further information.

E. Retention of Senior Independent Non-Executive Chairman (Ordinary Resolution 7)

This item is tabled pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance.

The NRC and the Board 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 and subsequently re-designated as a Senior Independent Non-Executive Chairman of the Company upon listing of the Company on 10 July 2013 for a cumulative term of more than nine (9) 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 roles 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 NRC and the Risk Management Committee of the Board, and the Safety Review Board of the Company. Even as a Senior Independent Non-Executive Chairman, she has carried out her duties proficiently in the interest of the Company and the shareholders.

F. Proposed Alteration or Amendments to the Constitution of AirAsia X Berhad ("the Company") (Special Resolution)

The proposed amendments to the existing Rules 70, 94, 96 and 184 of the Constitution of the Company ("Proposed Amendments") are made mainly to have express constitutional provisions to allow remote participation at general meetings and the appointment of proxy(ies) and/or representative(s) to attend, speak and vote at any general meeting/meeting of members of the Company and/or any adjournment thereof to be lodged via electronic means, to enhance administrative efficiency.

The shareholders' approval is being sought under a **Special Resolution** for the Company to incorporate the Proposed Amendments into its existing Constitution, in accordance with Section 36(1) of the Act. The Proposed Amendments as per Appendix A, which is circulated together with the Notice of the 14th AGM dated 30 July 2020, shall take effect once the proposed Special Resolution has been passed by a majority of not less than seventy-five per centum (75%) of the members who are entitled to vote and do vote in person or by proxy at the 14th AGM.

APPENDIX A

PROPOSED ALTERATION OR AMENDMENTS TO THE CONSTITUTION OF AIRASIA X BERHAD
COMPANY NO. 200601014410 (734161-K)
(INCORPORATED IN MALAYSIA)

This is the Appendix A referred to in Agenda Item 8 of the Notice of Fourteenth Annual General Meeting ("AGM") of AirAsia X Berhad dated 30 July 2020

Date and time of the AGM	:	Tuesday, 15 September 2020 at 10.00 a.m.
Broadcast Venue of the AGM	:	Will be held as a fully 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

The existing Constitution of the Company is amended in the following manner (for which differences are strikethrough and highlighted in bold below under the columns "Existing Rule" and "Proposed New Rule" respectively):

Rule No.	Existing Rule		Rule No.	Proposed New Rule	
70.	The Company shall hold an annual general meeting in every calendar year in accordance with the Act to transact matters prescribed by the Act. All general meetings other than annual general meetings shall be called extraordinary general meetings.	Annual and extraordinary general meetings	70.	**(a)** The Company shall hold an annual general meeting in every calendar year in accordance with the Act to transact matters prescribed by the Act. All general meetings other than annual general meetings shall be called extraordinary general meetings; **(b) The main venue of all general meetings shall be in Malaysia at such time and place as the Board of Directors shall determine. The Chairman of the meeting shall be present at that main venue of the meeting; and** **(c) The Company may convene a general meeting at more than one (1) venue using any electronic means that enables the Members of the Company to participate and to exercise the Members' right to speak and vote at the meeting. If the general meeting is to be held in two (2) or more places, the notice of the general meeting shall specify the electronic means or method that will be used to facilitate the general meeting.**	Annual and extraordinary general meetings

APPENDIX A

PROPOSED ALTERATION OR AMENDMENTS TO THE CONSTITUTION OF AIRASIA X BERHAD
COMPANY NO. 200601014410 (734161-K)
(INCORPORATED IN MALAYSIA)

Rule No.	Existing Rule		Rule No.	Proposed New Rule	
94.	An instrument appointing a proxy shall be in writing~~,~~ executed by or on behalf of the ~~appointor~~ and shall be in the following form ~~(~~or in ~~a~~ form as ~~near to it as circumstances allow or in any other form which is usual or which~~ the Directors may ~~approve)~~: **AIRASIA X BERHAD** I/We .... of .... being a Member of the above Company hereby appoint * the Chairman of the meeting or .... of .... or failing him, ... of .... as my/our proxy(ies) to vote in my/our name and on my/our behalf at the annual/ extraordinary general meeting of the Company to be held on [date], and at any adjournment of such meeting. Dated: [Signature]	Proxy instrument	94.	An instrument appointing a proxy shall be in writing **and** executed by or on behalf of the **appointing Member** and shall be in the following form or in **such other permitted form (including the electronic proxy appointment and voting manner)** as the **Board of** Directors may **determine from time to time**: **AIRASIA X BERHAD** I/We .... of .... being a Member of the above Company hereby appoint * the Chairman of the meeting or .... of .... or failing him, ... of .... as my/our proxy(ies) to vote in my/our name and on my/our behalf at the annual/ extraordinary general meeting of the Company to be held on [date], and at any adjournment of such meeting. Dated: [Signature]	Proxy instrument
96.	An instrument appointing a proxy or (in the case of a power of attorney appointing an attorney to or to (inter alia) attend and vote at meetings or polls) such power of attorney or a notarially certified copy of such power of attorney and (if required by any Director) any authority under which such proxy or power of attorney is executed or a copy of such authority certified notarially or in some other way approved by the Directors shall be deposited at the Office at least forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument or power of attorney proposes to vote; or	Deposit or delivery of proxy etc.	96.	**(a) Subject to the Act and the Listing Requirements, the Directors or any agent of the Company so authorised by the Directors, may accept the appointment of proxy received via electronic means on such terms and subject to such conditions as they consider fit. For the purpose of this Rule, the Directors may require such reasonable evidence that they consider necessary to determine and verify:** **(i) the identity of the Member and the proxy; and** **(ii) where the proxy if appointed by a person acting on behalf of the Member, the authority of that person to make the appointment.**	Deposit or delivery of proxy etc.

APPENDIX A

PROPOSED ALTERATION OR AMENDMENTS TO THE CONSTITUTION OF AIRASIA X BERHAD
COMPANY NO. 200601014410 (734161-K)
(INCORPORATED IN MALAYSIA)

Rule No.	Existing Rule	Rule No.	Proposed New Rule
	Such a power of attorney (or a notarially certified copy of such power of attorney) once deposited or delivered in a manner so permitted in relation to a meeting, adjourned meeting or poll shall be deemed deposited or delivered in a manner so permitted in relation to all future meetings, adjourned meetings and polls for which such power of attorney is by its terms valid. An instrument of proxy or power of attorney shall be invalid unless such instrument or power of attorney (or a notarially certified copy of such power of attorney) is deposited or delivered in a manner so permitted. A Member is not precluded from attending the meeting in person after lodging the instrument of appointing the proxy, however, such attendance shall automatically revoke the authority granted to that Member's proxy.		**(b) Without prejudice to Rule 96(a), the appointment of a proxy via electronic means must be received at the electronic address specified by the Company in any of the following sources and shall be subject to any terms, conditions or limitations specified therein:** **(i) The notice calling the meeting;** **(ii) The instrument of proxy sent out by the Company in relation to the meeting; or** **(iii) The website maintained by or on behalf of the Company.** **(c)** An instrument appointing a proxy or (in the case of a power of attorney appointing an attorney to or to (inter alia) attend and vote at meetings or polls) such power of attorney or a notarially certified copy of such power of attorney and (if required by any Director) any authority under which such proxy or power of attorney is executed or a copy of such authority certified notarially or in some other way approved by the Directors shall be deposited at the Office, **or in the case of the appointment of a proxy via electronic means, at the electronic address specified by the Company pursuant to Rule 96(b)**, at least forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument or power of attorney proposes to vote; or

APPENDIX A

PROPOSED ALTERATION OR AMENDMENTS TO THE CONSTITUTION OF AIRASIA X BERHAD
COMPANY NO. 200601014410 (734161-K)
(INCORPORATED IN MALAYSIA)

Rule No.	Existing Rule		Rule No.	Proposed New Rule	
				(d) Such a power of attorney (or a notarially certified copy of such power of attorney) once deposited or delivered in a manner so permitted in relation to a meeting, adjourned meeting or poll shall be deemed deposited or delivered in a manner so permitted in relation to all future meetings, adjourned meetings and polls for which such power of attorney is by its terms valid. An instrument of proxy or power of attorney shall be invalid unless such instrument or power of attorney (or a notarially certified copy of such power of attorney) is deposited or delivered in a manner so permitted. A Member is not precluded from attending the meeting in person after lodging the instrument of appointing the proxy, however, such attendance shall automatically revoke the authority granted to that Member's proxy.	
184.	(a) A notice or document shall be deemed given: (i) (in the case of post or courier) on being posted or despatched; (ii) (in the case of delivery by hand) on delivery. (b) A notice shall also be deemed given: (i) (in the case of telex, facsimile, telegram, electronic mail or other methods of (apart from those referred to above) communicating writing in visible form) on despatch or transmission;	Deemed giving of notice etc.	184.	(a) A notice or document shall be deemed given: (i) (in the case of post or courier) on being posted or despatched; (ii) (in the case of delivery by hand) on delivery. (b) A notice shall also be deemed given: (i) (in the case of telex, facsimile, telegram, electronic mail or other methods of (apart from those referred to above) communicating writing in visible form) on despatch or transmission;	Deemed giving of notice etc.

APPENDIX A

PROPOSED ALTERATION OR AMENDMENTS TO THE CONSTITUTION OF AIRASIA X BERHAD
COMPANY NO. 200601014410 (734161-K)
(INCORPORATED IN MALAYSIA)

Rule No.	Existing Rule	Rule No.	Proposed New Rule
	(ii) (in the case of an advertisement referred to in Rule 181) on the day on which the advertisement appears in the relevant national daily newspaper. (c) A notice or document shall be deemed: (i) posted on a certain date if it is proven that an envelope containing a notice was properly addressed prepaid and put in the post on that date; (ii) despatched by courier on a certain date if on that date it is left at an office of the person, body or company carrying out the courier service or it is collected by an employee or representative of such person, body or company.		(ii) (in the case of an advertisement referred to in Rule 181) on the day on which the advertisement appears in the relevant national daily newspaper. (c) A notice or document shall be deemed: (i) posted on a certain date if it is proven that an envelope containing a notice was properly addressed prepaid and put in the post on that date; (ii) despatched by courier on a certain date if on that date it is left at an office of the person, body or company carrying out the courier service or it is collected by an employee or representative of such person, body or company. **(d) In the case of a delivery failure, the Company must immediately send the notice or document to the affected members by other appropriate means as permitted under Rules 178 or 179.**

GLOSSARY

AirAsia X	"The Company" or "AirAsia X".
Aircraft at end of period	Number of aircraft owned or on lease arrangements of over one month's duration at the end of the period.
Aircraft utilisation	Average number of block hours per day per aircraft operated.
Available Seat Kilometres (ASK)	Total seats flown multiplied by distance flown.
Revenue Passenger Kilometres (RPK)	Total passengers flown multiplied by distance flown.
Load Factor	The number of Revenue Passenger Kilometres (RPKs) expressed as a percentage of ASKs.
Average Base Fare	Passenger seat sales, surcharges and fees divided by number of passengers.
Block hours	Hours of service for aircraft, measured from the time that the aircraft leaves the terminal at the departure airport to the time that it arrives at the terminal at the destination airport.
Capacity	The number of seats flown.
Cost per ASK (CASK)	Revenue less operating profit divided by available seat kilometres.
Cost per ASK, excluding fuel (CASK ex-fuel)	Revenue less operating profit and aircraft fuel expenses, divided by available seat kilometres.
Passengers carried	Number of earned seats flown. Earned seats comprises seats sold to passengers (including no-shows), seats provided for promotional purposes and seats provided to staff for business travel.
Revenue per ASK (RASK)	Revenue divided by available seat kilometres.
Stage	A one-way revenue flight.

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) *(COMPULSORY)*

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 Fourteenth Annual General Meeting of the Company to be held as a fully 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, 15 September 2020 at 10.00 a.m. and at any adjournment of such meeting, and to vote as indicated below:

AGENDA

No. 1	To receive the Audited Financial Statements together with the Reports of the Directors and Auditors thereon for the financial year ended 31 December 2019		
Resolutions	**Description**	**FOR**	**AGAINST**
Ordinary Business			
Ordinary Resolution 1	To approve the Non-Executive Directors' Remuneration for the period from 16 September 2020 until the next Annual General Meeting of the Company to be held in the year 2021		
Ordinary Resolution 2	Re-election of Tan Sri Asmat bin Kamaludin 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' Yusli bin Mohamed Yusoff 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 PLT 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 and new shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading nature		
Ordinary Resolution 7	Retention of Senior Independent Non-Executive Chairman		
Special Resolution	Proposed alteration or amendments to the Constitution of AirAsia X Berhad		

(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 Fourteenth Annual General Meeting of the Company ("14th AGM") will be held as a fully 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 15 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/agm_egm.html.**
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 Chairperson 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 14th 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 14th 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 Annual General Meeting ("AGM" or "the Meeting"), 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 **7 September 2020** ("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. The Form of Proxy in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
5. 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.
6. 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.
7. The Form of Proxy or other instruments of appointment shall not be treated as valid unless deposited at the Registered Office of the Company 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 or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time set for holding the Meeting or adjourned general meeting at which the person named in the appointment proposes to vote. **Faxed copies of the duly executed Form of Proxy are not acceptable.**
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.
9. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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STAMP

The Company Secretaries
AIRASIA X BERHAD
(Company No. 200601014410) (734161-K)

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia

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www.airasiax.com