AIRASIA X BERHAD

2022

2022 ANNUAL REPORT

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CORPORATE PROFILE

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

At the onset of the COVID-19 pandemic in 2020, AirAsia X embarked on a period of hibernation of its scheduled flights operations and commenced its debt restructuring by way of a scheme of arrangement in October 2020, which was completed and formalised on 16 March 2022 following lodgement of the court sanction.

AirAsia X as a Group has since then been on a steady course of recovery as it returned to the skies with scheduled passenger flights operations to Delhi, Seoul, Busan, Sapporo, Tokyo, Osaka, Taipei, Beijing, Hangzhou, Shanghai, Bali, Sydney, Melbourne, Perth, and the Gold Coast, Auckland and Jeddah from two hubs: Kuala Lumpur and Bangkok as of March 2023.

As of 31 December 2022, we maintain a core fleet of 14 A330-300 aircraft, with seven aircraft activated and operational, while our associate AirAsia X Thailand maintains a fleet size of eight A330-300 aircraft, with five activated and operational.

Based on a revitalised business model as we return stronger than before, our unit cost base is lower than ever, with cost per available seat kilometre (CASK) of US¢2.26 and CASK (excluding fuel) of US¢0.32 for the quarter ended 31 December 2022. This enables us to continue offering fares and other services that are targeted, on average, to be 30% - 50% lower than full-service carriers.

Over the past year, we have witnessed the rapid recovery of the international travel segment within the industry, and is optimistic of our recovery trajectory in the coming years.

CORPORATE INFORMATION

BOARD OF DIRECTORS

TUNKU DATO' MAHMOOD FAWZY BIN TUNKU MUHIYIDDIN
Independent
Non-Executive Chairman

DATUK KAMARUDIN BIN MERANUN
Non-Independent
Non-Executive Director

TAN SRI ASMAT BIN KAMALUDIN
Independent
Non-Executive Director

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

ENCIK AHMAD AL FAROUK BIN AHMAD KAMAL
Independent
Non-Executive Director

MS CHIN MIN MING
Independent
Non-Executive Director

AUDIT COMMITTEE

- Encik Ahmad Al Farouk bin Ahmad Kamal
- Tan Sri Asmat bin Kamaludin
- Ms Chin Min Ming

NOMINATION AND REMUNERATION COMMITTEE

- Tan Sri Asmat bin Kamaludin
- Dato' Fam Lee Ee
- Encik Ahmad Al Farouk bin Ahmad Kamal

RISK MANAGEMENT COMMITTEE

- Ms Chin Min Ming
- Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin
- Dato' Fam Lee Ee

SAFETY REVIEW BOARD

- Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin
- Dato' Fam Lee Ee
- Benyamin bin Ismail

COMPANY SECRETARY

Moo Kin Yew
(LS0010603)
(SSM PC No. 202208000357)

AUDITORS

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

REGISTERED OFFICE

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

HEAD OFFICE

RedQ
Jalan Pekeliling 5
Lapangan Terbang Antarabangsa
Kuala Lumpur
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

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 December 2022

AIRASIA X BERHAD

49%
THAI AIRASIA X CO., LTD
Thai associate

49%
PT. INDONESIA AIRASIA EXTRA
Indonesian joint venture

100%
AAX MAURITIUS ONE LIMITED
Aircraft leasing facilities

100%
AIRASIA X SERVICES PTY LTD
Logistical & marketing services

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

100%
AAX LEASING ONE LTD.
Leasing entity

100%
AAX LEASING TWO LTD.
Leasing entity

100%
AAX LEASING FIVE LTD.
Leasing entity

100%
AAX LEASING EIGHT LTD.
Leasing entity

100%
AAX LEASING TEN LTD.
Leasing entity

100%
AAX LEASING ELEVEN LTD.
Leasing entity

100%
AAX LEASING TWELVE LTD.
Leasing entity

100%
AAX LEASING FIFTEEN LTD.
Leasing entity

DIRECTORS' PROFILES

TUNKU DATO' MAHMOOD FAWZY BIN TUNKU MUHIYIDDIN

Independent Non-Executive Chairman

Tunku Fawzy (Male), Malaysian, aged 64, was appointed as an Independent Non-Executive Director of the Company on 27 June 2022. He was subsequently re-designated as the Independent Non-Executive Chairman on 1 August 2022. He is the Chairman of the Safety Review Board as well as a member of the Risk Management Committee of the Company.

He received the BA (Hons) Business Studies from the Polytechnic of Central London, Masters in Business Administration from the University of Warwick, and the Diploma in Marketing from the Chartered Institute of Marketing. He is a Chartered Management Accountant and a Fellow of Chartered Institute of Management Accountants (FCMA). In addition, he is also a Fellow of the Institute of Corporate Directors Malaysia (F ICDM), Member of the Institute of Public Accountants (MIPA) and life member of the Malaysian Institute of Corporate Governance.

He currently serves as chairman of Deutsche Bank (Malaysia) Berhad and EdgePoint Malaysia Holdings Sdn Bhd, in addition to serving as a board member of AIA General Berhad and Hong Leong Asset Management Berhad.

He was previously a board member of Hong Leong Assurance Berhad and Hong Leong MSIG Takaful Berhad, Chairman of the Financial Services Professional Board, Senior Independent Director of Telekom Malaysia Berhad, a member of the board of Malaysia Airports Holdings Berhad, Hong Leong Islamic Bank Berhad, Pos Malaysia Berhad, SapuraKencana Petroleum Berhad / Kencana Petroleum Berhad, Ethos Capital One Sdn Berhad, Federation of Investment Managers Malaysia, Energy Africa Limited, and Engen Limited in South Africa.

He was formerly an Executive Director (Investments) with Khazanah Nasional Berhad and Chief Executive Officer / Managing Director of Engen Petroleum Limited in South Africa, in between the two previous roles he was CEO of MMM Bhd for a very short period. Prior to that an Executive Director at PricewaterhouseCoopers (PwC) and held a variety of senior, middle and junior executive positions at Tajo Bhd, Shell Malaysia Trading Sdn Bhd (with a cross posting to Shell New Zealand Limited).

He draws on a wealth of experience around strategy, governance, risk management, and cross border activity in banking and financial services, telecommunications, investment management and private equity activity, oil and gas, marine and aviation logistics, corporate advisory, across several international locations including the United Kingdom, New Zealand, South Africa and Malaysia.

DATUK KAMARUDIN BIN MERANUN

Non-Independent Non-Executive Director

Datuk Kamarudin (Male), Malaysian, aged 62, 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.

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 the Non-Independent Executive Chairman of Capital A Berhad and AirAsia Berhad. He is also a Director of Red Giants Football Club.

TAN SRI ASMAT BIN KAMALUDIN

Independent Non-Executive Director

Tan Sri Asmat (Male), Malaysian, aged 79, was appointed as an Independent Non-Executive Director of the Company on 13 May 2013. He is the Chairman of the Nomination and Remuneration Committee and also a member of the Audit Committee of the Company.

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

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

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

DIRECTORS' PROFILES

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

Dato' Fam (Male), Malaysian, aged 61, was appointed as Non-Independent Non-Executive Director of the Company on 24 March 2008. He is also a member of the Nomination and Remuneration Committee, Risk Management Committee, and the Safety Review Board of the Company.

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

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

He also serves as a Senior Independent Non-Executive Director of Capital A Berhad and a Director of Malaysia-China Business Council.

ENCIK AHMAD AL FAROUK BIN AHMAD KAMAL
Independent Non-Executive Director

Encik Farouk (Male), Malaysian, aged 42, was appointed as an Independent Non-Executive Director of the Company on 22 June 2022. He is also the Chairman of the Audit Committee of the Company and a member of the Nomination and Remuneration Committee of the Company.

Farouk graduated from The London School of Economics and Political Science with a Bachelor of Science in Economics, where he also holds a Masters of Science in Finance and Economics.

Farouk started his career with Credit Suisse in Equities Trading in 2005 before moving on to Equities Research in 2007. Between 2008 to 2013, Farouk worked in Investment Banking with J.P. Morgan Malaysia where he advised clients on numerous mergers and acquisitions, corporate restructuring, equity as well as debt capital markets transactions and was involved in a number of landmark deals in Malaysia.

Currently, Farouk serves as the Acting Chief Executive Officer and Chief Investment Officer of Urusharta Jamaah and is responsible for the management and rehabilitation of Urusharta Jamaah's portfolio of equity assets. Farouk was also instrumental in the equity setup of Urusharta Jamaah as a newly established entity, and served as interim Chief Executive Officer between July 2020 - January 2021. Before joining Urusharta Jamaah, Farouk worked in Investment Banking for Deutsche Bank Malaysia between 2013 to 2018.

Farouk holds Board Memberships in a number of entities under the Urusharta Jamaah's portfolio, namely TH Heavy Engineering Berhad, Pelikan International Corporation Berhad, UJ Estates (Holdings) Sdn Bhd and UJ Property Management Sdn Bhd.

MS CHIN MIN MING
Independent Non-Executive Director

Ms Chin (Female), Malaysian, aged 52, was appointed as an Independent Non-Executive Director of the Company on 1 December 2022. She is also the Chairman of the Risk Management Committee of the Company and a member of the Audit Committee of the Company.

Ms Chin holds a Bachelor of Science in Computer Science from the University of Victoria, Canada, and a Senior Executive Master of Business Administration from the Melbourne Business School. She is also a Certified Information Systems Security Professional (CISSP).

She has extensive experience in Digital Transformation, Strategic Innovation and Technology Entrepreneurship. She had successfully implemented Financial Inclusion for migrant workers and refugees, digitalised Compliance Audit Tool for industry best practice standards, developed a world-first Data Security & Access Control token with built-in RFID, designed the Digital ID blueprint for the first Multi-Application National ID Card in the world, delivered Labuan Halal Hub and National Food Traceability platform, and more. She is well-versed in technology valuation and acquisition. She raised the highest tech startup fund in Asia during the Asian Financial Crisis and the first in Malaysia to receive funding from Draper Investment.

Further, she is actively involved in ESG and advising companies on Sustainability Risks Management and Compliance. She is familiar with sustainability reporting standards including GRI, TCFD, RSPO, GPSNR, and SBTi.

Declaration of Directors:

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

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

- **Conviction for Offences**
  None of the Directors has been convicted for any public offence during the financial period ended 31 December 2022 or had any penalty imposed by the relevant regulatory bodies within the past five (5) years, other than traffic offences, if any

PROFILES OF THE LEADERSHIP TEAM

BENYAMIN ISMAIL
Chief Executive Officer

Age	:	46
Gender	:	Male
Nationality	:	Malaysian
Date of Appointment	:	1 September 2015

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

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

Qualifications and Professional Membership:
- Bachelor of Commerce (Banking & Finance), Curtin University of Technology, Australia
- Master of Electronic Commerce, Edith Cowan University, Australia

Membership of Board Committees in AirAsia X:
- Safety Review Board (Member)

Additional Information:
- Benyamin does not own any shares of AirAsia X Berhad

JACLYN GOH SHU WAI
Financial Controller

Age	:	36
Gender	:	Female
Nationality	:	Malaysian
Date of Appointment	:	1 February 2023

Responsibilities:
- Takes primary responsibility for the financial management of AirAsia X
- Oversees the Company's strategic planning process and annual budget
- Commercial partner to the Chief Executive Officer and senior management 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 and improves KPIs for all areas of the business in order to improve the quality and relevance of management information
- Oversees and improves all financial controls and processes across all functions and business units
- Represents the Company to meetings with financial institutions, public auditors and other officials

Experience:
- 10 years of Commercial Finance and Group Reporting experience in aviation, cargo, construction and entertainment industry
- 5 years of audit experience with Big 4 firms

Qualifications and Professional Membership:
- BA (Hons) in Accounting & Finance, University of the West of England, Bristol
- Fellow of Association of Chartered Certified Accountants

MOSES DEVANAYAGAM
Senior Director

Age	:	72
Gender	:	Male
Nationality	:	Malaysian
Date of Appointment	:	1 October 2013

Responsibilities:
- Leads the coordination of operational functions within the 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:
- 52 years of aviation experience including key positions in leading airlines in Singapore and Malaysia:
  - Joined Malaysia-Singapore Airlines, 1971
  - Served Malaysia Airline System Berhad in various senior management positions including General Manager-Operations, Head of Contracts Management and Warranty and Contracts Manager, 1972
  - Joined AirAsia X as Director of Operations, 2007
  - Regional Head of Operations of AirAsia Berhad, 2009
  - Appointed as Senior Director, 2013

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

CAPT SURESH BANGAH
Director of Flight Operations

Age	:	48
Gender	:	Male
Nationality	:	Malaysian
Date of Appointment	:	1 October 2013

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

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

LIM KOK HOOI
Head of Corporate Safety

Age : 52
Gender : Male
Nationality : Malaysian
Date of Appointment : 22 January 2018

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

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

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

WONG OOI LING
Head of Internal Audit cum
Corporate Quality and Assurance

Age : 52
Gender : Female
Nationality : Malaysian
Date of Appointment : 1 July 2016

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

Experience:
- Joined PricewaterhouseCoopers in its Audit and Assurance Department, 1995
- Joined EON Bank Berhad as Corporate Planning Manager, 2000
- Vice President of Group Management Services and PMO, EON Bank Berhad, 2003
- Joined Measat Broadcast Network Systems Sdn Bhd (Astro) as a Senior Manager in Planning, Broadcast and Operation, 2007
- Joined DRB-HICOM Group as a Senior Manager in GST PMO, 2014
- Joined AirAsia X as Head of Corporate Quality and Assurance, 2016
- Took on expanded role as Head of Internal Audit cum Corporate Quality Assurance in 2020

Qualifications and Professional Membership:
- Bachelor of Business (Accounting), Monash University, Australia
- Member of the Malaysian Institute of Accountants (MIA)

CAROLINE LEE
General Counsel

Age : 58
Gender : Female
Nationality : Malaysian
Date of Appointment : 5 July 2021

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

Experience:
- 12 years of legal practice in Singapore and Malaysia
- Partner, Banking and Capital Markets, Messrs Rashid & Lee, 2000
- Head of Legal, Usaha Tegas Group, Oil & Gas, 2002
- Chief Operating Officer, Melium Sdn Bhd, 2006
- F&B owner and operator, 2011 – 2017
- Legal Consultant, 2017 – 2021

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

Declaration of the Leadership Team:

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

- **Conflict of Interest**
  None of the Leadership Team has any conflict of interest with AirAsia X

- **Conviction for Offences**
  None of the Leadership Team has been convicted for any public offence during the financial period ended 31 December 2022 or had any penalty imposed by the relevant regulatory bodies within the past five (5) years, other than traffic offences, if any

- **Other Directorship**
  None of the Leadership Team has any other directorship in public companies

CHAIRMAN’S STATEMENT

Assalamualaikum Warahmatullahi Wabarakatuh,

Dear Shareholders,

First of all, thank you for staying with us and joining us on our incredibly long and eventful journey since we made that maiden flight to the Gold Coast in Australia, back in 2007. The turbulence caused by the lockdown era affected us, and indeed airlines all over the world; many closed down altogether in the face of a global lockdown and restricted commercial flight activity resulting from the COVID-19 pandemic. In our previous Annual Report, we informed you that we were in a hibernation phase, preserving our resources and were in the process of a difficult debt restructuring and share consolidation scheme. Your Board is now pleased to inform you, our shareholders and stakeholders, that we have resumed commercial flight operations and have delivered a Profit After Tax of RM33 billion, most of which is due to write-back of provisions. More importantly, the results from the last two quarters (July - September 2022 and October - December 2022) were extremely encouraging, building the momentum for a steep recovery in the year ahead.

I joined the Board of AirAsia X in July 2022 as we were just wrapping up the restructuring scheme and at a time when there was (and still is) a tremendous effort for AirAsia X’s recovery strategy to restart commercial operations, with new protocols and processes, and the gradual reactivation of aircraft that were grounded during the hibernation. Alongside that, we looked at entering into new lease arrangements to build aircraft capacity and embarked on an active hiring and rehiring drive in anticipation of our traditional key markets opening up for the tourist trade that was severely impacted by the devastating effects of the lockdown. Your Board has been actively involved in the planning of these activities, assessing the viability of routes, providing guidance to the management and engaging with stakeholders, driving value through cost management across a spectrum of activities and operational improvements. In all these, route planning is one of the most important aspects of value creation thinking and strategy as we embrace the reopening of the world.

Our business model is built on efficiency, cost effectiveness and rapid turnarounds. If anything, the past three years have taught us that we need to tighten up further, as a great many airlines have ceased operations. Today, it remains an extremely competitive environment, with increased intensity in competition with airlines who have survived - and in some cases, emerged - against the effects of the lockdown, even as we observe the increased rationality in price competition within the market. Holding the competition at bay means we need to persistently drive and seek out greater efficiencies and deliver a robust turnaround strategy against the backdrop of a phased opening of new routes. Since our comeback, we did exactly that - and in the last quarter, our CASK stood at 9.98 sen, while CASK ex-fuel was at a mere 1.42 sen.

Demand for travel has been extremely encouraging in the last two quarters of 2022, however our pace has been deliberate and gradual as we implemented a prudently phased plan to bring aircraft back into service which had been grounded for over 30 months, augmented by fresh lease arrangements. In May 2022, we restarted minimal flights to Seoul and Delhi and by December of last year we were flying to Japan, Australia and New Zealand with 72 weekly flights to 14 destinations, increasing capacity by inducting existing and new aircraft into our fleet ecosystem.

The safety and wellbeing of our guests and staff is always of paramount importance for the Board and the senior management team, particularly as we re-emerge from the pandemic stronger and better than ever across all aspects of operations. For the financial period ended December 2022, we flew a total of 426,526 guests - a figure far from the millions that AirAsia X charted before the onset of the pandemic. However, we expect this figure to increase significantly moving forward with robust safety procedures and strict governance to maintain the highest standards of operational integrity at all times. I personally head the Safety Review Board, which meets every quarter. Along with Safety, Risk Management is also crucial and we will ensure that a solid Risk Management culture is fully integrated into the day-to-day operations of the Company for both mitigation and to avoid risk triggers.

More than ever, AirAsia X is committed to meeting the Environment, Sustainability and Governance (ESG) expectations from our stakeholders. This represents a pivotal point for your Board and indeed the Company as whole. While it can be extremely challenging for an airline such as ourselves to be fully ESG-compliant, given our hydrocarbon requirements, we nevertheless have a strong emphasis on looking at decarbonising our operations and aspects of our supply chain, as much as possible. At the appropriate time, we will develop and embrace a sustainable aviation fuel strategy with our partners. For this reporting period, I am pleased to highlight that AirAsia X's Sustainability Statement is presented in this Annual Report, from pages 18 to 23.

Good governance is the cornerstone of your Board, and it is our utmost priority to ensure that it is ingrained in all aspects of our operations. For this purpose, I am pleased to present the Company's Corporate Governance Overview Statement from pages 24 to 34, detailing our internal processes and practices against the standards of the Malaysian Code of Corporate Governance (MCCG), with aim to further improve our standards in corporate governance and operational practices. In the near future, we also look forward to conducting a review of the Company's governance for sustainability, including the enhancement of the Company's outlook and strategies in achieving its sustainability targets.

I would like to place on record our most sincere appreciation for the leadership of my predecessor, Tan Sri Rafidah Aziz for her guidance to the Board as well as for Tan Sri Tony Fernandes who left the Board in October 2022. Since our last Annual General Meeting, there have been a few other changes with your Board, with the demise of Dato' Yusli Mohamed Yusoff and the appointment of two new Directors, other than myself. I would like to take this opportunity to welcome Encik Farouk and Ms Chin Min Ming as our Independent Board members, who bring with them considerable corporate and digital technology experiences, with an eye on ESG and familiarity in sustainability reporting standards including GRI, TCFD, RSPO, GPSNR, and SBTi.

It is my wish for us all to continue this teamwork and collaboration - we shall continue to build our foundations within the regions we call home, and in the coming years, expand further into the other parts of the world together. Lastly, allow me the honour to close this statement with heartfelt thanks to all of our shareholders for your continued support. This revamped airline has much to implement for its long term plan, and without your support, we would not have been able to persevere through all of this. I look forward to working with all of you to ensure that our common dreams are realised.

Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin
Chairman
AirAsia X Berhad

CEO'S MANAGEMENT DISCUSSION & ANALYSIS

Dear valued Shareholders,

It has been quite a ride; to say that this full financial period, from July 2021 - December 2022, was eventful, would be an understatement. For most of this 18-month period, the Company remained in a phase of hibernation of its scheduled flights operations, and was on survival mode as it navigated through the crisis brought forth by the COVID-19 pandemic.

Today, I am pleased to report that the Company had managed to successfully completed a number of corporate exercises during the period of hibernation, i.e., the Debt Restructuring, the Share Capital Reduction and Share Consolidation, paving the way for a robust comeback of the Company as it returned to the skies.

We began operating scheduled flights services to Seoul and Delhi in April 2022, and by the quarter ended December 2022, we have relaunched even more flights then, introducing Melbourne, Perth, Sydney-Auckland, Tokyo, Sapporo, Taipei, Jeddah and Bali-Denpasar into our network, ending the year with a 14-route strong network. We did all of this with only seven aircraft activated and operational and amidst fuel price fluctuations - a feat we take pride in indeed.

For the full financial period, we carried a total of 426,526 passengers with our Passenger Load Factor ("PLF") healthy at 78%, just three percentage points short of what we charted before the pandemic. While the number of passengers this time around is far from the millions that we used to carry, the PLF serves to show that demand is there - not to mention extremely strong. In this Annual Report, I am pleased to inform you that AirAsia X is back, leaner and stronger than ever.

Overview of the Group's Business and Operations

	FY2022 ('000)	FY2021 ('000)
Revenue (RM)	825,860	1,132,624
Total Operating Expenses (RM)	32,638,369	(33,823,781)
EBITDA/LBITDA (RM)	33,503,833	(31,729,655)
Net Operating Profit/Loss (RM)	32,718,112	(33,594,401)
Profit/Loss Before Tax (RM)	32,670,370	(33,675,165)
Taxation (RM)	612,241	7
Net Profit/Loss (RM)	33,282,611	(33,675,158)
Total Assets (RM)	2,451,876	1,944,467
Basic Earnings/Loss per Share (sen)	8,023.5	(811.8)

Review of Financial Results and Financial Condition

AirAsia X Group (the "Group") reported a revenue of RM825.9 million for the financial period ended 31 December 2022 (2021: RM1.1 billion), while total operating expenses reduced by 197% to a total operating income of RM32.6 billion (2021: RM*33.8 billion). This financial period under review, the Group charted an earnings before interests, taxes, depreciation and amortisation (EBITDA) of RM33.5 billion as compared to loss before interests, taxes, depreciation and amortisation (LBITDA) in the previous reporting period (2021: RM(31.7) billion), while net operating profit for AirAsia X Group stood at RM32.7 billion (2021: RM(33.6) billion). The Group concluded the financial period ended 31 December 2022 with a net profit of RM33.3 billion (2021: RM(33.7) billion) on the back of reversal of provisions, supported by the recovery of the air transport industry following a protracted period of hibernation of its scheduled flights operations since March 2020.

Group's Earnings

Revenue

The Group charted a turnover of RM825.9 million for the 18-month financial period, primarily attributable to the reactivation of its scheduled passenger flights operations particularly in the period between June 2022 - December 2022 as travel restrictions in Malaysia and regions the Group operates in eased up. During the period under review, revenue from scheduled flights operations were recorded at RM272.4 million (2021: RM589.7 million), while ancillary revenue stood at RM78.5 million (2021: RM175.8 million), predominantly amassed towards the final 6-month period of the full financial period ended 31 December 2022. From the Group's charter flights operations, RM105.6 million was recorded (2021: RM65.2 million) while freight services revenue was reported as RM341.6 million (2021: RM140.2 million). Aircraft operating lease income was reported as RM27.2 million for the full financial period (2021: RM161.7 million).

Expenditure

For the full financial period under review, the Group's cost structure was primarily driven by aircraft fuel expenses as the Group returned to business-as-usual operations, with more scheduled flights reactivated since June 2022. Aircraft fuel expenses stood at RM354.9 million (2021: RM538.5 million), while maintenance and overhaul expenses were recorded at RM560.3 million (2021: RM702.5 million) for the period under review. In line with the reactivation of its scheduled flights operations, the Group's staff costs stood at RM106.4 million (2021: RM248.3 million) as more staff were reactivated for duty. On the back of a pay-by-hour arrangement with its lessors, the Group reported aircraft operating expenses of RM33.6 million (2021: RM2.4 million). Meanwhile user charges stood at RM97.0 million (2021: RM97.0 million). On the back of the reversal following the completion of the Group's Debt Restructuring in March 2022, the Group posted other income, amounting to RM34.3 billion.

Group Financial Position

The Group's net gearing stood at 14.2x despite a close to 85% reduction in the Group's borrowings on the back of reduced share capital following the Share Capital Reduction.

Total equity stood at RM(285.2) million (2021: RM(33.6) billion) on the back of a reversal of provision for the debt and termination compensation linked to the Debt Restructuring of the Company.

Total assets increased to RM2.5 billion (2021: RM1.9 billion) on the back of the reduced rates for aircraft lease which resulted in lower security deposit paid.

Total liabilities reduced significantly to RM2.7 billion (2021: RM35.5 billion) as a direct result of the Debt Restructuring exercise executed by the Company.

Capital Structure and Capital Resources

Over the course of the period under review, cash inflow generated from operations stood at RM108.9 million (2021: cash out-flow RM43.6 million) while the Group's borrowing stood at RM1.1 billion following the completion of the Debt Restructuring (2021: RM6.8 billion). The Group's cash balance stood at RM176.7 million, a tremendous improvement from RM68.5 million in the previous reporting period, demonstrating a strong comeback of the Company.

Review of Operating Activities

The Group's reportable operating segments have been identified as each company with an Air Operator's Certificate (AOC) held under the AirAsia X brand, namely Malaysia and Thailand. On the back of the return to scheduled flights operations beginning April 2022 and with heightened normalisation by June 2022, AirAsia X Malaysia maintained a total of 14 aircraft in its fleet, with seven aircraft activated and operational as of 31 December 2022, after returning much of its aircraft to lessors during the course of the Debt Restructuring. AirAsia X Thailand on the other hand, maintained a fleet of eight A330 aircraft, five of which were activated and operational as of 31 December 2022.

Segmental Performance Review

Revenue	FY2022 ('000)	FY2021 ('000)
Malaysia	825,860	1,132,624
Thailand	1,006,211	536,965
Indonesia	-	832
Elimination adjustment	-	(244,582)
Total	**1,832,071**	**1,425,839**

EBITDA/LBITDA	FY2022 ('000)	FY2021 ('000)
Malaysia	33,503,833	(31,729,655)
Thailand	682,598	(1,322,034)
Indonesia	(92)	(103,419)
Elimination adjustment	-	2,321
Total	**34,186,339**	**33,152,787**

Profit Before Tax (PBT)/Loss Before Tax (LBT)	FY2022 ('000)	FY2021 ('000)
Malaysia	32,670,370	(33,675,165)
Thailand	482,078	(2,136,469)
Indonesia	(144)	(122,806)
Elimination adjustment	-	244,854
Total	**33,152,304**	**(35,689,586)**

Review of Corporate Exercises

In our last Annual Report, we gave the assurance to our shareholders that all possible efforts were being put to work to steer the Company through the unprecedented crisis that was the COVID-19 pandemic and with it, worldwide lockdown as an aftermath. We have reported that beginning October 2020, the Company commenced the then-Proposed Debt Restructuring and then-Proposed Corporate Restructuring consisting of a Proposed Share Capital Reduction and Proposed Share Consolidation. This time, we are pleased to announced that these are now completed.

The Debt Restructuring was executed by way of a scheme of arrangement under Section 366 of the Companies Act 2016. In November 2021, the Company held the Court Convened Meeting for the creditors to vote on the Debt Restructuring Scheme (the "Scheme"), and was successful in garnering the support of its creditors - over 99% of creditors voted in favour of the Scheme. The Company then progressed further with the Scheme and in March 2022, finally lodged the sanction of the Scheme, effectively and formally completing the Debt Restructuring of the Company. The Company was then able to achieve a sound debt structure as it prepared to return to normalcy in operations with the re-opening of borders around the regions.

The Share Capital Reduction and Share Consolidation exercises respectively included the reduction of 99.9% of the issued share capital of AirAsia X, cancelling paid-up share capital which is lost or unrepresented by available assets as well as the consolidation of every 10 existing shares of AirAsia X into 1 consolidated share, which in effect will increase the trading prices of AirAsia X shares as a result of a reduced number of AirAsia X shares and this may reduce the volatility of the shares' trading prices. These were completed and implemented successfully following an Extraordinary General Meeting held in June 2021.

At the time of writing of this MD&A, I would like to update our shareholders that with regards to the Company's Practice Note 17 ("PN17") status, we are laser-focussed on the formulation of the regularisation plan and have requested for an extension until July 2023 to submit a finalised Proposed Regularisation Plan to resolve the Company's PN17 status with a comprehensive strategy for Bursa Malaysia Securities Berhad's onward deliberation. We look forward to report to our shareholders and stakeholders the development of the plan in due course.

Outlook

In our last Annual Report, as of October 2021, the Movement Control Order remained in place in varying degrees across the country while international borders remain closed, and the Company's scheduled flights operations remained in hibernation; we had all hands on deck then for the survival of the Company through the array of corporate exercises detailed above. We had also reported then that the Company pivoted its cargo services as an alternative source of income during the hibernation, while working on reinventing ourselves to ensure preparedness for the reinstatement of scheduled services as soon as possible.

This Annual Report covers the period from July 2021 until December 2022; in this 18-month period the Company had only managed to restart its operations on a business-as-usual basis by the last six months as it launched more scheduled flights operations in June 2022. The results of our comeback has been stellar, and we are emboldened by the demand that we are observing across all markets that the Company has in its network strategy.

For the financial year of 2023, the Company expects to relaunch even more of its popular destinations, especially so for China following the announcement of the reopening of the country's border for all travellers in March 2023. In the first quarter of 2023, we have relaunched Osaka, Busan, Shanghai, and Hangzhou; most recently in April 2023, we have added Beijing to our network, marking our commitment to return to our core profitable markets. More importantly, the Company is optimistic of the fare trend in the near future as demand for international air travel remains outstanding. While we expect the fare levels to rationalise in the future, we do not foresee this to drop beyond pre-pandemic levels as the industry continues to rationalise its capacity and fare levels.

As we rise up to meet the ever-thriving demand for air travels, the Company is committed to ensure that all aircraft within our fleet would be operational within the stipulated timeline, with all safety requirements met - as always, safety of our guests and crew are of paramount importance for the Company. In ensuring that the Company's fleet size aligns with the network requirements and vision of the Company, we are in varying degrees of engagement with third-party aircraft lessors for induction of additional aircraft within our fleet. By the year 2024, we expect to have a total of 17 A330s within our fleet, active and operational.

Overall, the Company is confident of the recovery track we have been observing in the industry as a whole. We are committed, more than ever, to give our very best in ensuring that our revitalised business strategy is implemented precisely - we intend to be sustainable and viable as a business. We look forward to continuing to provide an affordable option for mid-range travel, with more exciting offerings and services in the near future.

Appreciation and Acknowledgements

For and on behalf of AirAsia X's Leadership Team, I would like to express our warmest welcome and deepest appreciation to our Chairman, Tunku Fawzy, as well as Encik Farouk and Ms Chin Min Ming, our Independent Directors who joined us in 2022. Our thank you as well, to co-founders Tan Sri Tony Fernandes and Datuk Kamarudin Meranun, and all Board members for their guidance in steering the Company through those precarious times.

I would also like to share our heartfelt thanks to Tan Sri Rafidah Aziz for her support as our Chairman then; for always being there for all of us, all those years. Our deepest appreciation, too, to Dato' Lim Kian Onn who had guided us through the crisis faced during the hibernation of the Company. Lastly, I would also like to take this opportunity to convey my deepest sympathy for the demise of Dato' Yusli Mohamed Yusoff.

To our Allstars, a special thank you for your commitment over the course of the Company navigating such turbulent times - all for one, one for all, indeed. Last but not least, my gratitude and appreciation to all other stakeholders for their continued support in the Company. The pandemic served as a critical lesson for all of us, and we have proven once again that we have what it takes in driving the viability of the business.

Thank you.

Benyamin Ismail
Chief Executive Officer
AirAsia X Berhad

SUSTAINABILITY STATEMENT

AirAsia X published its 2020/2021 Sustainability Statement in October 2021, more than one-and-a-half years since AirAsia X had to take the critical and imminent decision to hibernate all of its scheduled flights operations in March 2020, as the Government of Malaysia announced the Movement Control Order effective 18 March 2020, placing international border restrictions into immediate effect. After over two years, Malaysia finally announced the reopening of its international border on 1 April 2022 - and AirAsia X had then geared itself up, preparing for take-off.

For the full financial period between 1 July 2021 - 31 December 2022 spanning across 18 months, AirAsia X resumed its operations beginning April 2022 as a revitalised airline, after having fully completed its Debt Restructuring Scheme on 16 March 2022. As an airline re-emerging from such an unprecedented operational and financial crisis, we have learned, and we have survived.

We understood the significance of an organisation's values and resilience particularly when navigating unpredictable and - in all likelihood - impossible-to-mitigate risks. Above all, we see now that such risks could be managed with a business model optimal and lean enough that would allow the organisation the flexibility to restart once possible, in addition to strong relationships with all stakeholders; the support of customers, business partners, shareholders and employees would forevermore be the key pillars for any business in recovery.

While the Management Discussion and Analysis dives into AirAsia X's business performance for the 18-month period ended 31 December 2022, we seek to present in this Sustainability Statement, AirAsia X's management of a stable stakeholder relationships in ensuring the sustainability of the Company in all key areas. The reporting boundaries of this Sustainability Statement would cover AirAsia X Malaysia for the period between July 2021 - December 2022 unless stated otherwise.

As we manoeuvre through the transition from physical engagements to virtual, and finally a hybrid of both as normalcy gradually returned, the key areas deemed vital to AirAsia X are health and safety, technology and innovation, welfare and wellbeing of our talents as well as operational eco-efficiency, all of which are critical areas that span across all operations of the airline. Through these domains, the working teams in AirAsia X consistently strive to ensure compliance with regulatory requirements, including managing the potential impact of schemes such as the Carbon Offsetting & Reduction Scheme for International Aviation (CORSIA).

HEALTH AND SAFETY

Round the clock, safety holds cardinal importance in our business as an airline. Here at AirAsia X, we are laser-focussed on establishing and maintaining organisational resilience against any threats, hazards and risks to safety, by consistently creating and reinforcing all safety barriers in line with the Company's quest to provide our passengers with a safe, seamless, efficient and comfortable flight experience.

Guided by the Safety Management System (SMS) that was established by the International Civil Aviation Organization (ICAO), our policies and processes are geared towards the consistent application of a risk-based approach in supporting the timely identification of hazards as well as the development of pertinent measures to ensure that all risks are reduced to a level that is As Low As Reasonably Practicable (ALARP).

During the period under review, our SMS continues to be reinforced with the enhancement in digital processes by harnessing the force of big data, enabling the seamless integration across the risk management processes by using Google Cloud Platform. Working closely with all our sister airlines, we continue to leverage on the immense depository of data gathered across all AOCs as we devise and further step-up our safety strategies to support the organisation's growth in the future, particularly as the airline industry recovers from the prolonged impact of the pandemic.

Flight Safety

The flight safety performance of AirAsia X is monitored through a set of Safety Performance Indicators (SPI) obtained from Flight Data Monitoring and Air Safety Reports (ASR). As all AirAsia X aircraft are retrofitted with wireless ground link data transfer, flight data could be transmitted automatically upon landing. From this, any deviation from the limits provided in the Standard Operating Procedures (SOP) could be thoroughly analysed, and where necessary, corrective and/or preventive measures would be implemented.

In ensuring flight safety performance, regular meetings with the Training Department are also held every quarter to ensure that all training issues are identified and subsequently addressed through simulators and recurrent training programmes. Additionally, we also have a Flight Data Analysis Monitoring Team (FMT) with independent line pilots who convene a meeting every month to identify, review, and propose appropriate corrective actions in tandem with the international standards and recommended practices, besides ensuring that the risk level of flight operations deviations are kept to a minimum, below acceptable levels based on the Flight Safety risk register.

Engineering Safety

Aircraft maintenance, i.e., the inspection, repair, replacement, overhaul, the embodiment of modifications in compliance with the Airworthiness Directives and more, makes up the tasks critical in ensuring the Continuous Airworthiness of our fleet for safe operations. Within the Engineering Department, the planning, development and management as well as the continuous improvement for safety are the backbone for the engineering safety segment.

For this purpose, the Engineering Safety Action Group (SAG) - aligned with the other SAGs - holds quarterly meetings to review and resolve all crucial matters; any and all safety concerns are raised and the relevant action plans are subsequently developed, then implemented to correct such concerns, apart from evaluating the effectiveness of the mitigative measures targeted on medium-risk occurrences.

Cabin Safety

An SAG that comprises members of our cabin crew from all ranks serves to assure our cabin safety. The Cabin Crew Department and the Corporate Safety Management Team meet each quarter, during which members have the platform to brainstorm corrective actions on the significant and rising issues pertaining to safety, including but not limited to improvement plans and projects that are targeted to focus the relevant experience and knowledge towards safeguarding the airline’s cabin safety.

Ground Safety

On the other hand, the Ground SAG, comprising of members from the frontline as well as the management team, also has quarterly meetings where grassroot issues are discussed and resolved; any and all safety concerns are raised and the relevant action plans are developed to remedy the concerns. Further, the Ground SAG would also review the effectiveness of all action plans for all medium-risk occurrences during aforementioned quarterly meetings.

Occupational Safety and Health

In terms of the welfare of our Allstars particularly in the area of safety and health, multiple sessions of ergonomic assessments had been held over the period under review for operational Allstars - made possible with the support and help of the great team at our office’s Physio Lab. As a result of these sessions, our Allstars would have gained deeper insight into the practice for correct postures especially when carrying out their day-to-day tasks. Taking this to another level, subsequent physiotherapy sessions were also arranged for Allstars who have been identified to be facing ergonomic-induced strains in their wellbeing.

Emergency Response Plan

AirAsia X's Emergency Response Plan (ERP) has consistently met all strict international standards and is endorsed by the Civil Aviation Authority of Malaysia (CAAM). The carefully-devised procedures and plans are put to test bi-annually through the ERP Table Top Exercises in ensuring that a safe, orderly and timely transition to normal business operations is achievable following any event of emergency.

For instance, in December 2022, an ERP Table Top Exercise code-named "Alpha 22" was executed at the Emergency Operations Centre at RedQ to assess our emergency preparedness and to make sure that the key personnel and their alternates are familiar with the relevant procedures. The said exercise lasted for four hours and simulated an event of aircraft crashing upon landing; we are able to determine then, that there is a good understanding of overall individual roles in times of emergency. Where improvements could be made, fitting measures were then executed accordingly.

Safety Promotion

To make sure that Safety holds towering importance in each and every one of our Allstars at all times so as to ensure the highest level of safety, we recognise that a concerted effort must be made and maintained. Accordingly, safety promotion and awareness programs are regularly organised and circulated through various available channels, such as briefings, dialogues, alerts, drills and focussed workshops. On top of these internal safety promotional engagements, we also nurture enduring relations with the relevant safety groups and organisations, such as the Association of Asia Pacific Airlines Flight Operations Safety Working Group, the Airservices Australia Safety Forum, and the Department of Occupational Safety and Health, allowing AirAsia X to adopt the best practices out there, while also doing our part by sharing our procedures with the industry.

TECHNOLOGY AND INNOVATION

In our 2020/2021 Sustainability Statement, we put forth our commitment to enhance our guests' experience for when international travel could recommence by creating a more efficient and seamless operational backdrop using our vast repository of data.

We presented then the work done for Fast Airport Clearance Experience System (FACES) - a facial recognition system which facilitates a travel experience that is seamless and contactless, effectively reducing the need for guests to show and scan their travel documents, while also complying with the General Data Protection Regulation and certified with Privacy by Design. The deployment of FACES' touchpoints is underway, and we stand ready to welcome the era in the airline ecosystem in which an absolutely contactless experience is natural and given, as we continue our work on the rollouts of FACES to airports we operate in.

On top of FACES, we have also continued on with the work done on the Galaxy Suite and the Ground Command Centre (GCC) Dashboard. Galaxy Suite, with its Departure Control System which houses RedApp, Baggage Tracing, Knowledgebase, Turnaround, Roster Planning and Ground Dashboard, serves as a powerful tool for our Ground Allstars in providing increased autonomy and mobility, and supports all ground operations functions including but not limited to, check-in and verification for guests, remittance for ancillary purchases, intelligence chatbots for ground handling procedures, real-time view on the status of operations in all stations and many more. The GCC Dashboard on the other hand, continues to steer the resource and infrastructure management as well as stakeholder readiness for our Allstars as it grants visibility for Ground Operations' fundamental data that is ready for consumption of various levels of Station Management and Leadership.

This time around, we are pleased to report that as we were gearing up for return to business-as-usual operations, we have also embarked on a number of projects that are aimed towards driving the Company's sustainability agenda, underlined by key principles of doing more with less, advancing digitalisation and reducing wastage of resources. Towards achieving these, we draw the reports to two primary projects we worked on this cycle; Electronic Attestation (E-Attestation) and Digital Trip Files.

E-Attestation

The E-Attestation is the concoction our team put forth in the aim to simplify the existent workstreams pertaining to the establishment and maintenance of the Digital Training Qualification Cards - by automating it into the applicable mobile platforms. With E-Attestation, we aim to replace all paper training records with a full and complete digital solution, in addition to fully integrating crew training information with our flight operations system (a.k.a. AIMS) and enabling all individual crew to view their historical and current training records at all times, even when they were offline. By doing so, not only are we trimming down the unnecessary wastage of resources (e.g., paper records and storage logistics) and ramping up the digitalisation of our records, we are able to provide the most up-to-date training records system.

This system would be one that complies with the regulatory requirements set on flight crew licencing and qualification validity prior to their flights, on top of ensuring that all the training qualifications are at tip top level, as the aviation performance standards would be presented in a consistent manner with virtual access and streamlined recordkeeping manner. More importantly, we will be able to track the level of experience and competency of our pilots and cabin crew, warranting that all our Allstars are always adequately trained to perform their assigned tasks with the highest level of compliance to the requisite operational standards.

Digital Trip Files

Trip Files are a set of documents that our Ground Operations team is required to file once a flight is closed, or once it has arrived; the documents are in general computed through a variety of systems and are overseen by several different departments, depending on the nature of the files. A set of examples for such regulatory documents includes but is not limited to, the General Declaration, the Cargo Manifest, and the Passenger Manifest. In the past, the Trip Files would be printed out, before being filed off in physical folders in accordance to categorisations of month, date and flight number and finally, kept in the designated physical storage space.

To meet the vision of digitising our processes and reducing paper prints, the team established Digital Trip Files - a digital solution that enables soft copies of the Trip Files to be uploaded directly onto an online storage platform with the capabilities to archive the documents, hence providing a backup system that would meet the regulatory requirements for the approval of digital storage of the Trip Files. As mandated by the CAAM, storage of Trip Files is to last for a minimum of five years; with Digital Trip Files, not only did we manage to trim down wastage of printed papers, the Company is also able to manage its storage logistics more efficiently, with the stored digital files easily maintained, verified, and accessed as and when required.

WELFARE AND WELLBEING

We have always committed that our people - whom we refer to as Allstars - and culture are what made us; they are the very core of our existence and have demonstrated the embodiment of the ‘AirAsia DNA’ that brought us through the storms of the past. During the period under review, just as AirAsia X went through an unprecedented restructuring exercise and a sizeable transformation of its overall business strategy with the critical support of our Allstars, we continue to pledge our assurance to invest in our people, both in terms of skills and wellbeing. This serves as a platform to discover and build on internal talents, developing the requisite skills and retaining talents, while ensuring that our people have access to the necessary support system for physical and mental wellbeing, to be at their very best.

Digital Reskilling and Upskilling

The Redbeat Academy was first established in partnership with Google in the quest to upskill and reskill our workforce - both internally and externally - through building data literacy, developing digital mindsets and nurturing a data-driven environment for all. In our last round of reports, a total of 1,186 Allstars had undergone training in Redbeat Academy in areas such as Data Analytics, Digital Marketing and Software Engineering, and we have seen how the digital economy grew at breakneck speed particularly during the pandemic. This time around, while there was a taper down of enrolment on the back of return to normal operations, we continue to see traction in this front, as a total of 675 Allstars continued to enroll in programmes with Redbeat Academy, with focus areas encompassing courses in soft skills, digital and technology as well as leadership.

Allstar Peer Support

Our People and Culture (PAC) Department plays prominent roles in the welfare and wellbeing of our Allstars. In this age where dialogues surrounding mental and emotional wellbeing continue to be at the height of matters, we continue to invest in resources to ensure our people have access to the support they would need, as and when they need it. For this purpose, the Critical Incidents and Stress Management (CISM) team from the Flight Operations Department carried on with the additional role they took on in 2020 to provide peer support services to Allstars across the Company.

The CISM team is made up of pilots and cabin crew who have received the requisite training to handle and manoeuvre the mental and emotional needs for support of co-workers who might have suffered distress onboard while performing their tasks. Advanced training by professionals were then further imparted onto the CISM team for them to continue their support for Allstars from other departments within the Company. All our Allstars seeking help and support are also guaranteed anonymity through mobilisation of chatbots in communications.

Bringing Allstars Back with Us

During the previous reporting period, we have presented that on the back of the pandemic-induced cost containment measures, there had been a considerable scaledown of the number of Allstars on active duty. The Company had then afforded all possible support for the affected Allstars, primarily on assistance with job placements both internally and outside the organisation. As the Company returned to normalcy in its operations, this time around, our aim was geared towards bringing Allstars who were affected back with us, and ensuring that all recurrent training and qualifications are achieved accordingly. For the period under review, we are pleased to report that 39 pilots and 146 cabin crew were back with us as of 31 December 2022, ready to take to the skies again. Today, as we further ramp up our operations, we are also looking forward to welcome back our former Allstars who would like to continue with us.

OPERATIONAL ECO-EFFICIENCY

AirAsia X seeks to comply with the standards under the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), and persistently explores any prospect for voluntary offsetting options for non-CORSIA flights. We maintain a Carbon Dashboard - an in-house tool for the monitoring of fuel burn as well as the computing of carbon dioxide emissions from each and every flight that we operate, which helps us keep track of the effectiveness of the initiatives undertaken thus far.

Acknowledging that commercial airlines are responsible for a notable amount of close to 3% of total global carbon emissions, we have since 2019 embarked on a project that envisions sustainable aviation jet fuel-powered flights in lieu of conventional kerosene jet fuels, with technical support from Airbus SE and Aerospace Malaysia Innovation Centre (AMIC). While this remains a work in progress, we are pleased to report that other steps have been put in place to reduce our fuel burn, hence trimming our carbon footprint.

Fuel Efficiency

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

  When conditions permit, one engine is shut down during taxi-in and taxi-out, saving up to 10kg of fuel per minute. Fuel savings are maximised when an aircraft stays at the tarmac for an extended period of time due to long taxi or parking bay allocation. AirAsia X had previously implemented OET-A for all destinations, and is now proud to present that OET-D has commenced since March 2022; we are now laser-focussed on ensuring that OET-D could be implemented to all our destinations in order to further contribute to reductions in carbon emissions.

- **Electronic Flight Bag (EFB)**

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

- **IDLE factor**

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

- **Fuel savings up until 31 December 2022 for AirAsia X in Malaysia:**

Initiatives	Fuel saved by AirAsia X (kg)
OET-A	83,864
OET-D	19,074
Idle Reverse Landing	84,714
Reduced Flaps Landing	35,596
Packs Off Takeoff	12,368

Carbon Emissions

As mentioned above, we have committed to compliance with CORSIA and we reiterate our commitment to offset our emissions to achieve carbon neutral growth. With the hibernation of our primary operations, between January 2020 - July 2021, AirAsia X's CO_2 emissions dropped to 459,555 tonnes as compared to 1,997,551 tonnes reported in the previous reporting period. For the current reporting period, AirAsia X's CO_2 emissions stood at 282,081 tonnes as of 31 December 2022, on the back of its return to scheduled flights operations after an extended period of hibernation. As per prior years, we continue to emphasise on preserving a healthy environment via concerted efforts to better manage our waste and minimise the use of natural resources.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**Board**") of AirAsia X Berhad ("**AAX**" or "**the Company**") presents this Corporate Governance Overview Statement to provide shareholders and investors with an overview of the corporate governance practices of the Company under the leadership of the Board for the financial period ended 31 December 2022 ("**FPE 31 December 2022**"). In building a sustainable business for a leading mid-range low-cost airline, operating primarily in the Asia-Pacific region, the Board is mindful of its accountability towards its shareholders and various stakeholders. The Board and Senior Management are committed to providing effective leadership and promoting uncompromising ethical standards in the organisation, and towards ensuring excellence in its corporate governance standards and practices throughout the Company, to which the explanations on each application of the recommended practices are disclosed in the Company's Corporate Governance Report 2022 ("**CG Report 2022**").

This statement is prepared in compliance with Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), and it is to be read together with the CG Report 2022 which is available on the Company's website at http://www.airasiax.com. The CG Report 2022 provides the details on how the Company has applied each Practice as set out in the Malaysian Code on Corporate Governance ("**MCCG**") during the FPE 31 December 2022.

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

(a) board leadership and effectiveness;
(b) effective audit and risk management; and
(c) integrity in corporate reporting and meaningful relationship with stakeholders.

PRINCIPLE A
BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Responsibilities

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

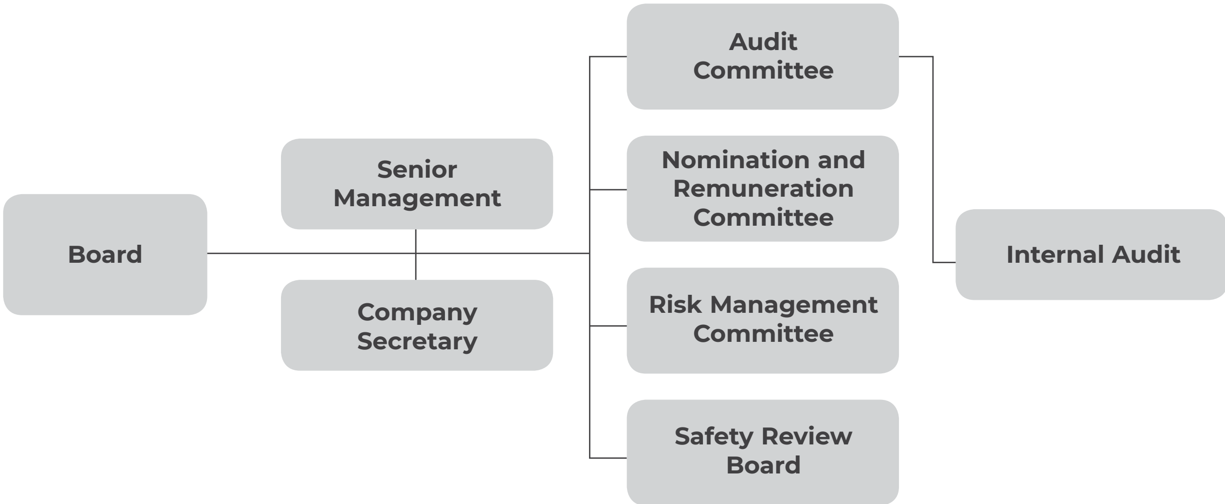
Directors have independent access to the advice and dedicated support services of the Company Secretary (who is legally qualified to act as Company Secretary under the Companies Act 2016) to ensure effective functioning of the Board. The Directors may seek advice from Senior Management on issues pertaining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

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

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

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

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



i) Board

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

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

ii) Senior Management

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

GCEO

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

CEO

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

iii) Company Secretary

The Board is supported by a qualified and competent Company Secretary to provide sound governance advice, ensure adherence to Board policies, rules and procedures, and advocate adoption of corporate governance best practices. The Directors always have access to the advice and services of the Company Secretary, especially relating to procedural and regulatory requirements such as company and securities laws and regulations, governance matters and MMLR.

iv) Audit Committee ("AC")

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

v) Nomination and Remuneration Committee ("NRC")

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

vi) Risk Management Committee ("RMC")

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

vii) Safety Review Board ("SRB")

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

The members of the Board and its Committees have discharged their roles and responsibilities in respect of the FPE 31 December 2022, through their attendance at the meetings of the Company as set out in the table below:-

Directors	Board	AC	NRC	RMC	SRB
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin *(Independent Non-Executive Chairman)* *- Appointed on 27 June 2022*	2/2	2/2^		-	2/2
Datuk Kamarudin bin Meranun *(Non-Independent Non-Executive Director)*	9/11				-
Tan Sri Asmat bin Kamaludin *(Independent Non-Executive Director)*	11/11	6/7	1/1		
Dato' Fam Lee Ee *(Non-Independent Non-Executive Director)*	11/11		3/3	2/2	6/6
Ahmad Al Farouk bin Ahmad Kamal *(Independent Non-Executive Director)* *- Appointed on 22 June 2022*	2/2	2/2			
Chin Min Ming *(Independent Non-Executive Director)* *- Appointed on 1 December 2022*	-	-			
Board members who ceased their services during the financial period					
Dato' Yusli bin Mohamed Yusoff *- Demised (10 March 2022)*	6/6	4/4	-	1/1	
Tan Sri Rafidah Aziz *- Resigned with effect from 1 July 2022*	6/9		2/2	2/2	4/4
Dato' Lim Kian Onn *- Resigned with effect from 10 June 2022*	8/8	5/5			
Tan Sri Anthony Francis Fernandes *- Resigned with effect from 31 October 2022*	9/10				

Note:

^ *Stepped down as member of AC with effect from 31 December 2022*

2. Board Composition

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

The profile of each Director can be found on pages 4 to 7 of the Annual Report 2022. The Company's diverse Board includes and makes good use of differences in skills, regional and industry experience, background, race, gender, ethnicity, age and other attributes of the Directors. The Company currently has one (1) woman director on the Board. Due to the potential restructuring exercise and the financial position of the Company, the Board is taking a cautious approach in expanding its composition. The Board would consider appointing additional Directors should the need arise.

An Independent Director may remain as Independent Director after serving a cumulative term of nine (9) years, provided that the Board recommends this upon concrete justification and after seeking its shareholders' approval at a general meeting. The Company has adopted the two-tier voting process in its Constitution for retention of any Independent Directors who have served for more than 12 years in that capacity. The Constitution of the Company provides that at least one-third of the Directors are subject to retirement by rotation at every Annual General Meeting ("AGM") such that each Director shall retire from office once in every three (3) years and are eligible to offer themselves for re-election. The Constitution also provides that a Director who is appointed during the year shall be subject to re-election at the next AGM to be held following his appointment. The names of the Directors seeking for the re-election at the forthcoming AGM are disclosed in the Notice of AGM dated 28 April 2023.

3. Nomination and Remuneration Committee

The NRC comprised of two (2) Non-Executive Directors as at 31 December 2022, with one (1) of them being an Independent Director. This is due to the resignation of Tan Sri Rafidah Aziz as the Chairman of the Board and the demise of Dato' Yusli bin Mohamed Yusoff, both occurring during FPE 31 December 2022. Tan Sri Asmat bin Kamaludin, an Independent Non-Executive Director, is the Chairman of the NRC, and the other member is Dato' Fam Lee Ee. The Terms of Reference of the NRC are available for reference at http://www.airasiax.com.

In respect of the FPE 31 December 2022, the following activities were undertaken by the NRC:-

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

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

(c) Review of fees and benefits payable to Non-Executive Directors and Key Senior Management.

(d) Review of the composition of the Board and its Committees.

4. Board Effectiveness Evaluation

The Board had conducted an evaluation in October 2021. As the majority of the Board members are fairly new, the Board had conducted another assessment on the performance of the Board as a whole, Board Committees, and individual Directors in the beginning of the year 2023. The Chairman of the NRC oversaw the overall evaluation process while the responses were reviewed and analysed by the NRC before the assessment was tabled and communicated to the Board. During the assessment, each Director was assessed whether he/she was able to contribute to the discussions at the Board and Board Committee meetings. Overall, the Board was satisfied with the commitment of the Directors and the time contributed by each of them.

5. Professional Development of Directors

In line with Paragraph 15.08 of the MMLR, the Directors recognise the importance and value of continuous professional development to keep themselves abreast with the changes in the aviation industry, as well as new statutory and regulatory requirements. The Directors attended and participated in training programmes, conferences and seminars that covered the areas of corporate governance, finance, global business developments and relevant industry updates, which enable them to discharge their duties effectively. The details of training programmes, conferences and seminars attended by the Directors during the FPE 31 December 2022 are outlined below:

Names	Programmes
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin *(Independent Non-Executive Chairman)*	• Anti-Money Laundering Act / Countering Financing of Terrorism, 6 August 2021 & 9 September 2022 • Shariah Governance, 9 August 2021 • IFRS Briefing, 23 August 2021 • ESG Briefing, 18 October 2021 & 22 June 2022 • Cyber Security Briefing, 13 January 2022 • CIMA Final Level Paper (Strategic Case Study), 23 February 2022 • Digital Transformation, 26 July 2022 • Tuanku Muhriz Lecture – Prof Dr H Susilo Bambang Yuhoyono, 16 August 2022 • Sharia Training - What does Sharia mean for Financial Institutions, 19 October 2022 • Cyber Security Awareness, 16 November 2022 • Tower Xchange Conference 2022, 29 & 30 November 2022 • Tabung Haji Knowledge Sharing Workshop Investment Management and Monitoring Framework, 19 December 2022
Datuk Kamarudin bin Meranun *(Non-Independent Non-Executive Director)*	• Capital A Quarterly Leadership Forum, 21 January 2022 • Briefing on Macroeconomic Outlook and Impact by Evercore Asia (Singapore) Pte Ltd organised by Capital A, 26 May 2022 and 26 August 2022 • Capital A Quarterly Leadership Forum, 27 May 2022 • Capital A Quarterly Leadership Forum, 1 December 2022
Tan Sri Asmat bin Kamaludin *(Independent Non-Executive Director)*	• Paperless Meeting for BOD Online Convene Training, 24 November 2021 • An Effective Holistic Approach to Establishing Effectiveness, 6 April 2022 • Training on Successful Implementation on the 4ESG Pillar, 11 April 2022

Names	Programmes
Dato' Fam Lee Ee *(Non-Independent Non-Executive Director)*	• Bursa Malaysia - TCFD Climate Disclosure Training Programme, 2 March 2022 and 9 March 2022 • Malaysia-China (Guangxi) Investment Forum & The 10th Anniversary of the Establishment of China-Malaysia "Two Countries, Twin Parks": Sharing Opportunities of the RCEP Implementation, Forging Cross-Border Industrial Chains organized by MITI, 26 April 2022 • Briefing on Macroeconomic Outlook and Impact by Evercore Asia (Singapore) Pte Ltd organised by Capital A, 26 May 2022 and 26 August 2022 • World Digital Economy & Technology Summit 2022 organised by KSI, 1 July 2022 • Malaysia-China 48th Anniversary Diplomatic Relations conference & dinner organised by MCBC, 12 July 2022 • "Cyber Security: What Directors need to know" webinar organised by MSWG, 14 July 2022 • Economic Dialogue between MOF & Chinese Industrial Leaders organised by The Federation of Hokkien Association, 26 July 2022 • ICAO Conference in Montreal, Canada, 27 September 2022 to 5 October 2022 • MSWG WEBINAR on "Fraud Prevention and Detection", 8 November 2022 • Survey on Directors & Senior Management Remuneration Practice conducted by Bursa Malaysia in collaboration with ICDM • Capital A Quarterly Leadership Forum: Sustainability on 1 December 2022
Ahmad Al Farouk bin Ahmad Kamal *(Independent Non-Executive Director)*	• MIDF 2022 Market Outlook Presentation, 5 January 2022 • CS Malaysia Economic Outlook, 5 January 2022 • CS ASEAN Tourism: How to gauge the pace of recovery?, 5 January 2022 • RHB 1Q2022 Malaysia Strategy : Always Darkest Before Dawn, 11 January 2022 • MIDF Conversations with Nadiah Wan, GCEO of TMC Life Sciences and CEO of Thomson Hospital, 13 January 2022 • UBS Penang Tech Tour, 19 to 21 January 2022 • UJSB Investment Outlook Session, 7 February 2022 • Updates on Malaysia Tax – Ms Jennifer Chang, PwC Malaysia, 22 February 2022 • John Pitzer – 2022 Semiconductor Outlook, 24 February 2022 • CS Global Head of Short-term Interest Rate strategy - Zoltan Pozsar - Implications of taking Russia off SWIFT, 4 March 2022

Names	Programmes
Ahmad Al Farouk bin Ahmad Kamal (cont'd.) *(Independent Non-Executive Director)*	• MIDF Green Conference 2022, 9 March 2022 • CS Group Call : Russian-Ukraine conflict - Implications for APAC markets and energy demand, 11 March 2022 • CS Conference Call with Dan Fineman – What the latest events in Ukraine mean for Asia, 15 March 2022 • CS AIC Conference, 21 to 24 March 2022 • Integrating ESG Scores Into Valuations : The Nuts & Bolts Of Our Proprietary Approach, 22 March 2022 • Presentation on ESG and its methodology, 24 March 2022 • CLSA - Intro to ESG, 24 March 2022 • RHB Investor Conference - Deciphering GE15, A Market Catalyst or Dampener, 28 April 2022 • Franklin Templeton Virtual Attachment Training Program, 24 to 30 May 2022 • Invest ASEAN 2022: Framing A Future, 8 to 9 June 2022 • Client Training Programme 2022 | Malaysia Equity Investing by Affin Hwang AM & AIIMAN, 1 to 2 August 2022 • CIMB The Cooler Earth Sustainability Summit 2022, 20 to 23 September 2022 • Franklin Templeton 2022 Institutional Client Program - San Francisco, 24 to 27 October 2022
Chin Min Ming *(Independent Non-Executive Director)*	• The Net Zero Journey: What Board Members Need to Know, 13 July 2021, 11 September 2021 & 18 November 2021 • Web 3.0 Knowledge Certificate in Financial Services, November 2021 • The Board Series – Real World Strategies for Board Members & C-Suite Executives, 24 March 2022 & 26 April 2022 • Capital Market Director Programme (CMDP), Modules 1, 2A, 3 & 4, May 2022 • Addressing, Preventing & Eliminating Forced Labour in the Rubber Industry in Malaysia (ILO), 11 August 2022 • Integrating ESG into Strategy & Finance, 17 October 2022 • Bursa Malaysia's Enhanced Sustainability Reporting Framework, 12 December 2022

6. Remuneration

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

The following table shows the remuneration details of the Directors of the Company during the FPE 31 December 2022:-

Directors	Fees (RM)	Other Fees (RM)	Salaries (RM)	Bonuses (RM)	Allowance (RM)	Total (RM)	Remarks
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin *(Independent Non-Executive Chairman) Appointed on 27 June 2022*	88,355	-	-	-	6,000	94,355	Amount paid in 2022 – RM85,688 Amount paid in January 2023 – RM8,667
Datuk Kamarudin bin Meranun *(Non-Independent Non-Executive Director)*	94,500	-	-	-	8,500	103,000	Amount paid in 2021 – RM2,500 Amount paid in 2022 – RM80,500 Amount to be paid in 2023 – RM20,000**
Tan Sri Asmat bin Kamaludin *(Independent Non-Executive Director)*	132,047	-	-	-	16,500	148,547	Amount paid in 2021 – 4,500 Amount paid in 2022 – RM97,385 Amount to be paid in 2023 – 46,662**
Dato' Fam Lee Ee *(Non-Independent Non-Executive Director)*	162,500	-	-	-	21,000	183,500	Amount paid in 2021 – RM6,000 Amount paid in 2022 – RM121,500 Amount to be paid in 2023 – RM56,000**
Ahmad Al Farouk bin Ahmad Kamal *(Independent Non-Executive Director) Appointed on 22 June 2022*	44,416	-	-	-	4,000	48,416	Amount paid in 2022 – RM44,416 Amount paid in January 2023 – RM4,000
Chin Min Ming *(Independent Non-Executive Director) Appointed on 1 December 2022*	6,333	-	-	-	-	6,333	Amount paid in 2022 – RM6,333
Board members who ceased their services during the financial period							
Dato' Yusli bin Mohamed Yusoff *Demised (10 March 2022)*	101,500	-	-	-	10,500	112,000	Amount paid in 2021 – RM6,500 Amount paid in 2022 – RM105,500
Tan Sri Rafidah Aziz *Resigned with effect from 1 July 2022*	229,500	-	-	-	12,000	241,500	Amount paid in 2021 – RM6,000 Amount paid in 2022 – RM235,500
Dato' Lim Kian Onn *Resigned with effect from 10 June 2022*	85,500	-	-	-	12,000	97,500	Amount paid in 2021 – RM5,000 Amount paid in 2022 – RM92,500

Directors	Fees (RM)	Other Fees (RM)	Salaries (RM)	Bonuses (RM)	Allowance (RM)	Total (RM)	Remarks
Tan Sri Anthony Francis Fernandes *Resigned with effect from 31 October 2022*	75,833	-	-	-	8,500	84,333	Amount paid in 2021 – RM2,500 Amount paid in 2022 – RM63,500 Amount paid in January 2023 – RM18,333

Notes:-

** *Prior to the change of financial year end to 31 December 2022 as announced by AAX on 18 August 2022, Directors' remuneration was pro-rated from July to June of the subsequent year as the previous financial year end before the change was fixed on 30 June. This is only applicable to Directors who joined the Company prior to financial year ended 30 June 2021.*

- *Non-Executive Directors' Fees – Chairman (RM165,000 per annum), Members (RM65,000 per annum)*
- *Audit Committee Fees – Chairman (RM40,000 per annum), Members (RM30,000 per annum)*
- *Other Board Committees' Fees – Chairman (RM30,000 per annum), Members (RM20,000 per annum)*
- *Board/Board Committees' Meeting Allowance – RM1,000 per attendance*

7. Limits of Authority

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

PRINCIPLE B
EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit Committee

The AC comprises three (3) Independent Non-Executive Directors. It is chaired by Encik Ahmad Al Farouk bin Ahmad Kamal, who is an Independent Non-Executive Director, and he is not the Chairman of the Board. The Company has a policy which requires a former key audit partner to observe a cooling off period of at least two (2) years before being appointed as a member of the AC. During the FPE 31 December 2022, no member of the AC was a former key audit partner.

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

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

The Board is satisfied that the Chairman and members of the AC have discharged their responsibilities effectively. The AC's report is set out on pages 44 to 46 of the Annual Report 2022.

2. Risk Management Committee

The RMC of the Company comprised of two (2) Non-Executive Directors as at 31 December 2022 with one (1) of them being an Independent Director. This is due to the resignation of Tan Sri Rafidah Aziz as the Chairman of the Board and the demise of Dato' Yusli bin Mohamed Yusoff, both occurring during FPE 31 December 2022. 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, compliance and information security risks
- To develop and inculcate a risk awareness culture within the Group

The ERM framework standardise the process of identifying, evaluating and managing risks faced by the Group for FPE 31 December 2022.

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

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

The Statement on Risk Management and Internal Control is set out on pages 35 to 43 of the Annual Report 2022.

PRINCIPLE C
INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. Effective Communication with Shareholders and Investors

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

2. Annual General Meeting

The AGM is another important forum for interaction with this group of stakeholders. All shareholders will be notified of the meeting and provided with a digital copy of the Annual Report at least 28 days before the meeting. At the 15th AGM of the Company held on 7 December 2021, all members of the Board were present to respond to questions raised by the members of the meeting. The voting process at the 15th AGM was conducted through an electronic poll voting system and scrutinised by an independent scrutineer. The Company will continue to leverage technology to enhance the quality of its shareholder engagement and facilitate further participation by shareholders at the Company's AGMs.

This Corporate Governance Overview Statement was approved by the Board of the Company on 27 April 2023.

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 Securities**") as well as the Malaysian Code on Corporate Governance released by the Securities Commission Malaysia. The following statement outlines the nature and scope of Group's internal controls and risk management framework for the 18-month financial period ended ("**FPE**") 31 December 2022.

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 three (3) Independent Non-Executive Directors. The AC Report is disclosed on pages 44 to 46 of this Annual Report.

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

RISK MANAGEMENT COMMITTEE

The Board has delegated the governance of the Group's risk to the Risk Management Committee ("**RMC**"). The RMC of the Company comprised two (2) Non-Executive Directors as at 31 December 2022 with one (1) of them being an Independent Director. This is due to the resignation of Tan Sri Rafidah Aziz as the Chairman of the Board and the demise of Dato' Yusli bin Mohamed Yusoff, both occurring during FPE 31 December 2022.

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, compliance and information security risks
- To develop and inculcate a risk awareness culture within the Group

The duties and responsibilities of the RMC are set out in its Terms of Reference which is available on AAX's corporate website at http://www.airasiax.com/misc/RMC_Terms_of_Reference_2023.pdf

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

MANAGEMENT

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

RISK MANAGEMENT DEPARTMENT

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

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

INTERNAL AUDIT DEPARTMENT ("IAD")

The IAD regularly reviews AAX's systems of internal controls and evaluates the adequacy and effectiveness of the controls, risk management and governance processes implemented by the 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 45 to 46 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 FPE 31 December 2022.

The ERM framework covers the following key features:

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

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

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

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

RISK MANAGEMENT INITIATIVES

The key risk management activities carried out in the first few quarters of the FPE was on assessing, monitoring and tracking the progress of risk mitigation actions for the COVID-19 pandemic associated risks and adverse impact of different variants which continued to have negative effect on the Group's financials and operations. At the same time, there has also been focus and effort in identifying and developing mitigation plans to address risks and challenges which could potentially threaten to slow down the Group's recovery process and its resumption of operations as international border restriction gradually eased in early 2022.

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

RISK	MITIGATION
STRATEGIC RISK	
Political and Environmental Uncertainty - Political instability, market downturn and natural disasters, health epidemics or other events outside of the Group's control in countries that AAX operates could affect demand for flights or operations to destinations	The Group mitigates this risk through environmental scanning and information dissemination which include monthly market profit reviews and response e.g., launching of low-fare promotions in periods of low demand, fleet reallocation, and capacity management. Responding to the impact of the COVID-19 pandemic on international travel demand, AAX diversified its focus to include cargo and charter 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, focusing on the most popular historically proven routes and expanding into greenfield markets to achieve "first entrant" incentives e.g., lower airport charges and strong time slots to deliver competition and secure market share by adding frequencies where there is solid demand and by offering competitive fares on routes through dynamic pricing.
Reputation and Branding - Reputational damage stemming from adverse media publicity or social networks that serve as platforms for airing consumer grievances or anti-organisation campaigns	AAX mitigates this risk by conducting ongoing real time media monitoring, social media monitoring and customer sentiment monitoring to enable quick action and response to all stakeholder communication channels. A dedicated AAX team is established to ensure necessary and effective response to mitigate any potential brand and reputational threat.

RISK	MITIGATION
OPERATIONAL RISK	
System Outages - Outages of mission-critical systems required for continuity of flight operations and revenue channels which may result in significant losses	AAX mitigates this risk by developing, implementing and testing systems-specific backup and failovers to reduce the impact of system outages and ensure that the business continues to run in the event of a critical system outage.
Value Chain Disruption - Failure in airport services such as airport fuelling systems, baggage handling systems or customs, immigration and quarantine processing may lead to significant delays and business disruption	AAX mitigates this risk by monitoring and communicating any potential service disruption to service providers to prevent or ensure minimal disruption to operations. AAX has also created and tested incident-specific business continuity plans for its main hubs while partnering closely with airport operators and authorities. BCP is in place for AAX to utilise KLIA Airport in the event there are major disruptions in Kuala Lumpur International Airport (KLIA Terminal 2). At present AAX is able to utilise KLIA with all system functions.
Cyber Threats - Cyber security risk arising from heavy focus on online sales channels, guest feedback, help channels and other digital solutions	The Group has a dedicated information security team that focuses on detecting, containing and remediating cyber threats, headed by Group Chief Information Security Officer (CISO). The Group has adopted the ISO/IEC 27001 Information Security Standard for overall framework for Information Security Management System. Further, systems related to the handling of card payments are subject to the Payment Card Industry Data Security Standard (PCI DSS). Group Information Security is responsible for establishing information security objectives and requirements, and ensuring company-wide compliance to the published information security policies, procedures, and guidelines. This group defines and implements the Data Governance Policy which outlines the roles and responsibility of information management based on classifications. Group Information Security is responsible for ensuring risk mitigation and control processes for security incidents are implemented as required. Security controls are ensured to be adequate and regularly tested. Group Information Security also designs and conducts the Information Security Awareness Training for Allstars.

RISK	MITIGATION
OPERATIONAL RISK (Cont'd)	
Safety Threats - Increasing exposure to operational safety hazards and risks as AAX grows its routes, flights and passenger volume	AAX Safety Review Board ("**SRB**") oversees safety performance, through quarterly meetings, 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, ongoing safety risk analysis and enhanced data capture, safety procedures have been made more efficient and accurate to improve risk identification and mitigation. AAX's Corporate Safety Department 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 Corporate Safety Department is also subject to routine mandatory audits by local civil aviation authorities which issue operating licences 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 as the global benchmark for upholding the highest safety standards at all times. Since the start of the COVID-19 pandemic, the Group has implemented a series of precautionary measures to safeguard the health and safety of AAX's customers and employees, while ensuring strict compliance with civil aviation and public health directives.
FINANCIAL RISK	
Financial Risk - The Group's airline operations carry certain financial risks, including the effects of changes in jet fuel prices, foreign currency exchange rates, interest rates and the market value of financial investments, credit risks as well as liquidity risk.	The Group's Financial Management policies and mitigation procedures moderate the effects of such volatility on its financial performance: Fuel Price risk - The Group mitigates this risk by actively monitoring and managing its exposure to fuel price volatility through various hedging strategies. Foreign currency risk - 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 arrangement and settlements. Liquidity and cash flow risks - The impact of the COVID-19 pandemic on The Group's liquidity and cash flow was mitigated by the completion of the Group's Debt Restructuring Scheme on 16 March 2022, and implementation of its Turnaround Plan as disclosed in [Note 45] to the financial statement.

RISK	MITIGATION
FINANCIAL RISK (Cont'd)	
	Further details of the Group Financial Management Policies are in notes to financial statements, Note [x] and Note [x] Financial Risk Management Policies on page [x] and [x] respectively.
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.
Anti-Bribery and Anti-Corruption Regulatory Requirements Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) puts all Management and the Board of Directors to be held accountable and responsible for any act of bribery and corruption with the organisation in any jurisdiction that it has business operations.	The Group has put in place Anti-Bribery and Anti-Corruption Policy, which has been disseminated to all internal personnel and to all external parties that conduct business transactions with the Group. All internal personnel would need to acknowledge their awareness of this policy. The policy is available on AAX's corporate website: http://www.airasiax.com/misc/AAX_ABAC_Policy.pdf
SUSTAINABILITY RISK	
Sustainability Risk - Economic, environmental and social impact that, if not managed, may adversely affect the Group	AAX ensures compliance with all 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 24 to 34 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**"), the Chief Executive Officer ("**CEO**"), Chief Financial Officer ("**CFO**")/Financial Controller and Heads of Department.

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

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

Culture

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

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

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

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

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

Segregation of Duties

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

Internal Policies and Procedures

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

Financial Budgets

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

Human Resource Management

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

Limits of Authority

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

Insurance

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

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

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

Information Security

The Information Security team and Chief Information Security Officer (CISO) are the process owners of all assurance activities related to Confidentiality, Integrity, and Availability of the company, employee, customer, business partners, and the business information; in compliance with the company's objectives and establishing the information security policy for the entire group. The Information Security team and CISO work with executive management to establish, implement, and maintain information security management programmes to ensure information assets are adequately protected.

Information Security: Creates an environment that helps protect information resources and users from threats that could compromise privacy, productivity, reputation and intellectual property rights.

Data Governance: Outlines how business activity monitoring should be carried out to ensure organisational data is accurate, consistent and protected. Defines the roles and responsibilities for information management. Specifies procedures to be used in managing different types of data.

Access Control: Outlines access controls across the Group's networks, information systems and services to provide authorised, granular, auditable and appropriate user access, and to ensure appropriate preservation of data confidentiality, integrity and availability. Protects the interests of all authorised users of the Group's information systems, as well as data provided by third parties, by creating a safe, secure and accessible environment in which to work.

Server, Database and Networks: Establish rules and procedures for hardening servers, database and network equipment to: a) create a security baseline for all servers, database and network equipment across the Group; b) minimise server and IT-related risks; c) comply with regulatory requirements.

Information Security Testing: Give assurance of the adequacy of security controls by coordinating security reviews through vulnerability assessment and penetration testing (VAPT) of the Group's IT infrastructure, network and web applications.

Information Security Detection and Incident Response: Ensures operations recover quickly from information security incidents, minimising loss of information and disruption of services. Protects the Group's reputation and minimises loss of credibility among customers. Provides technical guidelines on responding to incidents effectively and efficiently.

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

This statement is in accordance with the resolution of the Board of Directors of AAX on 27 April 2023.

AUDIT COMMITTEE ("AC") REPORT

This report outlines the activities of the AC of AirAsia X Berhad ("**AAX**" or "**the Company**") for the 18-month financial period ended ("**FPE**") 31 December 2022.

This report has been reviewed by the AC and approved by the Board of Directors ("**the Board**") of AAX on 17 April 2023 and 27 April 2023, respectively, 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) Independent Non-Executive Directors, including the Chairman and none of them are an alternate director. The Chairman of the AC, Encik Ahmad Al Farouk bin Ahmad Kamal is appointed by the Board and is not the Chairman of the Board. He holds a Bachelor of Science in Economics and a Master of Science in Finance and Economics. Further, he has more than 19 years of experience in the finance and banking sector. Therefore the Company meets the Para 15.09(1)(c)(i) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**MMLR**").

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

B. Attendance of Meetings

A total of seven meetings were held during the FPE 31 December 2022 with full attendance by all AC members.

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

C. Activities of the AC for FPE 31 December 2022

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 FPE 31 December 2022 is as set out below:

Financial Reporting

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

External Audit

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

Internal Audit

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

Related Party Transactions

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

Annual Report

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

D. Internal Audit Function and Summary of Work

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

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

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

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

The audit reviews conducted during FPE were based on a risk-based Internal Audit Plan approved by the AC. The main focus of the internal audit activities during the FPE was on new and/or elevated risks as a result of COVID-19 pandemic, and auditable areas that were critical to the Group's business recovery and resumption of its operation, such as cost containment, cash flow management, receivables recovery and cargo revenue.

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

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

Total operational costs of the IAD for the FPE 31 December 2022 were RM694,695.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the financial period ended 31 December 2022 ("**FPE 31 December 2022**") for AirAsia X Berhad ("**the Company**").

1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSAL

There were no proceeds raised by the Company from any corporate proposals during FPE 31 December 2022.

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

There were no material contracts entered into by the Company and its subsidiaries involving directors' and major shareholders' interests still subsisting at the end of the FPE 31 December 2022.

3. AUDIT AND NON-AUDIT FEES

The audit and non-audit fees of the Company and its Group as below are also disclosed in the Audited Financial Statements set out under Note 9 to the Financial Statements on page 102 of this Annual Report:-

Audit Fees	**Group RM'000**	**Company RM'000**
Audit fees paid to the External Auditors for the FPE 31 December 2022	735	680

Non-Audit Fees	**Group RM'000**	**Company RM'000**
Non-audit fees paid to the External Auditors for the FPE 31 December 2022 in connection with advisory related work	-	-

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

At the Extraordinary General Meeting ("**EGM**") held on 13 September 2022, the Company had obtained a shareholders' mandate to allow the Company to enter into recurrent related party transactions of a revenue or trading nature ("**RRPT**").

ADDITIONAL COMPLIANCE INFORMATION

Pursuant to paragraph 10.09(2)(b) and paragraph 3.1.5 of Practice Note 12 of the MMLR of Bursa Securities, details of the RRPT entered into during the FPE 31 December 2022 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** 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 Anthony Francis Fernandes ("Tan Sri Tony Fernandes") Datuk Kamarudin	RM1,657,513
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	**Interested Directors** Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	RM1,981,292

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual value
EXPENSE (Cont'd)				
		– 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		
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** Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	NIL
4.	BIGLIFE Sdn. Bhd. (Company No.: 201001040731) (924656-U) ("BIGLIFE")	Purchase of loyalty points from BIGLIFE, which operates and manages a loyalty program branded as the BIG Loyalty Program.	**Interested Directors** Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	NIL

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual value
EXPENSE (Cont'd)				
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** Datuk Kamarudin **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	RM938,855
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; (d) Sourcing and procurement operation support services; (e) Information Security; (f) Customer Happiness; and Operational Quality Assurance	**Interested Directors** Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	RM2,661,775
7.	Ormond Lifestyle Services Sdn. Bhd. (Company No.: 201601003986) (1174912-W)	Provision of food catering and hospitality services.	**Interested Directors** Datuk Kamarudin **Interested Major Shareholders** Tan Sri Tony Fernandes Datuk Kamarudin	RM812,101

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual value
EXPENSE (Cont'd)				
8.	Ground Team Red Sdn. Bhd. (Company No.: 200701042697) (800730-V) ("GTR")	Provision of ground handling services at airports.	**Interested Directors** Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	RM5,729,696
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** Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	CNY216,000 (RM78,540)
10.	AirAsia Com Travel Sdn. Bhd. (Company No.: 201301020508) (1050338-A) ("AirAsia Com")	Appointment of AirAsia Com as preferred agent for flight and ancillary on airasia.com website and applications, where AirAsia Com will provide platform development, technology maintenance, branding, digital marketing on flights promotion through online platform, and providing revenue and sales relevant reports and dashboard to AAX.	**Interested Directors** Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	RM19,594,770

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual value
EXPENSE (Cont'd)				
11.	AirAsia Digital Engineering Sdn. Bhd. (Company No. 202001010462) (1366782-X) ("ADE")	Provision of resources to ensure the smooth operations of aircraft maintenance which include manpower, tooling and store.	**Interested Directors** Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	RM9,950,815
12.	Santan Restaurant Sdn Bhd (Company No.: 201401017641) (1093728-T) ("Santan")	Provision on inflight food, beverage, merchandise and duty free products and services to AAX flights.	**Interested Directors** Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	RM2,413,344
13.	Ikhlas Com Travel Sdn. Bhd. (Company No. 201801010997) (1273013-P) ("Ikhlas")	Provision of sales and distribution services for seats sold in Saudi Arabia routes.	**Interested Directors** Datuk Kamarudin Dato' Fam **Interested Major Shareholders** Tan Sri Tony Fernandes Datuk Kamarudin	RM2,608,834

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual value
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** Datuk Kamarudin **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	RM312,952
2.	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** Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	RM73,314
3.	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** Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	NIL

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual value
REVENUE / INCOME (Cont'd)				
4.	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** Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	RM236,977
5.	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** Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	RM26,981
6.	Teleport Everywhere Pte. Ltd. (Company No.: 201916239W) ("Teleport Everywhere")	Novation of the Master General Cargo Sales Agent cum Management Services Agreement entered into between AAX and Teleport Malaysia on 27 June 2018, for Teleport Malaysia to purchase cargo transportation capacity on routes operated by AAX, to Teleport Everywhere.	**Interested Directors** Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	USD16,313,641 (RM72,758,851)
7.	Ikhlas	Engagement with IKHLAS as a travel agent for sale of routes that AAX is operating, except for Jeddah and Madinah.	**Interested Directors** Datuk Kamarudin Dato' Fam **Interested Major Shareholders** Tan Sri Tony Fernandes Datuk Kamarudin	NIL

No.	Transacting Parties	Nature of RRPT	Class and relationship of the Related Parties	Actual value
REVENUE / INCOME (Cont'd)				
8.	AirAsia	In order to improve efficiency of the parties, wet lease arrangements are to utilise the excess aircraft of AAX for AirAsia to operate those high demand routes by using A330s with a seat capacity of 377, with the same flight frequency.	**Interested Directors** Datuk Kamarudin Dato' Fam **Interested Major Shareholders** AirAsia Tune Group Tan Sri Tony Fernandes Datuk Kamarudin	-

The shareholdings of the interested Directors and interested Major Shareholders in our Company as at 31 December 2022 are as follows:

	Direct		Indirect	
	No. of Shares	**%**	**No. of Shares**	**%**
Interested Directors				
Datuk Kamarudin	37,070,993	8.94	131,033,136 [(1)]	31.59
Dato' Fam	-	-	-	-
Interested Major Shareholders				
AirAsia	57,072,850	13.76	-	-
Tune Group	73,960,286	17.83	-	-
Tan Sri Tony Fernandes	11,158,722	2.69	131,033,136 [(1)]	31.59
Datuk Kamarudin	37,070,993	8.94	131,033,136 [(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.

Please refer to the notes of Section 2.3 of the Circulars to Shareholders dated 28 April 2023 on the directorships and shareholdings of the interested Directors and interested Major Shareholders in the transacting parties as stated above.

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial period ended 31 December 2022.

Principal activities

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

The Company has temporarily grounded most of its fleet across the network in 2021 due to the COVID-19 pandemic and resumed its operations in July 2022.

The principal activities of the subsidiaries, an associate and a joint venture companies are disclosed in Notes 20, 21 and 22 to the financial statements.

Change of financial year end

During the financial period, the Group and the Company changed its financial year end from 30 June to 31 December. Accordingly, the current financial period covers a period of 18 months, from 1 July 2021 to 31 December 2022. Consequently, the comparative amounts for the statements of comprehensive income, statements of changes in equity, statements of cash flows and related notes to the financial statements are comparable.

Financial results

	Group	Company
	RM'000	RM'000
Profit for the financial period, representing profit attributable to owners of the Company	**33,505,856**	**33,600,557**

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature except for the effects arising from the Debt Restructuring exercise as disclosed in Note 45(a) to the financial statements.

Share capital

On 24 January 2022, the High Court of Malaya approved the petition by the Company to reduce its share capital pursuant to Section 116 of the Companies Act 2016 in Malaysia from RM1,534,043,652 to RM1,534,043 comprising 4,148,149,102 ordinary shares of RM0.00037 per share.

On 14 February 2022, the Company announced the completion of the consolidation of 10 existing shares in the Company into 1 ordinary share resulting in the reduction in the number of shares from 4,148,149,102 ordinary shares of RM0.00037 each to 414,814,737 ordinary shares of RM1 each.

Directors

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

Datuk Kamarudin Bin Meranun
Tan Sri Asmat Bin Kamaludin
Dato' Fam Lee Ee
Ahmad Al Farouk bin Ahmad Kamal (Appointed on 22 June 2022)
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin (Appointed on 27 June 2022)
Chin Min Ming (Appointed on 1 December 2022)
Dato' Yusli Bin Mohamed Yusoff (Resigned on 10 March 2022)
Dato' Lim Kian Onn (Resigned on 10 June 2022)
Tan Sri Rafidah Aziz (Resigned on 1 July 2022)
Tan Sri Anthony Francis Fernandes (Resigned on 31 October 2022)

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

Benyamin Bin Ismail
Jean Marc Kin Voon Likamtin
Tommy Lo Seen Chong
Kanoosingh Ashive (Appointed on 15 November 2022)
Natacha Sabrina Kong Hung Cheong (Resigned on 15 November 2022)

Directors' benefits

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

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

Indemnity and insurance for Directors and officers

The Directors and officers of the Company and its subsidiaries are covered under a Directors' and Officers' Liability Insurance up to an aggregate limit of RM10 million against any legal liability, if incurred by the Directors and officers of the Company and its subsidiaries in the discharge of their duties while holding office for the Company and its subsidiaries. The insurance premium paid by the Company was RM442,126.

Directors' remuneration

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

Directors' interests

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

	Number of ordinary shares			
	1.7.2021	**Share consolidation (Note 36)**	**Acquired/ (Disposed)**	**31.12.2022**
The Company				
Datuk Kamarudin Bin Meranun				
Direct interest^	370,709,939	(333,638,945)	-	**37,070,994**
Indirect interest *^	1,310,331,376	(1,179,298,238)	-	**131,033,138**
Tan Sri Anthony Francis Fernandes				
Direct interest^	111,587,228	(100,428,505)	-	**11,158,723**
Indirect interest *^	1,310,331,376	(1,179,298,238)	-	**131,033,138**
Dato' Lim Kian Onn				
Indirect interest **^	175,833,356	(158,250,020)	-	**17,583,336**
Tan Sri Rafidah Aziz				
Direct interest^	175,000	(157,500)	-	**17,500**
Indirect interest ***^	100,000	(90,000)	-	**10,000**
Tan Sri Asmat Bin Kamaludin				
Direct interest^	100,000	(90,000)	-	**10,000**
Indirect interest ****^	40,000	(36,000)	-	**4,000**

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

^ *Consolidation of 10 ordinary shares in AAX into 1 ordinary share on 11 February 2022.*

** *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 period had any interest in shares in the Company or its related corporations during the financial period.

Other statutory information

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

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

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

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

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

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

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

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

   (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial period except as disclosed in Note 46 to the financial statements.

(f) In the opinion of the Directors:

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

   (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial period in which this report is made except for matters disclosed in Note 10 and Note 45(a).

(g) As at 31 December 2022, the net current liabilities shortfall position of the Group and of the Company amounted to RM349 million and RM337 million respectively. The High Court of Malaya has on 16 March 2022 sanctioned the Debt Restructuring (Note 45(a) to the financial statements) of the Company with the restructuring of 99.5% of its debts, amounting to RM34.3 billion, as described in Note 11 of the financial statements. The Board of Directors is confident that based on the Debt Restructuring, corporate restructuring, fundraising exercise and the revised business plan, the Group and the Company will be in good stead to weather the current challenging environment.

Auditors and auditors' remuneration

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

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 28 April 2023.

Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin
Director

Ahmad Al Farouk bin Ahmad Kamal
Director

Kuala Lumpur, Malaysia

STATEMENTS OF PROFIT OR LOSS

For the financial period ended 31 December 2022

		Group		Company	
	Note	01.07.2021 to 31.12.2022	1.1.2020 to 30.6.2021	01.07.2021 to 31.12.2022	1.1.2020 to 30.6.2021
		RM'000	RM'000	RM'000	RM'000
			Restated		Restated
Revenue	4	**825,860**	1,132,624	**825,277**	1,132,625
Operating expenses					
- Staff costs	5	**(106,442)**	(248,318)	**(104,820)**	(239,624)
- Depreciation	6	**(39,604)**	(961,502)	**(39,604)**	(971,788)
- Aircraft fuel expenses		**(354,896)**	(538,450)	**(354,896)**	(538,450)
- Maintenance and overhaul	7	**(560,290)**	(702,506)	**(559,908)**	(702,506)
- User charges		**(96,965)**	(96,979)	**(96,965)**	(96,979)
- Aircraft operating lease expenses		**(33,637)**	(2,417)	**(33,637)**	(2,417)
- Other operating expenses	9	**(275,115)**	(6,106,334)	**(267,418)**	(6,184,881)
- Provision for claims from scheme creditors	10	**-**	(25,163,344)	**-**	(25,163,344)
Other income	11	**34,328,563**	6,997	**34,414,146**	5,406
Other losses	13	**-**	(10,928)	**-**	(10,928)
Operating income/(loss)		**33,687,474**	(32,691,157)	**33,782,175**	(32,772,886)
Finance income	12	**19,814**	130,917	**19,814**	130,872
Finance costs	12	**(765,931)**	(1,034,161)	**(765,831)**	(1,014,504)
Net operating income/(loss)		**32,941,357**	(33,594,401)	**33,036,058**	(33,656,518)
Net foreign exchange loss	12	**(47,742)**	(80,764)	**(47,742)**	(86,324)
Share of results of an associate	21	**-**	-	**-**	-
Share of results of a joint venture	22	**-**	-	**-**	-
Profit/(loss) before taxation		**32,893,615**	(33,675,165)	**32,988,316**	(33,742,842)
Taxation					
- Current taxation	14	**1**	7	**1**	(102)
- Deferred taxation	14	**612,240**	-	**612,240**	-
		612,241	7	**612,241**	(102)
Profit/(loss) for the financial period		**33,505,856**	(33,675,158)	**33,600,557**	(33,742,944)
Loss per share (sen)					
- Basic	15	**8,077.3**	(811.8)		
- Diluted	15	**8,077.3**	(811.8)		

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

STATEMENTS OF COMPREHENSIVE INCOME

For the financial period ended 31 December 2022

	Group		Company	
	01.07.2021 to 31.12.2022	**1.1.2020 to 30.6.2021**	**01.07.2021 to 31.12.2022**	**1.1.2020 to 30.6.2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit/(loss) for the financial period	**33,505,856**	(33,675,158)	**33,600,557**	(33,742,944)
Other comprehensive (loss)/ income				
Items that may be subsequently reclassified to profit or loss				
Cash flow hedges	**-**	(30,452)	**-**	(30,452)
Foreign currency translation differences	**(759)**	638	**-**	-
Other comprehensive loss for the financial period, net of tax	**(759)**	(29,814)	**-**	(30,452)
Total comprehensive income/ (loss) for the financial period	**33,505,097**	(33,704,972)	**33,600,557**	(33,773,396)

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Note	31.12.2022 RM'000	30.06.2021 RM'000 Restated	01.01.2020 RM'000 Restated
Group				
Assets				
Non-current assets				
Property, plant and equipment	16	**159,037**	-	623,445
Right-of-use assets	17	**1,013,394**	-	4,959,771
Deferred tax assets	18	**612,240**	-	-
Finance lease receivables	19	**-**	-	842,043
Investment in an associate	21	**-**	-	-
Investment in a joint venture	22	**-**	-	-
Trade and other receivables	24	**117,059**	1,571,017	1,574,356
Amount due from an associate	25	**-**	23,434	50,165
Derivative financial assets		**-**	-	1,311
		1,901,730	1,594,451	8,051,091
Current assets				
Inventories	23	**9,190**	-	13,102
Trade and other receivables	24	**114,243**	119,604	671,902
Amount due from an associate	25	**29**	150,540	117,772
Amount due from a joint venture		**-**	-	4,501
Amount due from related parties	27	**137,654**	4,068	119,328
Finance lease receivables	19	**-**	-	170,631
Derivative financial assets		**-**	-	44,615
Tax recoverable		**1,656**	1,694	1,481
Deposits, cash and bank balances	31	**176,710**	74,110	357,961
		433,094	350,016	1,501,293
Total assets		**2,334,824**	1,944,467	9,552,384

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2022

	Note	31.12.2022 RM'000	30.06.2021 RM'000 Restated	01.01.2020 RM'000 Restated
Group (cont'd.)				
Equity and liabilities				
Current liabilities				
Sales in advance	35	**391,373**	504,841	730,725
Derivative financial liabilities		**-**	-	2,317
Trade and other payables	32	**300,429**	1,587,120	823,811
Provision for termination	10	**-**	25,163,344	-
Amount due to an associate	28	**3,380**	3,625	45,391
Amount due to related parties	30	**8,469**	353,906	30,616
Borrowings	33	**57,033**	6,766,607	860,070
Provision for aircraft maintenance	34	**28,169**	29,469	88,710
		788,853	34,408,912	2,581,640
Net current liabilities		**(349,371)**	(34,058,896)	(1,080,347)
Non-current liabilities				
Derivative financial liabilities		**-**	-	3,541
Sales in advance	35	**352,139**	-	-
Trade and other payables	32	**-**	589	14,818
Amount due to an associate	28	**-**	170,284	213,708
Borrowings	33	**1,005,449**	2	5,405,541
Provision for aircraft maintenance	34	**256,775**	931,781	1,195,266
		1,614,363	1,102,656	6,832,874
Total liabilities		**2,403,216**	35,511,568	9,414,514
Net liabilities		**(62,004)**	(33,567,101)	137,870
Equity attributable to equity holders of the Company				
Share capital	36	**1,534**	1,534,044	1,534,043
Warrant reserve	37	**-**	-	62,222
Other reserves	37	**-**	-	30,452
Currency translation reserve		**(32)**	727	89
Accumulated losses		**(63,506)**	(35,101,872)	(1,488,936)
Total equity		**(62,004)**	(33,567,101)	137,870

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

	Note	31.12.2022 RM'000	30.06.2021 RM'000 Restated	01.01.2020 RM'000 Restated
Company				
Assets				
Non-current assets				
Property, plant and equipment	16	**159,037**	-	623,445
Right-of-use assets	17	**1,013,394**	-	5,041,965
Deferred tax asset	18	**612,240**	-	-
Finance lease receivables	19	**-**	-	842,043
Investments in subsidiaries	20	**4**	4	4
Investment in an associate	21	**-**	-	50,165
Investment in a joint venture	22	**-**	-	-
Trade and other receivables	24	**117,059**	1,571,017	1,574,356
Amount due from an associate	25	**-**	23,434	-
Derivative financial assets		**-**	-	1,311
		1,901,734	1,594,455	8,133,289
Current assets				
Inventories	23	**9,190**	-	13,102
Trade and other receivables	24	**114,222**	119,485	671,802
Amount due from subsidiaries	26	**-**	170,238	134,229
Amount due from an associate	25	**-**	18,481	16,568
Amount due from a joint venture		**-**	-	4,501
Amount due from related parties	27	**132,580**	4,068	119,328
Finance lease receivables	19	**-**	-	170,631
Derivative financial assets		**-**	-	44,615
Tax recoverable		**1,652**	1,695	1,616
Deposits, cash and bank balances	31	**176,373**	73,993	337,947
		434,017	387,960	1,514,339
Total assets		**2,335,751**	1,982,415	9,647,628

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2022

	Note	31.12.2022 RM'000	30.06.2021 RM'000 Restated	01.01.2020 RM'000 Restated
Company (cont'd.)				
Equity and liabilities				
Current liabilities				
Sales in advance	35	**391,373**	504,841	730,725
Derivative financial liabilities		**-**	-	2,317
Trade and other payables	32	**282,401**	1,431,922	811,539
Provision for termination	10	**-**	25,163,344	-
Amount due to subsidiaries	29	**635**	153,500	2,898
Amount due to an associate	28	**3,380**	41,870	72,013
Amount due to related parties	30	**8,469**	353,906	33,084
Borrowings	33	**57,033**	6,851,341	876,590
Provision for aircraft maintenance	34	**27,974**	29,469	88,710
		771,265	34,530,193	2,617,876
Net current liabilities		**(337,248)**	(34,142,233)	(1,103,537)
Non-current liabilities				
Sales in advance	35	**352,139**	-	-
Derivative financial liabilities		**-**	-	3,541
Trade and other payables	32	**-**	589	14,818
Amount due to an associate	28	**-**	170,284	213,708
Borrowings	33	**1,005,449**	2	5,479,458
Provision for additional loss in the investment in IAAX	3(vii)	**223,245**	931,781	1,195,266
		1,837,608	1,102,656	6,906,791
Total liabilities		**2,608,873**	35,632,849	9,524,667
Net liabilities		**(273,122)**	(33,650,434)	122,961
Equity attributable to equity holders of the Company				
Share capital	36	**1,534**	1,534,044	1,534,043
Warrant reserve	37	**-**	-	62,222
Other reserves	37	**-**	-	30,452
Accumulated losses		**(274,656)**	(35,184,478)	(1,503,756)
Total equity		**(273,122)**	(33,650,434)	122,961

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended 31 December 2022

		<------- Attributable to equity holders of the Group ------->				
		<----- Non-Distributable ----->			Distributable	
	Note	**Number of shares**	**Share capital**	**Currency translation reserve**	**Accumulated gain/(losses)**	**Total equity**
		'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Group						
At 1 July 2021, restated		4,148,149	1,534,044	727	(35,101,872)	(33,567,101)
Net profit for the financial period		-	-	-	33,282,611	33,282,611
Other comprehensive loss for the financial period		-	-	(713)	-	(713)
Total comprehensive (loss)/income for the financial period		-	-	(713)	33,282,611	33,282,611
Share consolidation	36	(3,733,334)	-	-	-	-
Share capital reduction	36	-	(1,532,510)	-	1,532,510	-
At 31 December 2022		**414,815**	**1,534**	**14**	**(286,751)**	**(285,203)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial period ended 31 December 2022

			<------------------- Attributable to equity holders of the Group				-------------------->
			<-------------------- Non-Distributable			-------------------->	Distributable	
	Note	Number of shares	Share capital	Warrant reserve	Cash flow hedge reserve	Currency translation reserve	Accumulated losses	Total equity
		'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group (cont'd.)								
At 1 January 2020, as per previously stated		4,148,148	1,534,043	62,222	30,452	89	(1,488,877)	137,929
Prior year adjustment (Note 47)		-	-	-	-	-	(59)	(59)
At 1 January 2020, restated		4,148,148	1,534,043	62,222	30,452	89	(1,488,936)	137,870
Net loss for the financial period		-	-	-	-	-	(33,675,158)	(33,675,158)
Transfer of warrant reserve upon expiry of warrants to accumulated losses		-	-	(62,222)	-	-	62,222	-
Other comprehensive (loss)/income for the financial period		-	-	-	(30,452)	638	-	(29,814)
Total comprehensive (loss)/income for the financial period		-	-	(62,222)	(30,452)	638	(33,612,936)	(33,704,972)
Issuance of new shares from warrant exercise	36	1	1	-	-	-	-	1
At 30 June 2021, restated		4,148,149	1,534,044	-	-	727	(35,101,872)	(33,567,101)

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

STATEMENT OF CHANGES IN EQUITY

For the financial period ended 31 December 2022

			<-Attributable to equity holders of the Company->		
			Non-Distributable	Distributable	
	Note	Number of shares	Share capital	Accumulated gain/(losses)	Total equity
		'000	RM'000	RM'000	RM'000
Company					
At 1 July 2021, restated		4,148,149	1,534,044	(35,184,478)	(33,650,434)
Profit for the financial period		-	-	33,377,312	33,377,312
Total comprehensive income for the financial period			-	33,377,312	33,377,312
Share consolidation	36	(3,733,334)	-	-	-
Share capital reduction	36	-	(1,532,510)	1,532,510	-
At 31 December 2022		**414,815**	**1,534**	**(274,656)**	**(273,122)**

STATEMENT OF CHANGES IN EQUITY
For the financial period ended 31 December 2022

			<----------- Attributable to equity holders of the Company ----------->				
			<----------- Non-Distributable ---------->			Distributable	
	Note	Number of shares	Share capital	Warrant reserve	Cash flow hedge reserve	Accumulated losses	Total equity
		'000	RM'000	RM'000	RM'000	RM'000	RM'000
						Restated	
Company (cont'd.)							
At 1 January 2020,		4,148,148	1,534,043	62,222	30,452	(1,503,697)	123,020
Prior year adjustment (Note 47)		-	-	-	-	(59)	(59)
At 1 January 2020, restated		4,148,148	1,534,043	62,222	30,452	(1,503,756)	122,961
Loss for the financial period		-	-	-	-	(33,742,944)	(33,742,944)
Transfer of warrant reserve upon of warranty to accumulated losses				(62,222)		62,222	-
Other comprehensive loss for the financial period		-	-	-	(30,452)	-	(30,451)
Total comprehensive loss for the financial period		-	-	(62,222)	(30,452)	(33,680,722)	(33,773,396)
Issuance of new shares from warrant exercise	36	1	1	-	-	-	1
At 30 June 2021, restated		4,148,149	1,534,044	-	-	(35,184,478)	(33,650,434)

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

		Group		Company	
	Note	01.07.2021 to 31.12.2022	1.1.2020 to 30.6.2021	01.07.2021 to 31.12.2022	1.1.2020 to 30.6.2021
		RM'000	RM'000	RM'000	RM'000
			Restated		Restated
Cash flows from/(used in) operating activities					
Profit/(loss) before taxation		**32,670,370**	(33,675,165)	**32,988,316**	(33,742,842)
Adjustments for:					
Property, plant and equipment and right-of-use assets					
- Depreciation	6	**39,604**	961,502	**39,604**	971,788
- Impairment loss	9	**(157,016)**	4,577,165	**(157,016)**	4,649,885
- Disposal loss	9	**-**	10,594	**-**	9,541
Allowance for impairment:					
- Finance lease receivables	9	**-**	794,250	**-**	794,250
- Trade and other receivables	9	**84,396**	60,937	**84,396**	60,937
- Inventories	9	**(9,190)**	9,245	**(9,190)**	9,245
- Amount due from associates		**366,160**	389,329	**-**	-
- Amount due from subsidiaries	9	**-**	-	**382,862**	391,129
- Amount due from related parties		**2,900**	12,188	**2,900**	12,188
Debt settlement and waiver of debts pursuant to Scheme of Arrangement		**(34,313,138)**	-	**(34,398,721)**	-
Provision for termination claims from scheme creditors	10	**-**	25,163,344	**-**	25,163,344
Provision for additional loss in the investment in IAAX	3(vii)	**223,245**	-	**223,245**	-
Finance income	12	**(1,548)**	(78,764)	**(1,548)**	(78,719)
Finance costs	12	**754,519**	986,407	**754,519**	966,751
Impact of discounting effect on financial instruments (net)	12	**(6,854)**	(4,400)	**(6,854)**	(4,400)
Fair value losses on derivative financial instruments	13	**-**	10,928	**-**	10,928
Net foreign exchange differences		**-**	(59)	**-**	(59)
Net unrealised foreign exchange loss	12	**34,099**	67,298	**34,099**	73,038

STATEMENTS OF CASH FLOWS
For the financial period ended 31 December 2022

	Note	Group 01.07.2021 to 31.12.2022 RM'000	Group 1.1.2020 to 30.06.2021 RM'000 Restated	Company 01.07.2021 to 31.12.2022 RM'000	Company 1.1.2020 to 30.06.2021 RM'000 Restated
Cash flows used in operating activities (cont'd.)					
Operating loss before working capital changes		**(312,453)**	(713,849)	**(286,633)**	(711,644)
Changes in working capital:					
Inventories		**-**	3,857	**-**	3,857
Trade and other receivables		**1,323,923**	501,084	**1,355,820**	501,101
Related parties balances		**(900,429)**	(30,556)	**(986,370)**	122,247
Trade and other payables		**(240,851)**	421,734	**(213,054)**	287,288
Sales in advance		**238,671**	(225,884)	**238,082**	(225,884)
Cash flows from/(used in) operations		**108,861**	(43,614)	**107,845**	(23,035)
Finance costs paid		**-**	(2,546)	**-**	(2,545)
Interest received		**1,548**	3,495	**1,548**	3,450
Tax paid		**(40)**	91	**44**	91
Net cash from/(used in) operating activities		**110,369**	(42,574)	**109,437**	(22,039)
Cash flows from investing activities					
Additions of property, plant and equipment	16	**(2,021)**	(4,346)	**(2,021)**	(4,346)
Net cash generated used in investing activities		**(2,021)**	(4,346)	**(2,021)**	(4,346)
Cash flows from financing activities					
Repayment of lease liabilities	33	**(20,083)**	(211,336)	**(20,084)**	(211,336)
Repayment of term loans	33	**-**	(21,180)	**-**	(21,180)
Repayment of hire purchase	33	**(15)**	(20)	**(15)**	(20)
Deposits pledged as securities		**5,644**	44,698	**5,644**	44,698
Net cash used in financing activities		**(14,454)**	(187,838)	**(14,455)**	(187,838)

		Group		Company	
	Note	01.07.2021 to 31.12.2022	1.1.2020 to 30.06.2021	01.07.2021 to 31.12.2022	1.1.2020 to 30.06.2021
		RM'000	RM'000	RM'000	RM'000
			Restated		Restated
Net increase/(decrease) in cash and cash equivalents		**93,940**	(234,758)	**92,961**	(214,223)
Currency translation differences		**14,350**	(4,395)	**15,063**	(5,033)
Cash and cash equivalents at beginning of the financial period		**68,466**	307,619	**68,349**	287,605
Cash and cash equivalents at end of the financial period	31	**176,710**	68,466	**176,373**	68,349

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

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The registered office and principal place of business of the Company is located at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur (KLIA2), 64000 KLIA, Selangor Darul Ehsan.

During the financial period, the Group and the Company changed its financial year end from 30 June to 31 December. Accordingly, the current financial period covers a period of 18 months, from 1 July 2021 to 31 December 2022. Consequently, the comparative amounts for the statements of comprehensive income, statements of changes in equity, statements of cash flows and related notes to the financial statements are comparable.

The principal activity of the Company is that of providing long haul air transportation services. The Company has temporarily grounded most of its fleet across the network in 2021 due to the COVID-19 pandemic and resumed its operations in June 2022. Activities of the subsidiaries, an associate and a joint venture companies are disclosed in Notes 20, 21 and 22.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 April 2023.

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.

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

The global economy and in particular, the commercial airline industry are recovering from the COVID-19 pandemic. The relaxation of travel and border restrictions implemented by countries around the world have contributed to an improved demand for international air travel. Comparatively, the Group's and the Company have reported a net profit of RM33.51 billion and RM 33.6 billion (30 June 2022: net loss of RM33.68 billion and RM33.74 billion) respectively for the financial period ended 31 December 2022. In addition, the Group and the Company also reported an improved shareholders' deficit of RM 62 million and RM 49.88 million (30 June 2021: RM 33.57 billion and RM33.65 billion) respectively.

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

2.1 Basis of preparation (cont'd.)

As the industry recovers post COVID-19, the Group and the Company have resumed most of the fleet since July 2022 and have renegotiated the major agreements with creditors. Consequently, the Group and the Company have successfully completed its debts restructuring on 16 March 2022; hence the reversal of provisions of termination of contracts, RM25.16 billion, which is an integral part of the total provisional scheme amounts owing to scheme creditors of RM33.35 billion as disclosed in Note 3(v) and 10.

As detailed in Note 45(a), the Debt Restructuring took effect on 16 March 2022.

Accordingly, the Group and the Company has restructured 99.5% of its debts, amounting to RM9.1 billion. The Board of Directors is optimistic of the success of the aforementioned plans will allow the Company to enroute to recovery of sales to prepandemic period.

2.2 Adoption of new and revised pronouncements

As at 1 July 2021, 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 2021

Amendments to MFRS 4	Insurance Contracts: Interest Rate Benchmark Reform - Phase 2
Amendments to MFRS 9	Financial Instruments: Interest Rate Benchmark Reform - Phase 2
Amendments to MFRS 7	Financial Instruments: Disclosures Interest Rate Benchmark Reform - Phase 2
Amendments to MFRS 16	Leases: Interest Rate Benchmark Reform -Phase 2
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement: Interest Rate Benchmark Reform - Phase 2
Amendments to MFRS 16	Leases: Covid-19 Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 1	Annual Improvements to MFRS Standards 2018-2020
Amendments to MFRS 3	Business Combinations - Reference to the Conceptual Framework
Amendments to MFRS 9	Annual Improvements to MFRS Standards 2018-2020
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRS 141	Annual Improvements to MFRS Standards 2018-2020

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

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

2.3 Pronouncements yet in effect

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

Effective for annual periods beginning on or after 1 January 2023

Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and 9 - Comparative Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 16	Leases Lease Liability in Sale and Leaseback
Amendments to MFRS 101	Presentation of Financial Statement Non Current Liabilities with Covenants

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 except for the following:

<u>Amendments to MFRS 101: Non-current Liabilities with Covenants</u>

In March 2020 and December 2022, the MASB issued amendments to MFRS 101 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- Disclosures

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

2.3 Pronouncements yet in effect (cont'd.)

The main changes from current MFRS 101 due to the 2020 amendments and 2022 amendments are set out below:

- Right to defer settlement – the amendments provide clarification that if an entity's right to defer settlement of a liability is subject to the entity complying with future covenants, the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period (2022 amendments).

- Expected deferrals – the amendments clarify that classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period (2020 amendments).

- Settlement by way of own equity instruments – the amendments clarify that there is an exception to the requirement that settlement of liabilities by way of own equity instruments impacts the classification of liabilities (2020 amendments).

- Disclosures – the amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within twelve months (2022 amendments)

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

2.4 Basis of consolidation (cont'd.)

Profit or loss and each component of other comprehensive income("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.5 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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

2.5 Business combinations and goodwill (cont'd.)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.6 Investment in associates

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

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

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

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

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.

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

2.7 Investment in 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 2.10 on impairment of non-financial assets.

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

2.8 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.

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.

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

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

The useful lives for this purpose are as follows:

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

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

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

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

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

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

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

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

At each financial period, 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 2.10 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.

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

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

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

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

2.9 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 2.10 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.

2.10 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.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long- term growth rate is calculated and applied to project future cash flows after the fifth year.

The Group assesses where climate risks could have a significant impact, such as the introduction of emission-reduction legislation that may increase manufacturing costs. These risks in relation to climate- related matters are included as key assumptions where they materially impact the measure of recoverable amount, These assumptions have been included in the cash-flow forecasts in assessing value-in-use amounts.

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

2.11 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 2.8 for property, plant and equipment.

(ii) Leased aircraft

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

2.12 Leases

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

Group and Company as a lessee

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

(i) Right-of-use assets

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

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

Aircraft and engines	2 to 10 years
Office	2 to 20 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 2.10.

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

2.12 Leases (cont'd.)

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

(ii) Lease liabilities

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

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

The Group's and the Company's lease liabilities are included in Note 33 Borrowings.

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

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

Group and Company as a lessor

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

(i) Finance leases

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

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

2.12 Leases (cont'd.)

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

(i) Finance leases (cont'd.)

The Group and the Company derecognise the underlying asset and recognise a receivable at an amount equal to the finance lease receivables in a finance lease. Finance lease receivables in a finance lease are measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the finance lease receivables. The finance lease receivables are subject to MFRS 9 impairment (refer to Note 2.24) on impairment of financial assets. In addition, the Group and the Company review regularly the estimated unguaranteed residual value.

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

(ii) Operating leases

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

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

(iii) Sublease classification

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

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.

2.13 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.

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

2.13 Inventories (cont'd.)

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.

2.14 Fair value measurement

The Group measures financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

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

2.15 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.

2.16 Provisions

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

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

2.17 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.)**

2.18 Income taxes

(i) Current tax

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

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

(ii) Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associate and joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the forseeable future.

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.

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

2.18 Income taxes (cont'd.)

(ii) Deferred tax (cont'd.)

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.

2.19 Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the financial period 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.

2.20 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.

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

2.20 Revenue recognition (cont'd.)

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

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

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

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

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

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

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

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

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.

2.21 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.

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

2.21 Foreign currencies (cont'd.)

(ii) Transactions and balances (cont'd.)

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.

(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.

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

2.23 Financial assets

(i) Recognition and initial measurement

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

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

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

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

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

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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 four 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

(d) Financial assets at fair value through OCI (equity instruments)

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

2.23 Financial assets (cont'd.)

(ii) Subsequent measurement (cont'd.)

Financial assets at amortised cost

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

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

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

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

(iii) Derecognition

A financial asset is derecognised when:

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

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

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

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

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

2.24 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.

2.25 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.

2.26 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.

2.27 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.

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

2.27 Financial liabilities (cont'd.)

(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.

Loans and borrowings

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

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

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

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

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

(iii) Derecognition

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

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

2.28 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.

2.29 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.

2.30 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
  Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
  Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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.

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

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

(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. During the financial period, the Group and the Company has terminated and deregistered the aircrafts. Hence, there is no residual value as at 31 December 2022 would impact on recorded depreciation for the financial period ended 31 December 2022 (2021: RM921,000) and the carrying amount of property, plant and equipment as at 31 December 2022 (2021: RM7,061,000).

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

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

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

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

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

(iii) Deferred tax assets

Deferred tax assets are mainly orginating from unutilised tax incentives, 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 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 believes that the temporary differences will be utilised and has recognised the deferred tax assets as at reporting date.

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

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

(iv) Provision for aircraft maintenance

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. Significant estimates made include the anticipated rate of aircraft utilisation which includes flying hours and flying cycles up to the next overhaul, the anticipated costs from routine and ono-routine checks and the anticipated timing of the maintenance work itself. Actual results may vary significantly from these estimates when deviation occurs over the aircraft utilisation, the timing of maintenance.

(v) Provision for termination

During the financial year ended 30 June 2021 and 2020, the Group and the Company triggered default events for various contracts and have made additional provision for termination claims of RM25.16 billion. The provision is a part of the provisional scheme amounts of RM33.35 billion owing to scheme creditors, in respect of obligations arising from these contracts.

As part of the debt restructuring exercise under the scheme of arrangement pursuant to Section 369 of the Company act 2016, scheme creditors submitted proof of debt, including termination claims, amounting to RM65.14 billion. However, the Group and the Company used significant judgement in estimating the provisional amounts payable to scheme creditors totaling RM33.35 billion (which includes the provision for termination claims of RM25.16 billion), based on applicable laws, terms of the relevant contracts and after consultation with an external expert. Creditors were required to take action to mitigate their losses and to reduce their termination claims, including offsetting against any deposits and prepayments, wherever applicable.

These provisions were no longer required upon the Debt Restructuring scheme taking effect on 16 March 2022.

(vi) Impairment assessment of financial assets

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

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

(vii) Provision for additional loss in the investment in PT Indonesia AirAsia Extra"IAAX"

During the financial year ended 31 December 2022, the Company's joint venture, IAAX (Note 22) received a Tax Underpayment Assessment Letter from the Indonesia Tax Office ("ITO") requesting IAAX to pay RM200.7 million relating to underpayment of tax in respect of the fiscal year 2017. The ITO is currently performing tax audits on IAAX in respect of the fiscal years 2018 and 2019 which are expected to be concluded no later than December 2023 and December 2024 respectively. Whilst the tax audits for fiscal years 2018 and 2019 have not been finalised, it is possible that the ITO would use the same approach as the tax audit for the fiscal year 2017 which may result in additional tax to be paid by IAAX.

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

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

(vii) Provision for additional loss in the investment in PT Indonesia AirAsia Extra"IAAX" (cont'd.)

IAAX is disputing the Tax Underpayment Assessment Letter in respect of the fiscal year 2017 and has submitted objection letters on 28 November 2022. In the event the dispute is ruled in favour of the ITO, it is unlikely that IAAX will be able to pay the additional tax.

Based on the prevailing tax regulation in Indonesia, tax collection actions shall be carried out against "tax bearers" of corporate taxpayers in the event of non-payment by the corporate taxpayers. Tax bearers are defined under the tax regulations to include shareholders of corporate taxpayers. Accordingly, the Company as a shareholder of IAAX may be responsible for the settlement of IAAX's tax payable of RM98.3 million for fiscal year 2017, computed based on the Company's equity interest in IAAX.

The Directors of the Company are of the opinion that it is more likely than not that an outflow of resources by the Group and by the Company in respect of IAAX's tax payable will occur. Accordingly, a provision for additional losses in respect of investment in IAAX of RM223.2 million is made as at 31 December 2022. This amount includes the Directors' estimates of the Company's share of additional tax payable by IAAX for the fiscal years 2018 and 2019, determined based on the level of operations for the fiscal years 2018 and 2019 and based on the same approach as the tax audit for the fiscal year 2017.

The estimates of the outcome and financial effects of this tax dispute involve significant judgment and are highly subjective. Accordingly, we consider this area to be an area of audit focus.

4. Revenue

	Group		**Company**	
	1.7.2021 to 31.12.2022	**1.1.2020 to 30.6.2021**	**1.7.2021 to 31.12.2022**	**1.1.2020 to 30.6.2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		Restated		**Restated**
Revenue from contracts with customers	**798,113**	970,913	**798,113**	970,914
Aircraft operating lease income	**27,164**	161,711	**27,164**	161,711
Management fee	**583**	-	**-**	-
	825,860	1,132,624	**825,277**	1,132,625
Revenue from contracts with customers				
Type of goods or services				
Scheduled flights	**272,387**	589,689	**272,387**	589,690
Charter flights	**105,625**	65,192	**105,625**	65,192
Freight services	**341,595**	140,192	**341,595**	140,192
Ancillary revenue	**78,506**	175,840	**78,506**	175,840
	798,113	970,913	**798,113**	970,914
Timing of revenue recognition				
At a point of time	**798,113**	970,913	**798,113**	970,914

4. Revenue (cont'd.)

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

Salient terms of revenue from contracts with customers:

i)	Scheduled flights	-	Tickets bought are valid over a period of 30 - 60 days and refunds for airport tax is claimable up to 6 months period of travel date.
ii)	Charter flights	-	Full upfront payment before the flight.
iii)	Freight services	-	Credit term of 30 days (2021: 30 days) from invoice date.
iv)	Ancillary services	-	Normally settle by cash and generally no refunds.

5. Staff costs

	Group		Company	
	1.7.2021 to 31.12.2022	**1.1.2020 to 30.6.2021**	**1.7.2021 to 31.12.2022**	**1.1.2020 to 30.6.2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Wages, salaries, bonuses and allowances	**96,689**	227,962	**95,067**	219,268
Defined contribution retirement plan	**9,753**	20,356	**9,753**	20,356
	106,442	248,318	**104,820**	239,624

6. Depreciation

	Group		Company	
	1.7.2021 to 31.12.2022	**1.1.2020 to 30.6.2021**	**1.7.2021 to 31.12.2022**	**1.1.2020 to 30.6.2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Property, plant and equipment (Note 16)	**-**	56,447	**-**	56,447
Right-of-use assets (Note 17)	**39,604**	905,055	**39,604**	915,341
	39,604	961,502	**39,604**	971,788

7. Maintenance and overhaul

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

8. Directors' remuneration

The details of remuneration paid to Directors are as follows:

	Fees RM'000	Other allowances RM'000	Total RM'000
2022			
Non-executive Directors:			
Datuk Kamarudin Bin Meranun	**95**	**8**	**103**
Tan Sri Anthony Francis Fernandes	**76**	**8**	**84**
Dato' Lim Kian Onn	**86**	**12**	**98**
Dato' Fam Lee Ee	**163**	**21**	**184**
Tan Sri Rafidah Aziz	**229**	**12**	**241**
Tan Sri Asmat Bin Kamaludin	**132**	**17**	**149**
Dato' Yusli Bin Mohamed Yusoff	**101**	**11**	**112**
YM Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin	**88**	**6**	**94**
Ahmad Al Farouk bin Ahmad Kamal	**44**	**4**	**48**
Chin Min Ming	**6**	**-**	**6**
Total Non-Executive Directors	**1,020**	**99**	**1,119**

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

8. Directors' remuneration (cont'd.)

Further analysis of remuneration paid to the Directors are as follows:

	Number of Directors	
	31.12.2022	**30.6.2021**
Non-executive Directors:		
Less than RM100,000	**5**	-
RM100,001 to RM150,000	**3**	2
RM150,001 to RM200,000	**1**	2
More than RM200,000	**1**	3

9. Other operating expenses

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

	Group		Company	
	1.7.2021 to 31.12.2022	**1.1.2020 to 30.6.2021**	**1.7.2021 to 31.12.2022**	**1.1.2020 to 30.6.2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Management fee	**229**	983	**1,838**	7,285
Rental of land and buildings	**1,982**	978	**1,982**	761
Auditors' remuneration				
- Statutory audit	**735**	621	**680**	445
- Non-audit fees	**-**	14	**-**	-
Rental of equipment	**9**	354	**9**	354
Advertising expenses	**1,672**	-	**1,672**	-
Credit card charges	**7,917**	7,314	**7,917**	7,314
In-flight meal expenses	**199**	11,857	**199**	11,857
Insurance expenses	**24,586**	43,062	**24,586**	43,062
Allowance for impairment:				
- Inventories (Note 23)	**(9,190)**	9,245	**(9,190)**	9,245
- Trade and other receivables (Note 24)	**84,396**	60,935	**84,396**	60,935
- Amount due from associate (Note 25)	**366,160**	389,329	**-**	-
- Amount due from subsidiaries (Note 26)	**-**	-	**382,862**	391,129

9. Other operating expenses (cont'd.)

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

	Group		Company	
	1.07.2021 to 31.12.2022	**1.1.2020 to 30.06.2021**	**1.07.2021 to 31.12.2022**	**1.1.2020 to 30.06.2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
- Finance lease receivables (Note 19)	**-**	794,250	**-**	794,250
- Impairment loss in right-of-use assets	**-**	4,006,080	**-**	4,078,800
-Provision for additional loss in the investment in IAAX	**223,245**	-	**223,245**	-
- Impairment loss on Property, plant and equipment (Note 16)	**(157,016)**	571,085	**(157,016)**	571,085

10. Provision for termination claims

	Group		Company	
	1.7.2021 to 31.12.2022	**1.1.2020 to 30.06.2021**	**1.7.2021 to 31.12.2022**	**1.1.2020 to 30.06.2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Provision for termination claims	**-**	25,163,344	**-**	25,163,344

The movements in the provision account are as follows:

	Group		Company	
	1.7.2021 to 31.12.2022	**1.1.2020 to 30.6.2021**	**1.7.2021 to 31.12.2022**	**1.1.2020 to 30.6.2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	**25,163,344**	-	**25,163,344**	-
(Reversal)/Additions during the financial period	**(25,163,344)**	25,163,344	**(25,163,344)**	25,163,344
At 31 December	**-**	25,163,344	**-**	25,163,344

As at 30 June 2021, the Group and the Company estimated a provision for termination claims under the scheme of arrangement of about RM25.16 billion based on applicable law, terms of the relevant contracts and after consultation with an external expert.

As detailed in Note 45(a), the Debt Restructuring took effect on 16 March 2022. As a result, with the approval of the Scheme Creditors, the provision for termination claims is no longer required. Consequently, the Group and the Company have reversed the entire provision during the financial period.

11. Other income

	Group		Company	
	1.7.2021 to 31.12.2022	**1.1.2020 to 30.6.2021**	**1.7.2021 to 31.12.2022**	**1.1.2020 to 30.6.2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Debt settlement and waiver of debts pursuant to the Scheme of Arrangement	**34,313,138**	-	**34,398,721**	-
Others	**15,425**	6,997	**15,425**	5,406
	34,328,563	6,997	**34,414,146**	5,406

Details of the Debt Restructuring are provided in Note 45(a).

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

	Group		Company	
	1.7.2021 to 31.12.2022	**1.1.2020 to 30.6.2021**	**1.7.2021 to 31.12.2022**	**1.1.2020 to 30.6.2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		Restated		**Restated**
(a) Finance income:				
Interest income from deposits with licensed bank	**1,548**	3,495	**1,548**	3,450
Interest income from finance lease receivables (Note 19)	**-**	62,277	**-**	62,277
Other interest income	**-**	12,992	**-**	12,992
	1,548	78,764	**1,548**	78,719
Impact of discounting effect on financial instruments	**18,266**	52,153	**18,266**	52,153
	19,814	130,917	**19,814**	130,872

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

	Group		Company	
	1.7.2021 to 31.12.2022	**1.1.2020 to 30.6.2021**	**1.7.2021 to 31.12.2022**	**1.1.2020 to 30.6.2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		Restated		**Restated**
(b) Finance Costs:				
Interest expense on lease liabilities (Note 17 and Note 33)	**(753,580)**	(764,493)	**(753,580)**	(744,837)
Interest expense on term loans (Note 33)	**-**	(6,268)	**-**	(6,268)
Interest expense on hire purchase (Note 33)	**-**	(2)	**-**	(2)
Bank facilities and other charges	**(939)**	(215,644)	**(939)**	(215,644)
	(754,519)	(986,407)	**(754,519)**	(966,751)
Impact of discounting effect on financial instruments	**(11,412)**	(47,754)	**(11,412)**	(47,753)
	(765,931)	(1,034,161)	**(765,931)**	(1,014,504)
(c) Net foreign exchange loss:				
Realised	**(13,643)**	(12,173)	**(13,643)**	(11,993)
Unrealised	**(34,099)**	(68,591)	**(34,099)**	(74,331)
	(47,742)	(80,764)	**(47,742)**	(86,324)

13. Other losses

	Group and Company	
	1.7.2021 to 31.12.2022	**1.1.2020 to 30.6.2021**
	RM'000	**RM'000**
Fair value losses on derivative financial instruments	**-**	10,928

14. Taxation

	Group		Company	
	1.7.2021 to 31.12.2022	**1.1.2020 to 30.6.2021**	**1.7.2021 to 31.12.2022**	**1.1.2020 to 30.6.2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current taxation:				
Malaysian income tax	**(1)**	115	**(1)**	115
	(1)	115	**(1)**	115
Overprovision in respect of prior years	**-**	(122)	**-**	(13)
	(1)	(7)	**(1)**	102
Deferred taxation:				
Relating to origination and reversal of temporary differences	**(612,240)**	22,154	**(612,240)**	22,154
Overprovision in respect of prior years	**-**	(22,154)	**-**	(22,154)
	(612,240)	-	**(612,240)**	-
Total income tax (income)/expense	**(612,241)**	(7)	**(612,241)**	102

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

Domestic current income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the period.

14. Taxation (cont'd.)

A reconciliation of income tax expense applicable to profit/(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		Company	
	1.7.2021 to 31.12.2022	**1.1.2020 to 30.6.2021**	**1.7.2021 to 31.12.2022**	**1.1.2020 to 30.6.2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit/(loss) before taxation	**32,670,370**	(33,675,165)	**32,765,071**	(33,742,842)
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	**7,840,889**	(8,082,040)	**7,863,617**	(8,098,282)
Expenses not deductible for tax purposes	**80,635**	1,568,531	**78,795**	1,579,147
Income not subject to tax	**(2,016,888)**	(36,252)	**(2,037,776)**	(30,626)
Utilisation of previously unrecognised unabsorbed capital allowance	**385**	-	**385**	-
Utilisation of previously unrecognised temporary differences	**(6,341,891)**	-	**(6,341,891)**	-
Deferred tax assets recognised	**(731,370)**	-	**(731,370)**	-
Deferred tax assets not recognised	**555,999**	6,572,030	**555,999**	6,572,030
Overprovision of deferred tax in respect of prior years	**-**	(22,154)	**-**	(22,154)
Overprovision of income tax in respect of prior years	**-**	(122)	**-**	(13)
Total (income) tax expenses	**(612,241)**	(7)	**(612,241)**	102

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

	Group and Company	
	1.7.2021 to 31.12.2022	**1.1.2020 to 30.6.2021**
	RM'000	**RM'000**
Unutilised business losses	**-**	1,968,957
Unabsorbed capital allowances	**-**	768,251
Unutilised reinvestment allowances	**-**	310,168
Provision for termination	**-**	25,163,344
Other temporary differences	**2,316,662**	1,261,202
	2,316,662	29,471,922

14. Taxation (cont'd.)

Effective from the year of assessment 2019 in accordance to the Income Tax Act 1967, any unutilised tax losses of the Company as at 30 June 2021 for the year of assessment 2021 will only be made available for utilisation for tenth (10) consecutive years of assessment, i.e. from the year of assessment 2021 until the year of assessment 2031. Any unutilised tax losses after year of assessment 2031 shall be disregarded. Unabsorbed capital allowances, unutilised investment tax allowances and other deductible temporary differences do not expire under current tax legislation.

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

During the financial period, certain subsidiaries of the Company incorporated in Labuan, Wilayah Persekutuan had irrevocably elected to adopt Income Tax Act effective for the financial year ended 31 December 2022.

15. Gain/(Loss) per share

(a) Basic gain/(loss) per share

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

	Group	
	1.7.2021 to 31.12.2022	**1.1.2020 to 30.6.2021**
Gain/(loss) for the financial period (RM'000)	**33,282,611**	(33,675,158)
Weighted average number of ordinary shares in issue ('000)	**414,815**	4,148,149
Gain/(loss) per share (sen)	**8,023**	(812)

(b) Diluted gain/(loss) per share

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

16. Property, plant and equipment

	Aircraft engines, airframes and service potential RM'000	Aircraft spares RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Pre-delivery payments RM'000	Total RM'000
Group and Company						
2022						
Net book value						
At 1 July 2021	-	-	-	-	-	-
Additions	-	**2,018**	-	**3**	-	**2,021**
Reversal of impairment loss (Note 9)	**2,815**	**36,255**	-	**757**	**117,189**	**157,016**
At 31 December 2022	**2,815**	**38,273**	-	**760**	**117,189**	**159,037**
2021						
Net book value						
At 1 January 2020	432,982	53,380	262	3,101	133,720	623,445
Additions	1,384	2,947	-	15	-	4,346
Depreciation (Note 6)	(38,478)	(15,665)	(217)	(2,087)	-	(56,447)
Disposal	-	(248)	(10)	(1)	-	(259)
Impairment loss (Note 9)	(395,888)	(40,414)	(35)	(1,028)	(133,720)	(571,085)
At 30 June 2021	-	-	-	-	-	-

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

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

	Aircraft engines, airframes and service potential	Aircraft spares	Motor vehicles	Office equipment, furniture and fittings	Ramp equipment	Pre-delivery payments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group and Company							
2022							
Cost	**9,784**	**155,608**	**2,778**	**18,452**	**-**	**117,189**	**303,811**
Accumulated depreciation	**(6,969)**	**(117,335)**	**(2,778)**	**(17,692)**	**-**	**-**	**(144,774)**
	2,815	**38,273**	**-**	**760**	**-**	**117,189**	**159,037**
2021							
Cost	678,609	157,880	3,455	17,898	-	133,720	991,562
Accumulated depreciation	(282,721)	(106,839)	(3,420)	(16,460)	-	-	(409,440)
Accumulated impairment losses	(395,888)	(51,041)	(35)	(1,438)	-	(133,720)	(582,122)
	-	-	-	-	-	-	-

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

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.

During the financial period, the Company carried out a review of the recoverable amount of their property, plant and equipment. The recoverable amount of the property, plant and equipment was arrived based on the value-in-use ("VIU") method using a pre-tax discount rate of 10%. The VIU calculation is most sensitive to the following assumptions load factor, base fare, number of routes, fuel cost and aircraft maintenance.

Based on the impairment assessment performed, the Group and the Company recorded a reversal of impairment of RM157 million of equivalent recoverable amount (2021: recognised impairment of RM571 million with the recoverable amount of RM NIL based on VIU method).

17. Right-of-use assets

The Group and the Company leases various aircraft, engines and office used in its operations. Leases of aircraft and engines generally have lease terms between 1 to 14 years (2021: 6 to 12 years), while there is no leases of office space during the period (2021: 2 to 20 years). The Group's and the Company's obligations under these leasing arrangement are secured by the lessors' title to the leased assets.

In the previous financial period, the Group and the Company held leases of office space with lease terms of 12 months or less and leases of office equipment with low value. The Group and the Company applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

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

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

	Aircraft and engines RM'000	Office RM'000	Total RM'000
Group			
As at 1 July 2021			
Additions	1,052,998	-	1,052,998
Depreciation expense (Note 6)	(39,604)	-	(39,604)
As at 31 December 2022	**1,013,394**	**-**	**1,013,394**
As at 1 January 2020	4,920,926	38,845	4,959,771
Additions	25,930	-	25,930
Lease termination	(74,566)	-	(74,566)
Depreciation expense (Note 6)	(901,424)	(3,631)	(905,055)
Impairment loss (Note 9)	(3,970,866)	(35,214)	(4,006,080)
As at 30 June 2021	-	-	-
Company			
As at 1 July 2021	-	-	-
Additions	1,052,998	-	1,052,998
Depreciation expense (Note 6)	(39,604)	-	(39,604)
As at 30 December 2022	**1,013,394**	**-**	**1,013,394**
As at 1 January 2020	5,003,120	38,845	5,041,965
Additions	26,700	-	26,700
Lease termination	(74,524)	-	(74,524)
Depreciation expense (Note 6)	(911,710)	(3,631)	(915,341)
Impairment loss (Note 9)	(4,043,586)	(35,214)	(4,078,800)
As at 30 June 2021	-	-	-

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

The following are the amounts recognised in profit or loss:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Impairment loss for right-of-use assets (Note 9)	**-**	4,006,080	**-**	4,078,800
Depreciation on right-of-use assets (Note 6)	**39,604**	905,055	**39,604**	915,341
Interest income from finance lease receivables (Note 12(a))	**-**	(62,277)	**-**	(62,277)
Interest expense on lease liabilities (Note 12(a))	**753,580**	764,493	**753,580**	744,837
Unrealised foreign exchange loss/(gain)	**4,915**	34,086	**4,915**	48,281
Total amount recognised in profit or loss	**798,099**	5,647,437	**798,099**	5,724,982

Impairment testing on right-of-use assets

The recoverable amounts were based on value in use as at 31 December 2022. The recoverable amounts of the CGU have been measured based on cash flow projections approved by the management. The airline CGU comprise right-of-use assets and aircraft related property, plant and equipment.

The discount rates applied to the cash flow projections ranged at 10%. The assumptions used to determine the recoverable amounts include revenue per passenger, load factor and growth rate which may change significantly depending on the recovery of the aviation industry internationally.

18. Deferred tax assets

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	**-**	-	**-**	-
Recognised in profit or loss (Note 14)	**(612,240)**	-	**(612,240)**	-
At 31 December	**(612,240)**	-	**(612,240)**	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	**(872,393)**	-	**(872,393)**	-
Deferred tax liabilitiess	**260,153**	-	**260,153**	-
	(612,240)	-	**(612,240)**	-

18. Deferred tax assets (cont'd.)

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

Deferred tax assets of the Group:

	Unutilised tax losses, investment allowances and capital allowances RM'000	Sales in advance RM'000	Total RM'000
At 1 July 2021	-	-	-
Recognised in profit or loss	(736,689)	(135,704)	(872,393)
At 31 December 2022	**(736,689)**	**(135,704)**	**(872,393)**

Deferred tax liabilities of the Group:

	Others RM'000	Total RM'000
At 1 July 2021	-	-
Recognised in profit or loss	260,153	260,153
At 31 December 2022	**260,153**	**260,153**

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

Deferred tax assets of the Company:

	Unutilised tax losses, investment allowances and capital allowances RM'000	Sales in advance RM'000	Total RM'000
At 1 July 2021	-	-	-
Recognised in profit or loss	(736,689)	(135,704)	(872,393)
At 31 December 2022	**(736,689)**	**(135,704)**	**(872,393)**

18. Deferred tax assets (cont'd.)

Deferred tax liabilities of the Company:

	Others RM'000	Total RM'000
At 1 July 2021	-	-
Recognised in profit or loss	260,153	260,153
At 31 December 2022	**260,153**	**260,153**

Deferred tax assets are mainly originating from unutilised tax incentives, unabsorbed capital allowances and tax losses carry forward. As disclosed in Note 3(iii) 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 believes that the temporary differences will be utilised and has recognised the deferred tax assets as at reporting date.

19. Finance lease receivables

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

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

	Group and Company	
	2022 RM'000	**2021 RM'000**
Finance lease receivables	**-**	794,250
Less: Allowance for impairment of finance lease receivables (Note 9)	**-**	(794,250)
	-	-

20. Investments in subsidiaries

	Group		Company	
	31.12.2022 RM'000	**30.6.2021 RM'000**	**31.12.2022 RM'000**	**30.6.2021 RM'000**
Unquoted investments, at cost	**-**	-	**4**	4

20. Investments in subsidiaries (cont'd.)

The details of the subsidiaries are as follows:

Name	Country of incorporation/ Principal place of business	Group's effective equity interest 2022	2021	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	Struck-off
AAX Leasing Four Ltd*	Malaysia	**-**	100	Struck-off
AAX Leasing Five Ltd*	Malaysia	**100**	100	Provision of aircraft leasing facilities
AAX Leasing Six Ltd*	Malaysia	**-**	100	Struck-off
AAX Leasing Seven Ltd*	Malaysia	**-**	100	Struck-off
AAX Leasing Eight Ltd*	Malaysia	**100**	100	Provision of aircraft leasing facilities
AAX Leasing Nine Ltd*	Malaysia	**-**	100	Struck-off
AAX Leasing Ten Ltd*	Malaysia	**100**	100	Provision of aircraft leasing facilities
AAX Leasing Eleven Ltd*	Malaysia	**100**	100	Provision of aircraft leasing facilities
AAX Leasing Twelve Ltd*^	Malaysia	**100**	-	Provision of aircraft leasing facilities
AAX LeasingFifteen Ltd*^	Malaysia	**100**	-	Provision of aircraft leasing facilities

20. Investments in subsidiaries (cont'd.)

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

* *Audited by a firm other than Ernst & Young PLT.*
^ *Incorporated during the financial period.*

During the financial period, AAX Leasing Three Ltd, AAX Leasing Four Ltd, AAX Leasing Six Ltd, AAX Leasing Seven Ltd and AAX Leasing Nine Ltd were struck-off pursuant to Section 151(4) of the Labuan Companies Act 1990. The Company incorporated two new subsidiaries, AAX Leasing Twelve Ltd and AAX Leasing Fifteen Ltd during the financial period in Labuan, Wilayah Persekutuan.

21. Investment in an associate

	Group		Company	
	31.12.2022	**30.6.2021**	**31.12.2022**	**30.6.2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Unquoted investments, at cost	**21,122**	21,122	**21,122**	21,122
Group's share of post-acquisition losses	**(21,122)**	(21,122)	**-**	-
Accumulated impairment loss	**-**	-	**(21,122)**	(21,122)
	-	-	**-**	-

The details of the associate are as follows:

Name	Country of incorporation	Group's effective equity interest 2022	2021	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.

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

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

Summarised statement of financial position

	TAAX	
	31.12.2022	**30.6.2021**
	RM'000	**RM'000**
Current:		
Cash and cash equivalents	**204,278**	74,611
Other current assets	**485,460**	247,438
Total current assets	**689,738**	322,049
Non-current:		
Assets	**1,162,663**	920,123
Current:		
Financial liabilities	**(542,916)**	(384,131)
Other current liabilities	**(1,943,510)**	(1,412,374)
Total current liabilities	**(2,486,426)**	(1,796,505)
Non-current:		
Liabilities	**(1,141,210)**	(1,765,099)
Net liabilities	**(1,775,235)**	(2,319,432)

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

Summarised statement of comprehensive income

	TAAX	
	1.7.2021 to 31.12.2022	**1.1.2020 to 30.06.2021**
	RM'000	**RM'000**
Revenue	**1,006,211**	536,965
Other expenses	**(397,525)**	(2,445,459)
Finance income	**11,716**	15,200
Finance cost	**(63,147)**	(138,737)
Other income	**6,487**	19,630
Net foreign exchange gain/(loss)	**(81,664)**	(124,068)
Profit/(loss) before tax	**482,078**	(2,136,469)
Taxation	**375**	907
Profit/(loss) after tax	**482,453**	(2,135,562)
Other comprehensive loss	**-**	-
Total comprehensive income/(loss)	**482,453**	(2,135,562)

Reconciliation of summarised financial information

	TAAX	
	1.7.2021 to 31.12.2022	**1.1.2020 to 30.6.2021**
	RM'000	**RM'000**
Opening net liabilities at 1 January	**(2,319,432)**	(235,484)
Total comprehensive income/(loss) for the financial period	**482,453**	(2,135,562)
Effect on foreign exchange translation	**61,744**	51,614
Closing net liabilities at 31 December/30 June	**(1,775,235)**	(2,319,432)
Cumulative unrecognised share of losses as at 1 January	**(1,202,614)**	(156,189)
Share of gain/(loss) for the financial period	**236,402**	(1,046,425)
Cumulative unrecognised share of losses as at 31 December/30 June	**(966,212)**	(1,202,614)

22. Investment in a joint venture

	Group		Company	
	31.12.2022	**30.6.2021**	**31.12.2022**	**30.6.2021**
	RM'000	**RM'000**	**RM'000**	**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)
	-	-	**-**	-

The details of the joint venture are as follows:

Name	Country of incorporation	Group's effective equity interest 2022	2021	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.

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

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

Summarised statement of financial position

	IAAX	
	31.12.2022	**30.06.2021**
	RM'000	**RM'000**
Current:		
Cash and cash equivalents	**-**	823
Other current assets	**133,518**	134,237
Total current assets	**133,518**	135,060
Non-current:		
Assets	**3,008**	5,241
Current:		
Other current liabilities, representing total current liabilities	**(624,733)**	(604,128)
Non-current:		
Liabilities	**7,121**	(6,189)
Net assets/(liabilities)	**(481,086)**	(470,016)

Summarised statement of comprehensive income

	IAAX	
	1.7.2021 to 31.12.2022	**1.1.2020 to 30.06.2021**
	RM'000	**RM'000**
Revenue	**-**	832
Cost of sales	**(5)**	(95,603)
Other operating expenses	**(139)**	(28,013)
Finance income	**-**	13
Finance cost	**-**	(36)
Other income	**-**	1
Loss before tax	**(144)**	(122,806)
Taxation	**-**	-
Loss after tax	**(144)**	(122,806)
Other comprehensive loss	**-**	-
Total comprehensive loss	**(144)**	(122,806)
Dividend received from joint venture	**-**	-

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

Reconciliation of summarised financial information

	IAAX	
	1.7.2020 to 31.12.2022	**1.1.2020 to 30.06.2021**
	RM'000	**RM'000**
Opening net liabilities at 1 January	**(470,016)**	(403,946)
Total comprehensive loss for the financial period	**(144)**	(122,806)
Foreign exchange translation	**(10,926)**	56,736
Closing net liabilities at 31 December/30 June	**(481,086)**	(470,016)
Cumulative unrecognised share of losses as at 1 January	**(282,831)**	(219,300)
Share in loss for the financial period	**(71)**	(63,531)
Cumulative unrecognised share of losses as at 31 December/30 June	**(282,902)**	(282,831)

23. Inventories

	Group and Company	
	31.12.2022	**30.6.2021**
	RM'000	**RM'000**
At cost		
Consumables and in-flight merchandise	**9,190**	-
At net realisable value		
Consumables and in-flight merchandise	**9,190**	-

24. Trade and other receivables

	Note	Group 31.12.2022 RM'000	Group 30.6.2021 RM'000 Restated	Company 31.12.2022 RM'000	Company 30.6.2021 RM'000 Restated
Non-current					
Deposits	(c)	**104,129**	836,379	**104,129**	836,379
Prepayments	(d)	**12,930**	711,322	**12,930**	711,322
Deferred lease expenses	(e)	**-**	23,316	**-**	23,316
		117,059	1,571,017	**117,059**	1,571,017
Current					
Trade receivables		**58,032**	9,062	**58,032**	9,062
Less: Allowance for impairment of receivables		**(8,883)**	(7,397)	**(8,883)**	(7,397)
Trade receivables, net	(a)	**49,149**	1,665	**49,149**	1,665
Other receivables		**452,550**	303,411	**387,439**	303,411
Less: Allowance for impairment of receivables		**(380,511)**	(297,601)	**(380,511)**	(297,601)
	(b)	**72,039**	5,810	**6,928**	5,810
Deposits		**64,783**	84,450	**17,930**	84,450
Less: Allowance for impairment of receivables		**(2,151)**	(7,143)	**(2,151)**	(7,143)
	(c)	**62,632**	77,307	**15,779**	77,307
Prepayments	(d)	**46,814**	27,973	**42,366**	27,854
Deferred lease expenses	(e)	**-**	6,849	**-**	6,849
Other receivables, net		**181,485**	117,939	**65,073**	117,820
		230,634	119,604	**114,222**	119,485

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

		Group		Company	
	Note	31.12.2022	30.6.2021	31.12.2022	30.6.2021
		RM'000	RM'000	RM'000	RM'000
Total trade and other receivables		347,693	1,690,621	231,281	1,690,502

The normal credit terms of the Group and of the Company range from 15 to 30 days (2021: 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 is RM 38,138,087 (2021: RM238,000) are substantially from companies with good collection track records.

As of 31 December 2022, trade receivables for the Group and Company of RM11,011,000 (2021: RM1,427,000) were past due but not impaired. These debts relate to a number of customers for whom there is no recent history of default.

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

(a) Trade receivables (cont'd.)

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

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

	Group and Company	
	2022	**2021**
	RM'000	**RM'000**
Less than 30 days	**-**	-
Between 31 and 60 days	**922**	-
Between 61 and 90 days	**2,784**	-
Between 91 and 120 days	**5,870**	-
Between 121 and 180 days	**1,214**	-
More than 180 days	**221**	1,427
	11,011	1,427

(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	
	2022	**2021**
	RM'000	**RM'000**
More than 180 days	**8,883**	7,397
Less: Allowance for impairment of receivables	**(8,883)**	(7,397)
	-	-

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.

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

(a) Trade receivables (cont'd.)

(iii) Financial assets that are past due and impaired (cont'd.)

Movements on the allowance for impairment of trade receivables are as follows:

	Group and Company	
	2022	**2021**
	RM'000	**RM'000**
At 1 July	**7,397**	57,219
Written off	**-**	(49,822)
Charged to profit or loss (Note 9)	**1,486**	-
At 31 December/30 June	**8,883**	7,397

(b) Other receivables

Other receivables includes other debtors and refunds of goods and service tax receivable from the authorities in various countries in which the Group and the Company operates.

Movements on the allowance for impairment of other receivables are as follows:

	Group and Company	
	2022	**2021**
	RM'000	**RM'000**
At 1 July	**297,601**	236,666
Written off	**(1,486)**	(2)
Charged to profit or loss (Note 9)	**84,396**	60,937
At 31 December/30 June	**380,511**	297,601

(c) Deposits

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

Included in the deposits in the previous financial period are deposits paid to lessors for leased aircraft and funds placed with lessor in respect of maintenance of the leased aircraft that has been considered in the debt restructuring exercise as further described in Note 3(iv) and Note 10. These deposits are denominated in US Dollar.

(d) Prepayments

Included in the prepayments in the previous financial period are prepayments for maintenance of aircraft, advances made for purchases of fuel, lease of aircraft and maintenance of engines which that has been considered in the debt restructuring exercise as further described in Note 3(iv) and Note 10.

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

(e) Deferred lease expenses

Deferred lease expenses refer to the variance between the fair value of non-current rental deposits recorded at initial recognition and their nominal deposit amount. These expenses are amortized on a straight-line basis throughout the lease terms, which range from 2 to 12 years (2021: 10 to 12 years).

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

	Group	
	2022	**2021**
	RM'000	**RM'000**
At 1 July	**30,165**	31,528
Impact of discounting effect on financial instruments - net	**-**	(1,363)
Written off	**(30,165)**	-
At 31 December/30 June	**-**	30,165
Representing:		
Current	**-**	6,849
Non-current	**-**	23,316
	-	30,165

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	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		Restated		**Restated**
Ringgit Malaysia	**42,888**	5,375	**42,888**	5,375
US Dollar	**119,098**	912,085	**119,077**	912,085
Australian Dollar	**424**	1,841	**424**	1,841
Indian Rupee	**1,671**	240	**1,671**	240
Chinese Renminbi	**1,924**	229	**1,924**	229
Japanese Yen	**227**	344	**227**	344
Others	**9,774**	1,047	**9,774**	1,047
	176,006	921,161	**175,985**	921,161

25. Amount due from an associate

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current				
Amount due from an associate	**-**	23,434	**-**	23,434
Current				
Amount due from an associate	**-**	539,869	**-**	-
Less: Allowance for impairment of amount due from subsidiaries	**29**	(389,329)	**-**	18,481
	29	150,540	**-**	18,481

The amount due from an associate, Thai AirAsia X Co. Ltd, are unsecured, bearing effective weighted average interest rate of 10.6% per annum and repayable over 6 years.

The currency profile of amount from an associate are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
US Dollar	**-**	173,944	**-**	41,915
Others	**29**	30	**-**	-
	29	173,974	**-**	41,915

26. Amount due from subsidiaries

	Company	
	2022	**2021**
	RM'000	**RM'000**
Amount due from subsidiaries	**773,991**	561,367
Less: Allowance for impairment of amount due from subsidiaries	**(773,991)**	(391,129)
	-	170,238
Subsidiaries		
- AirAsia X Mauritius One Ltd	**-**	170,238
Amount due from subsidiaries	**-**	170,238

26. Amount due from subsidiaries (cont'd.)

Movements on allowance for impairment of amount due from subsidiaries is as follows:

	Company	
	2022	**2021**
	RM'000	**RM'000**
At 1 July 2021/1 January 2020	**(391,129)**	-
Allowance for impairment (Note 9)	**(382,862)**	(391,129)
At 31 December 2022/ 30 June 2021	**(773,991)**	(391,129)

The amount due from subsidiaries are unsecured, interest free and repayable on demand. The currency profile of amount from subsidiaries are as follows:

	Company	
	2022	**2021**
	RM'000	**RM'000**
Ringgit Malaysia	**-**	-
US Dollar	**-**	170,238
	-	170,238

27. Amount due from related parties

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Amount due from related parties	**134,748**	16,256	**135,480**	16,256
Less: Allowance for impairment of amount due from related parties	**(2,900)**	(12,188)	**(2,900)**	(12,188)
	131,848	4,068	**132,580**	4,068
Related parties				
- Teleport Everywhere Pte Ltd	**43,157**	4,061	**43,157**	4,061
- AirAsia Berhad	**73,801**	-	**73,801**	-
- AirAsia Com Travel Sdn Bhd	**7,491**	-	**7,491**	-
- Ikhlas Com Travel Sdn Bhd	**6,277**	-	**6,277**	-
- Others	**1,122**	7	**1,854**	7
Amount due from related parties	**131,848**	4,068	**132,580**	4,068

27. Amount due from related parties (cont'd.)

Movements on allowance for impairment of amount due from related parties is as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 July 2021/ 1 January 2020	**(12,188)**	-	**(12,188)**	-
Allowance for impairment	**9,288**	(12,188)	**9,288**	(12,188)
At 31 December 2022/ 30 June 2021	**(2,900)**	(12,188)	**(2,900)**	(12,188)

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

The currency profile of amount from related parties are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	**109,599**	1,485	**110,331**	1,485
US Dollar	**1,357**	2,583	**1,357**	2,583
Chinese Renminbi	**1,902**	-	**1,902**	-
Others	**18,990**	-	**18,990**	-
	131,848	4,068	**132,580**	4,068

28. Amount due to an associate

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current				
Amount due to an associate	**-**	(170,284)	**-**	(170,284)
Current				
Amount due to an associate	**(3,380)**	(3,625)	**(3,380)**	(41,870)
	(3,380)	(173,909)	**(3,380)**	(212,154)

The amount due to an associate, Thai AirAsia X Co. Ltd, are unsecured, interest free and repayable on demand.

28. Amount due to an associate (cont'd.)

The currency profile of amount due to an associate is as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
US Dollar	**(3,380)**	(173,909)	**(3,380)**	(211,691)
Others	**-**	-	**-**	(463)
	(3,380)	(173,909)	**(3,380)**	(212,154)

29. Amount due to subsidiaries

	Company	
	2022	2021
	RM'000	RM'000
		Restated
Amount due to subsidiaries	**(635)**	(153,500)
Subsidiaries		
- Airasia X Services Pty Ltd	**(304)**	(415)
- AirAsia X Leasing One Ltd	**-**	(8,837)
- AirAsia X Leasing Two Ltd	**-**	(46,262)
- AirAsia X Leasing Three Ltd	**-**	(3,736)
- AirAsia X Leasing Four Ltd	**-**	(5,158)
- AirAsia X Leasing Five Ltd	**-**	(3,245)
- AirAsia X Leasing Six Ltd	**-**	(4,325)
- AirAsia X Leasing Seven Ltd	**-**	(3,357)
- AirAsia X Leasing Eight Ltd	**-**	(5,709)
- AirAsia X Leasing Nine Ltd	**-**	(30,114)
- AirAsia X Leasing Ten Ltd	**(331)**	(1,847)
- AirAsia X Leasing Eleven Ltd	**-**	(40,495)
Amount due to subsidiaries	**(635)**	(153,500)

The amount due to subsidiaries are unsecured, interest free and repayable on demand.

29. Amount due to subsidiaries (cont'd.)

The currency profile of amount due to subsidiaries are as follows:

	Company	
	2022	2021
	RM'000	RM'000
		Restated
US Dollar	**(331)**	(153,101)
Others	**(304)**	(399)
	(635)	(153,500)

30. Amount due to related parties

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Amount due to related parties	**(8,469)**	(353,906)	**(8,469)**	(353,906)
Related parties				
- AirAsia Berhad	**-**	(315,077)	**-**	(315,077)
- Ground Team Red Sdn Bhd	**-**	(15,978)	**-**	(15,978)
- PT Indonesia Airasia	**-**	(5,374)	**-**	(5,374)
- AirAsia SEA	**(3,720)**	(1,646)	**(3,720)**	(1,646)
- Thai AirAsia Co. Ltd	**(1,807)**	(10,828)	**(1,807)**	(10,828)
- Others	**(2,942)**	(5,003)	**(2,942)**	(5,003)
Amount due to related parties	**(8,469)**	(353,906)	**(8,469)**	(353,906)

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

The currency profile of amount due to related parties are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	**(6,546)**	(335,948)	**(6,546)**	(335,948)
US Dollar	**(1,829)**	(16,389)	**(1,770)**	(16,389)
Others	**(94)**	(1,569)	**(153)**	(1,569)
	(8,469)	(353,906)	**(8,469)**	(353,906)

31. Deposits, cash and bank balances

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash and bank balances	**18,632**	14,090	**18,295**	13,973
Deposits with licensed banks	**158,078**	60,020	**158,078**	60,020
Total deposits, cash and bank balances	**176,710**	74,110	**176,373**	73,993
Less: Deposits pledged as securities	**-**	(5,644)	**-**	(5,644)
Cash and cash equivalents	**176,710**	68,466	**176,373**	68,349

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	**130,423**	11,303	**130,414**	11,295
US Dollar	**3,449**	53,702	**3,394**	53,645
Australian Dollar	**23,614**	498	**23,312**	446
Euro	**145**	54	**145**	54
Indian Rupee	**2,667**	28	**2,667**	28
Chinese Renminbi	**104**	5,311	**104**	5,311
Japanese Yen	**1,395**	2,262	**1,395**	2,262
Others	**14,913**	952	**14,942**	952
	176,710	74,110	**176,373**	73,993

The Group's and the Company's weighted average effective interest rate of deposits at the reporting date is 2.55% (2021: 3.06%) per annum.

In the previous financial period, bank balances and deposits with licensed banks of the Group and the Company amounting to RM5,644,000 were pledged as securities for banking facilities obtained.

32. Trade and other payables

		Group		Company	
	Note	**2022**	**2021**	**2022**	**2021**
		RM'000	**RM'000**	**RM'000**	**RM'000**
			Restated		**Restated**
Current					
Trade payables	**(a)**	**74,242**	1,174,795	**72,975**	1,040,301
Other payables and accruals	**(b)**	**336,805**	410,213	**209,426**	389,509
Deferred lease income	**(c)**	**-**	2,112	**-**	2,112
		411,047	1,587,120	**282,401**	1,431,922
Non-current					
Deferred lease income	**(c)**	**-**	589	**-**	589
Total trade and other payables		**411,047**	1,587,709	**282,401**	1,432,511

(a) Trade payables

The credit term of trade payables granted to the Group and the Company is 7 to 30 days (2021: 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.

32. 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 nominal deposit amount, which are amortised on a straight-line basis over the lease terms ranging from 7 to 11 years (2021: 7 to 11 years).

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

	Group and Company	
	2022	**2021**
	RM'000	**RM'000**
At 1 January	**2,701**	6,632
Impact of discounting effect on financial instruments (net)	**(2,701)**	(3,931)
At 31 December	**-**	2,701
Representing:		
Current	**-**	2,112
Non-current	**-**	589
	-	2,701

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		Restated		**Restated**
Ringgit Malaysia	**139,816**	212,246	**139,816**	212,246
US Dollar	**71,872**	1,274,618	**71,872**	1,116,898
Australian Dollar	**-**	6,960	**-**	9,482
Euro	**279**	1,567	**279**	1,567
Indian Rupee	**2,768**	8,302	**2,768**	8,302
Chinese Renminbi	**-**	23,821	**-**	23,821
Japanese Yen	**-**	21,976	**-**	21,976
Others	**196,312**	38,219	**67,666**	38,219
	411,047	1,587,709	**282,401**	1,432,511

33. Borrowings

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current				
Secured:				
- Lease liabilities	**57,033**	6,473,678	**57,033**	6,558,412
- Term loans	**-**	292,916	**-**	292,916
- Hire purchase	**-**	13	**-**	13
	57,033	6,766,607	**57,033**	6,851,341
Non-current				
Secured:				
- Lease liabilities	**1,005,449**	-	**1,005,449**	-
- Hire purchase	**-**	2	**-**	2
	1,005,449	2	**1,005,449**	2
Total borrowings	**1,062,482**	6,766,609	**1,062,482**	6,851,343
	2022	**2021**	**2022**	**2021**
	%	**%**	**%**	**%**
Weighted average rate of finance				
- Lease liabilities	**6.56**	4.90	**6.56**	4.76
- Term loans	**-**	2.46	**-**	2.46
- Hire purchase	**5.12**	5.12	**5.12**	5.12

Total borrowings consist of the following banking facilities:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed rate borrowings	**1,062,482**	6,473,693	**1,062,482**	6,558,427
Floating rate borrowings	**-**	292,916	**-**	292,916
	1,062,482	6,766,609	**1,062,482**	6,851,343

33. Borrowings (cont'd.)

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Not later than 1 year	**57,033**	6,766,607	**57,033**	6,851,341
Later than 1 year and not later than 5 years	**285,165**	2	**285,165**	2
Later than 5 years	**720,284**	-	**720,284**	-
	1,062,482	6,766,609	**1,062,482**	6,851,343

The currency profile of borrowings are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	**-**	36,590	**-**	36,590
US Dollar	**1,062,482**	6,730,019	**1,062,482**	6,814,753
	1,062,482	6,766,609	**1,062,482**	6,851,343

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

	2022		2021	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Group				
Lease liabilities	**1,062,482**	**1,062,482**	6,473,678	6,473,678
Company				
Lease liabilities	**1,062,482**	**1,062,482**	6,558,412	6,558,412

The fair values of floating rate borrowings approximates their carrying amounts, as the impact of discounting is not significant.

The Group and the Company did not incur any borrowing costs during the financial period, aside from those related to leases. In the previous financial year, the fair value of the borrowings were based on cash flows discounted at rates reflective of the Group's and Company's credit risk at the reporting date, which were 4.90% (2021: 4.90%) and 4.76% (2021: 4.76%) per annum, respectively. Fixed-rate borrowings' fair values fall under level 2 of the fair value hierarchy (refer to Note 40(e)).

33. Borrowings (cont'd.)

Lease liabilities

Lease liabilities pertain to operating leases for aircraft and engines, as disclosed in Note 17. Analysis on the maturity profile of lease liabilities is disclosed in Note 40(c).

Term loans

The term loans were used to acquire new Airbus A330-300 aircraft and were to be repaid on a quarterly basis over a period of 12 years (2021: 12 years). The repayment structure comprised equal principal installments, bore interest at a combination of a floating rate of LIBOR + 0.8%, which equated to 2.46% per annum. The term loans were secured through the following means:

(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 July 2021	**6,473,678**	**292,916**	**15**	**6,766,609**
Changes from financing cash flows				
Additions	**1,052,998**	**-**	**-**	**1,052,998**
Lease modification	**(84,734)**	**-**	**-**	**(84,734)**
Finance costs (Note 12(a))	**753,580**	**-**	**-**	**753,580**
Repayment of borrowings	**(20,084)**	**-**	**(15)**	**(20,099)**
Settlement via redelivery of the aircrafts	**-**	**(292,916)**	**-**	**(292,916)**
Waiver of debts	**(7,117,871)**	**-**	**-**	**(7,117,871)**
Total changes from financing cash flows	**1,057,567**	**-**	**-**	**1,057,567**
Other changes				
Liability-related				
Unrealised foreign exchange loss	**4,915**	**-**	**-**	**4,915**
Balance as at 31 December 2022	**1,062,482**	**-**	**-**	**1,062,482**

33. Borrowings (cont'd.)

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 July 2020	5,961,665	303,913	33	6,265,611
Changes from financing cash flows				
Lease modification	(75,230)	-	-	(75,230)
Finance costs (Note 12(a))	764,493	6,268	2	770,763
Repayment of borrowings	(211,336)	(21,180)	(20)	(232,536)
Total changes from financing cash flows	6,439,592	289,001	15	6,728,608
Other changes				
Liability-related				
Unrealised foreign exchange gains	34,086	3,915	-	38,001
Balance as at 30 June 2021	6,473,678	292,916	15	6,766,609
Company				
Balance as at 1 July 2021	6,558,412	292,916	15	6,851,343
Changes from financing cash flows				
Additions	**1,052,998**	**-**	**-**	**1,052,998**
Finance costs (Note 12(a))	**753,580**	**-**	**-**	**753,580**
Payments	**(20,084)**	**-**	**(15)**	**(20,099)**
Settlement via redelivery of aircrafts		**(292,916)**	**-**	**(292,916)**
Debt restructuring	**(7,287,339)**	**-**	**-**	**(7,287,339)**
Total changes from financing cash flows	**1,057,567**	**-**	**-**	**1,057,567**
Other changes				
Liability-related				
Unrealised foreign exchange loss	**4,915**	**-**	**-**	**4,915**
Balance as at 31 December 2022	**1,062,482**	**-**	**-**	**1,062,482**

33. Borrowings (cont'd.)

Reconciliation of movement of liabilities to cash flows arising from financing activities are as follows:

Company	Lease Liabilities RM'000	Term loans RM'000	Hire purchase RM'000	Total RM'000
Balance as at 1 July 2020	6,052,102	303,913	33	6,356,048
Changes from financing cash flows				
Lease modification	(75,472)	-	-	(75,472)
Finance costs (Note 12(a))	744,837	6,268	2	751,107
Repayment of borrowings	(211,336)	(21,180)	(20)	(232,536)
Total changes from financing cash flows	6,510,131	289,001	15	6,799,147
Other changes				
Liability-related				
Unrealised foreign exchange gains	48,281	3,915	-	52,196
Balance as at 30 June 2021	6,558,412	292,916	15	6,851,343

During the current financial period, the Group and the Company have terminated the term loans.

34. Provision for aircraft maintenance

	Group		Company	
	2022 RM'000	2021 RM'000 Restated	2022 RM'000	2021 RM'000 Restated
Aircraft maintenance provision				
Current	**28,169**	29,469	**27,974**	29,469
Non-current	**256,775**	931,781	**256,775**	931,781
	284,944	961,250	**284,749**	961,250

34. Provision for aircraft maintenance (cont'd.)

The movements in the provision account are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		Restated		**Restated**
At 1 July	**961,250**	1,298,394	**961,250**	1,298,394
Additions during the financial period	**515,039**	203,601	**514,844**	203,601
Write off during the financial period	**(1,191,345)**	(540,745)	**(1,191,345)**	(540,745)
At 31 December/30 June	**284,944**	961,250	**284,749**	961,250

35. Sales in advance

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current	**352,139**	-	**352,139**	-
Current	**391,373**	504,841	**391,373**	504,841
Total	**743,512**	504,841	**743,512**	504,841

Included in sales in advance in the current financial year is the provision of travel vouchers of RM434.0 million (2021: Nil) relating to promotional air travel privileges to its passengers at the discretion of the Group as permitted in the Scheme of Arrangement contained in the Sanction Order by High Court of Malaysia dated 16 December 2021.

In compliance with the Scheme of Arrangement, such travel privileges were provided to qualified passengers in the form of travel vouchers. Qualified passengers can utilise the travel voucher in exchange for flight arrangement from the Group of up to the equivalent value of the travel voucher subject to terms and conditions as determined by the Group base on prevailing businesoperations environment, and subject to change from time to time.

The travel voucher currently has a validity period of 5 years from the issuance date. In compliance with the Sanction Order, there is no cash refund at any time for any unused travel voucher.

36. Share capital

	Group and Company	
	2022	**2021**
	RM'000	**RM'000**
Issued and fully paid up:		
At beginning of financial period	**1,534,044**	1,534,043
Share capital reduction	**(1,532,510)**	-
Issued during the financial period	**-**	1
At end of financial period	**1,534**	1,534,044

On 24 January 2022, the High Court of Malaya approved the petition by the Company to reduce its share capital pursuant to Section 116 of the Companies Act 2016 in Malaysia from RM1,534,043,652 to RM1,534,043 comprising 4,148,149,102 ordinary shares of RM0.00037 per share.

On 14 February 2022, the Company announced the completion of the consolidation of 10 existing shares in the Company into 1 ordinary share resulting in the reduction in the number of shares from 4,148,149,102 ordinary shares of RM0.00037 each to 414,814,737 ordinary shares of RM1 each.

37. Warrant and other reserves

	Group and Company	
	Cash flow hedge reserve	
	2022	**2021**
	RM'000	**RM'000**
At 1 July/1 January	**-**	30,452
Net change in fair value, net of deferred tax	**-**	(30,452)
At 31 December/30 June	**-**	-

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. Each warrant was entitled at any time during exercise period, to subscribe for one new ordinary share at the exercise price of RM0.46. The warrants expired on 5 June 2020.

On 6 June 2020, all unexercised warrants remaining in a depositor's securities account with Bursa Depository will be withdrawn from the respective depositor's securities account.

38. Capital commitments

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

	Group and Company	
	2022	**2021**
	RM'000	**RM'000**
Property, plant and equipment approved and contracted for:		
- within 1 year	**49,256**	-
- later than 1 year and not later than 5 years	**2,232,412**	65,122,636
- later than 5 years	**1,522,460**	71,687,097
	3,804,128	136,809,733

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

39. Significant related party transactions

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party disclosures.

The related parties of the Group and of the Company and their relationships at 30 June 2021 are as follows:

Name of Companies	**Relationship**
AirAsia X Services Pty Ltd	Subsidiary
AirAsia X Mauritius One Ltd	Subsidiary
Thai AirAsia X Co., Ltd	Associate
PT Indonesia AirAsia Extra	Joint Venture
AirAsia Berhad	Shareholder of the Company for which there is no control, significant influence or joint control; common Directors and shareholders
<u>Subsidiaries of AirAsia Group Berhad</u>	
- AirAsia SEA Sdn Bhd	Common Directors and shareholders
- Rokki Sdn Bhd	Common Directors and shareholders
- BIGLIFE Sdn Bhd	Common Directors and shareholders
- Ground Team Red Sdn Bhd	Common Directors and shareholders
- Teleport Commerce Malaysia Sdn Bhd	Common Directors and shareholders
- Teleport Everywhere Pte Ltd	Common Directors and shareholders
- AirAsia (Guanghou) Aviation Service Limited	Common Directors and shareholders

39. Significant related party transactions (cont'd.)

The related parties of the Group and of the Company and their relationships at 31 December 2022 are as follows: (cont'd.)

Name of Companies	**Relationship**
Associates of AirAsia Group Berhad	
- Thai AirAsia Co., Ltd	Common Directors and shareholders
- PT Indonesia AirAsia	Common Directors and shareholders
- Philippines AirAsia Inc	Common Directors and shareholders
Other related entities	
- Ormond Lifestyle Services Sdn Bhd (formerly known as Yummy Kitchen Sdn Bhd)	Common Directors and shareholders
- Tune Insurance Malaysia Berhad	Common Directors and shareholders
- AirAsia (India) Pvt Ltd	Common Directors and shareholders

All related party transactions were carried out on agreed terms and conditions.

Key management personnel are categorised as head or senior management officers of key operating divisions within the Group and the Company. The key management compensation is disclosed in Note 39(f).

	Group		**Company**	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(a) Income:				
Aircraft operating lease income for leased aircraft				
- AAX Mauritius One Limited	**-**	-	**143,701**	489,559
- PT Indonesia AirAsia Extra	**-**	62,154	**-**	62,154
- Thai AirAsia X Co., Ltd	**143,701**	489,559	**-**	-
Commission on travel insurance for passengers charged to Tune Insurance Malaysia Berhad	**-**	455	**-**	455
Provision of lounge services to AirAsia Berhad	**-**	280	**-**	280
Sale of ticket and other ancillary revenue to BIGLIFE Sdn Bhd	**-**	753	**-**	753

39. Significant related party transactions (cont'd.)

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
(a) Income (cont'd.):				
Ground handling fees charged to Thai AirAsia Co., Ltd	**-**	285	**-**	285
Ground handling fees charged to Philippines AirAsia Inc	**-**	859	**-**	859
Sale of cargo transportation to Teleport Everywhere Pte Ltd	**346,197**	56,591	**346,197**	56,591
Sale of cargo transportation to Teleport Commerce Malaysia Sdn Bhd	**-**	83,061	**-**	83,061
(b) Recharges:				
Recharges of expenses to				
- Philippines AirAsia Inc	**595**	3,809	**595**	3,809
- Thai AirAsia Co., Ltd	**11,990**	410	**11,990**	410
- AirAsia Japan Co., Ltd	**-**	131	**-**	131
- PT Indonesia AirAsia	**5,897**	24	**5,897**	24
- Thai AirAsia X Co., Ltd	**4,951**	18,481	**4,951**	18,481
- PT Indonesia AirAsia Extra	**536**	2,589	**536**	2,589
- AirAsia (Guanghou) Aviation Service Limited	**1,068**	2,355	**1,068**	2,355
- AirAsia SEA Sdn Bhd	**1,001**	-	**1,001**	-
- Ground Team Red Sdn Bhd	**15,979**	-	**15,979**	-
Recharges of expenses by				
- AirAsia Berhad	**(4,275)**	(6,064)	**(4,275)**	(6,064)
- AirAsia Japan Co., Ltd	**-**	(678)	**-**	(678)
- AirAsia (India) Pvt Ltd	**-**	(388)	**-**	(388)
- AirAsia SEA Sdn Bhd	**-**	(517)	**-**	(517)
- Ground Team Red Sdn Bhd	**-**	187	**-**	187

39. Significant related party transactions (cont'd.)

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
(c) Other charges:				
Management fees charged by AirAsia X Services Pty Ltd (Note 9)	**-**	-	**(1,838)**	(7,285)
Brand license fee charged by AirAsia Berhad	**-**	(4,715)	**-**	(4,715)
Office rental charged by AirAsia Berhad	**-**	(5,040)	**-**	(5,040)
In-flight entertainment system and software expense charged by Rokki Sdn Bhd	**1,972**	(1,119)	**1,972**	(1,119)
Shared service management fee charged by AirAsia SEA Sdn Bhd	**(4,819)**	(2,760)	**(4,819)**	(2,760)
Provision of food catering services charged by Ormond Lifestyle Services Sdn Bhd	**-**	(333)	**-**	(333)
Ground handling services charged by Ground Team Red Sdn Bhd	**(6,157)**	(9,995)	**(6,157)**	(9,995)
Purchase of loyalty point from BIGLIFE Sdn Bhd	**-**	(620)	**-**	(620)
Turnaround charges charged by AirAsia (Guanghou) Aviation Service Limited	**(105)**	(651)	**(105)**	(651)
Marketing funds charged by AirAsia (Guanghou) Aviation Service Limited	**-**	(1,009)	**-**	(1,009)
Premium collected on travel insurance for passengers paid to Tune Insurance Malaysia Berhad	**-**	(1,819)	**-**	(1,819)

39. Significant related party transactions (cont'd.)

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
(d) Receivables:				
- AAX Mauritius One Limited	**-**	-	**-**	170,238
- Thai AirAsia X Co., Ltd	**29**	173,974	**-**	41,915
- Airasia Com Travel Sdn Bhd	**7,491**	-	**7,491**	-
- Ikhlas Com Travel Sdn Bhd	**6,277**	-	**6,277**	-
- AirAsia Berhad	**73,801**	-	**73,801**	-
- Others	**1,122**	7	**1,854**	7
-Teleport Everywhere Pte Ltd	**43,157**	4,061	**43,157**	4,061
	131,877	178,042	**132,580**	216,221
(e) Payables:				
- Thai AirAsia X Co., Ltd	**3,380**	173,909	**3,380**	212,154
- AASEA				
- Airasia X Services Pty Ltd	**-**	-	**304**	415
- AirAsia Berhad	**-**	315,077	**-**	315,077
- AirAsia Leasing One Ltd	**-**	-	**-**	8,837
- AirAsia Leasing Two Ltd	**-**	-	**-**	46,262
- AirAsia Leasing Three Ltd	**-**	-	**-**	3,736
- AirAsia Leasing Four Ltd	**-**	-	**-**	5,158
- AirAsia Leasing Five Ltd	**-**	-	**-**	3,245
- AirAsia Leasing Six Ltd	**-**	-	**-**	4,325
- AirAsia Leasing Seven Ltd	**-**	-	**-**	3,357
- AirAsia Leasing Eight Ltd	**-**	-	**-**	5,709
- AirAsia Leasing Nine Ltd	**-**	-	**-**	30,114
- AirAsia Leasing Ten Ltd	**-**	-	**331**	1,847
- AirAsia Leasing Eleven Ltd	**-**	-	**-**	40,495
- AirAsia (Guanghou) Aviation Service Limited	**-**	1,782	**-**	1,782

39. Significant related party transactions (cont'd.)

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
(e) Payables (cont'd.)				
- AirAsia Sea	**3,720**	1,646	**3,720**	1,646
- PT Indonesia AirAsia	**-**	5,374	**-**	5,374
- Thai AirAsia Co., Ltd	**1,807**	10,828	**1,807**	10,828
- Ground Team Red Sdn Bhd	**-**	15,978	**-**	15,978
- Others	**2,942**	3,221	**2,942**	3,221
	11,849	527,815	**12,484**	719,560
(f) Key management personnel compensation:				
Basic salaries, bonus and allowances	**1,415**	6,254	**1,415**	6,254
Defined contribution plan	**170**	594	**170**	594
	1,585	6,848	**1,585**	6,848

40. Financial risk management policies

The Group's and the Company's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses whilst managing their market risk (including fuel price risk, interest rate risk and foreign currency exchange risk), credit risk and liquidity and cash flow risk. The Group and the Company operate within defined guidelines that are approved and reviewed periodically by the Board of Directors to minimise the effects of such volatility on their financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The management team then establishes detailed policies such as risk identification and measurement, exposure limits and risk management strategies. Risk management policies and procedures are reviewed regularly to reflect changes in the market condition, and the Group's and the Company's activities.

The Group and the Company also seek to ensure that the financial resources that are available for the development of the Group's and the Company's businesses are constantly monitored and managed by implementing the turnaround plans as further disclosed in Note 45(a).

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.

40. Financial risk management policies (cont'd.)

The policies in respect of the major areas of treasury activities are as follows (cont'd.):

(a) Market risk (cont'd.)

(i) 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 prior years, 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 were 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 2022, if interest rate on USD denominated borrowings had been 60 basis points higher/lower with all other variables held constant, the impact on the post-tax (loss)/ profit for the financial period are tabulated below:

	2022		2021	
	+60bps	-60bps	+60bps	-60bps
	RM'000	RM'000	RM'000	RM'000
Impact on post tax (losses)/ profits	-	-	(1,758)	1,758

(ii) 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 33), 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 2022, if RM had weakened/strengthened by 5% against the USD with all other variables held constant, the impact on the post-tax (loss)/profit for the financial period are tabulated below:

	2022		2021	
	+5%	-5%	+5%	-5%
	RM'000	RM'000	RM'000	RM'000
			Restated	Restated
Impact on post tax (losses)/ profits	(45,186)	45,186	(352,631)	352,631

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

40. Financial risk management policies (cont'd.)

The policies in respect of the major areas of treasury activities are as follows (cont'd.):

(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 and cash and cash equivalents.

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.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Note	Under 1 year	1 - 2 years	2 - 5 years	Over 5 years
		RM'000	RM'000	RM'000	RM'000
Group					
At 31 December 2022					
Lease liabilities	33	**57,033**	**114,066**	**171,099**	**720,284**
Trade and other payables	32	**411,047**	**-**	**-**	**-**
Amount due to an associate	28	**3,380**	**-**	**-**	**-**
Amount due to related parties	30	**8,469**	**-**	**-**	**-**
		479,929	**114,066**	**171,099**	**720,284**

40. Financial risk management policies (cont'd.)

The policies in respect of the major areas of treasury activities are as follows (cont'd.):

(c) Liquidity and cash flow risk (cont'd.)

	Note	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Group (cont'd.)					
At 30 June 2021					
Term loans	33	292,916	-	-	-
Hire purchase	33	13	2	-	-
Lease liabilities	33	6,473,678	-	-	-
Trade and other payables	32	1,587,120	-	-	589
Provision for termination	10	25,163,344	-	-	-
Amount due to an associate	28	3,625	-	-	170,284
Amount due to related parties	30	353,906	-	-	-
		33,874,602	2	-	170,873

	Note	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Company					
At 31 December 2022					
Lease liabilities	33	**57,033**	**114,066**	**171,099**	**720,284**
Trade and other payables	32	**282,401**	**-**	**-**	**-**
Amount due to subsidiaries	29	**635**	**-**	**-**	**-**
Amount due to an associate	28	**3,380**	**-**	**-**	**-**
Amount due to related parties	30	**8,469**	**-**	**-**	**-**
		351,918	**114,066**	**171,099**	**720,284**

40. Financial risk management policies (cont'd.)

The policies in respect of the major areas of treasury activities are as follows (cont'd.):

(c) Liquidity and cash flow risk (cont'd.)

	Note	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Company (cont'd.)					
At 30 June 2021 (Restated)					
Term loans	33	292,916	-	-	-
Hire purchase	33	13	2	-	-
Lease liabilities	33	6,558,412	-	-	-
Trade and other payables	32	1,431,922	-	-	589
Provision for termination	10	25,163,344	-	-	-
Amount due to subsidiaries	29	153,500	-	-	-
Amount due to an associate	28	41,870	-	-	170,284
Amount due to related parties	30	353,906	-	-	-
		33,995,883	2	-	170,873

(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.

40. Financial risk management policies (cont'd.)

The policies in respect of the major areas of treasury activities are as follows (cont'd.):

(d) Capital risk management (cont'd.)

Following the COVID-19 pandemic, the Group's and the Company's overall strategies are as disclosed in Note 45. The gearing ratio as at 31 December 2022 and 30 June 2021 were as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total borrowings (Note 33)	**1,062,482**	6,766,609	**1,062,482**	6,851,343
Less: Cash and cash equivalents (Note 31)	**(176,710)**	(68,466)	**(176,373)**	(68,349)
Net debt	**885,772**	6,698,143	**886,109**	6,782,994
Total equity attributable to equity holders of the Group and Company	**(285,203)**	(33,567,101)	**(273,122)**	(33,650,434)
Total capital	**600,569**	(26,868,958)	**612,987**	(26,867,440)
Gearing ratio	**1.47**	(0.25)	**1.45**	(0.25)

On 16 March 2022, with the Sanction Order from the High Court of Malaya, the Debt Restructuring has taken effect as detailed in Note 45(a).

(e) Fair value measurement

The carrying amounts of cash and cash equivalents, trade and other current assets, and trade and other current liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

Determination of fair value and fair value hierarchy

The Group's and the Company's financial instruments are measured in the financial position at fair value. Disclosure of fair value measurements are by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

40. Financial risk management policies (cont'd.)

The policies in respect of the major areas of treasury activities are as follows (cont'd.):

(e) Fair value measurement (cont'd.)

Determination of fair value and fair value hierarchy (cont'd.)

The following table presents the Group's and the Company's assets and liabilities that are measured at fair value.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
31 December 2022				
Liabilities				
Loans and borrowings	**-**	**1,062,482**	**-**	**1,062,482**
30 June 2021				
Liabilities				
Loans and borrowings	-	6,766,609	-	6,766,609
Company				
31 December 2022				
Liabilities				
Loans and borrowings	**-**	**1,062,482**	**-**	**1,062,482**
30 June 2021				
Liabilities				
Loans and borrowings	-	6,851,343	-	6,851,343

41. Financial instruments

(a) Financial instruments by category

	Group Amortised cost RM'000	Company Amortised cost RM'000
31 December 2022		
Assets as per statement of financial position		
Trade and other receivables excluding prepayments and deferred lease expense	**287,949**	**175,985**
Amount due from an associate	**29**	**-**
Amount due from related parties	**131,848**	**132,580**
Deposits, cash and bank balances	**176,710**	**176,373**
Total	**596,536**	**484,938**
Liabilities as per statement of financial position		
Borrowings	**1,062,482**	**1,062,482**
Trade and other payables excluding deferred lease income	**411,047**	**282,401**
Amount due to subsidiaries	**-**	**635**
Amount due to an associate	**3,380**	**3,380**
Amount due to related parties	**8,469**	**8,469**
Total	**1,485,378**	**1,357,367**

41. Financial instruments (cont'd.)

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

Group	Amortised cost RM'000 Restated	Total RM'000
30 June 2021		
Assets as per statement of financial position		
Trade and other receivables excluding prepayments and deferred lease expense	921,161	921,161
Amount due from an associate	173,974	173,974
Amount due from related parties	4,068	4,068
Deposits, cash and bank balances	74,110	74,110
Total	1,173,313	1,173,313
Liabilities as per statement of financial position		
Borrowings	6,766,609	6,766,609
Trade and other payables excluding deferred lease income	1,585,008	1,585,008
Amount due to an associate	173,909	173,909
Amount due to related parties	353,906	353,906
Total	8,879,432	8,879,432

41. Financial instruments (cont'd.)

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

Company	Amortised cost RM'000	Total RM'000
30 June 2021		
Assets as per statement of financial position		
Trade and other receivables excluding prepayments and deferred lease expense	921,161	921,161
Amount due from subsidiaries	170,238	170,238
Amount due from an associate	41,915	41,915
Amount due from related parties	4,068	4,068
Deposits, cash and bank balances	73,993	73,993
Total	1,211,375	1,211,375
Liabilities as per statement of financial position		
Borrowings	6,851,343	6,851,343
Trade and other payables excluding deferred lease income	1,429,810	1,429,810
Amount due to subsidiaries	153,500	153,500
Amount due to an associate	212,154	212,154
Amount due to related parties	353,906	353,906
Total	9,000,713	9,000,713

41. Financial instruments (cont'd.)

(b) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

		Group		Company	
	Note	**2022**	**2021**	**2022**	**2021**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Counterparties without external credit rating					
Group 1		**-**	-	**-**	-
Group 2		**38,138**	238	**38,138**	238
Total trade receivables that are neither past due nor impaired (Note 24 (a)(i))		**38,138**	238	**38,138**	238
Deposits, cash and bank balances					
AAA to A-		**176,177**	6,248	**176,177**	6,248
BBB to BBB-		**375**	67,689	**38**	67,572
		176,552	73,937	**176,215**	73,820
Cash on hand		**158**	173	**158**	173
Total	31	**176,710**	74,110	**176,373**	73,993
Amount due from subsidiaries, an associate, a joint venture and related parties					
Group 1		**-**	-	**-**	-
Group 2		**29**	41,579	**-**	41,579
Total		**29**	41,579	**-**	41,579

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

Group 2 – Existing customers/related parties (more than 6 months)

All other receivables and deposits are substantially with existing counterparties.

42. Segmental information

Management has determined the operating segments based on reports that are reviewed and used to make strategic decisions by the Group's CEO who is identified as the chief operating decision maker.

The Group's CEO considers the business from a geographic perspective. The operating segments have been identified by each Air Operator Certificate ("AOC") held under the AirAsia brand, and are categorised as Malaysia, Thailand and Indonesia.

The Group's CEO assesses the performance of the operating segments based on revenue and net operating profit.

The Group's operations by geographical segments are as follows:

2022	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination adjustments RM'000	Total RM'000
Segment results					
Revenue	**825,860**	**1,006,211**	**-**	**-**	**1,832,071**
Operating expenses					
- Cost of sales and service			**-**		
- Staff costs	**(106,442)**	**(25,546)**	**(5)**	**-**	**(131,993)**
- Depreciation of property, plant and equipment and ROU assets	**(39,604)**	**(67,425)**	**(119)**	**-**	**(107,148)**
- Aircraft fuel expenses	**(354,896)**	**(89,598)**	**-**	**-**	**(444,494)**
- Maintenance and overhaul	**(560,290)**	**(68,731)**	**-**	**-**	**(829,021)**
- User charges	**(96,965)**	**(30,886)**	**-**	**-**	**(127,851)**
- Aircraft operating lease expenses	**(33,637)**	**(47,817)**	**-**	**-**	**(81,454)**
- Other operating expenses	**(275,115)**	**(67,522)**	**(87)**	**-**	**(342,724)**
- Provision for termination	**-**	**-**	**-**	**-**	**-**
- Provision for additional loss in the investment in IAAX	**(223,245)**	**-**	**-**	**-**	**(223,245)**
Other income	**34,328,563**	**6,487**	**-**	**-**	**35,900,174**
Operating profit/(loss)	**33,464,229**	**615,173**	**(211)**	**-**	**34,079,191**
Finance income	**19,814**	**-**	**-**	**-**	**31,530**
Finance costs	**(765,931)**	**(63,147)**	**-**	**-**	**(829,078)**
Net operating loss	**32,718,112**	**546,531**	**(211)**	**-**	**33,281,643**
Net foreign exchange loss	**(47,742)**	**(81,664)**	**67**	**-**	**(129,339)**
Profit/(loss) before taxation	**32,670,370**	**482,078**	**(144)**	**-**	**33,152,304**

42. Segmental information (cont'd.)

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

	Malaysia	Thailand	Indonesia	Elimination adjustments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2022 (cont'd.)					
Segment results (cont'd.)					
Profit/(loss) before taxation	**32,670,370**	**482,078**	**(144)**	**-**	**33,152,304**
Taxation	**612,241**	**375**	**-**	**-**	**612,616**
Profit/(loss) after taxation	**33,282,611**	**482,453**	**(144)**	**-**	**33,764,920**
2021					
Segment results					
Revenue	1,132,624	536,965	832	(244,582)	1,425,839
Operating expenses					
- Staff costs	(248,318)	(106,036)	(1,273)	-	(355,627)
- Depreciation of property, plant and equipment and ROU assets	(961,502)	(572,883)	(2,458)	307,131	(1,229,712)
- Aircraft fuel expenses	(538,450)	(364,959)	(223)	-	(903,632)
- Maintenance and overhaul	(702,506)	(352,844)	(35,777)	182,428	(908,699)
- User charges	(96,979)	(62,812)	5,256	-	(154,535)
- Aircraft operating lease expenses	(2,417)	-	(64,475)	64,475	(2,417)
- Other operating expenses	(6,106,334)	(991,978)	(7,760)	-	(7,106,072)
- Provision for termination	(25,163,344)	-	-	-	(25,163,344)
Other income	6,997	19,630	1	-	26,628
Operating (loss)/ profit	(32,680,229)	(1,894,917)	(105,877)	309,452	(34,371,571)
Finance income	130,917	15,200	13	(62,277)	83,853
Finance costs	(1,034,161)	(138,737)	(36)	-	(1,172,934)
Net operating (loss)/profit	(33,583,473)	(2,018,454)	(105,900)	247,175	(35,460,652)
Net foreign exchange loss	(80,764)	(124,068)	(16,906)	(2,321)	(224,059)
Other (losses)/gains	(10,928)	6,053	-	-	(4,875)
(Loss)/profit before taxation	(33,675,165)	(2,136,469)	(122,806)	244,854	(35,689,586)

42. Segmental information (cont'd.)

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

	Malaysia	Thailand	Indonesia	Elimination adjustments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2021 (cont'd.)					
Segment results					
(Loss)/profit before taxation	(33,675,165)	(2,136,469)	(122,806)	244,854	(35,689,586)
Taxation	7	907	-	-	914
(Loss)/profit after taxation	(33,675,158)	(2,135,562)	(122,806)	244,854	(35,688,672)
2022					
Segment assets					
Non-current assets^	**1,901,730**	**1,162,663**	**3,008**	**(268,288)**	**2,799,113**
Current assets	**550,146**	**689,738**	**133,518**	**(152,690)**	**1,220,712**
	2,451,876	**1,852,401**	**136,526**	**(420,978)**	**4,019,825**
Segment liabilities					
Non-current liabilities	**(1,837,608)**	**(1,141,210)**	**7,121**	**23,434**	**(2,948,263)**
Current liabilities	**(899,471)**	**(2,486,426)**	**(624,733)**	**152,690**	**(3,857,940)**
	(2,737,079)	**(3,627,636)**	**(617,612)**	**176,124**	**(6,806,203)**
2021					
Segment assets					
Non-current assets^	1,594,451	920,123	5,241	(268,288)	2,251,527
Current assets	350,016	322,049	135,060	(152,690)	654,435
	1,944,467	1,242,172	140,301	(420,978)	2,905,962

42. Segmental information (cont'd.)

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

	Malaysia	Thailand	Indonesia	Elimination adjustments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2021 (cont'd.)					
Segment liabilities					
Non-current liabilities	(1,102,656)	(1,765,099)	(6,189)	23,434	(2,850,510)
Current liabilities	(34,408,912)	(1,796,505)	(604,128)	152,690	(36,656,855)
	(35,511,568)	(3,561,604)	(610,317)	176,124	(39,507,365)

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

	2022	2021
	RM'000	RM'000
(a) Reconciliation of segment revenue to reported revenue:		
Segment revenue	**1,832,071**	1,425,839
Less: Revenue from an associate and a joint venture which were not consolidated	**(1,006,211)**	(293,215)
	825,860	1,132,624
(b) Reconciliation of segment loss before taxation to reported loss before taxation:		
Segment loss before taxation	**33,375,549**	(35,689,586)
Add: Expenses from an associate and a joint venture which were not consolidated	**(481,934)**	2,014,421
	32,893,615	(33,675,165)
(c) Reconciliation of segment assets to reported total assets:		
Segment assets	**4,019,825**	2,905,962
Less: Assets of an associate and a joint venture which were not consolidated	**(1,567,949)**	(961,495)
	2,451,876	1,944,467

42. Segmental information (cont'd.)

	2022 RM'000	2021 RM'000
(d) Reconciliation of segment liabilities to reported total liabilities:		
Segment liabilities	**(6,582,958)**	(39,507,365)
Add: Liabilities of an associate and a joint venture which were not consolidated	**4,069,124**	3,995,797
	(2,403,216)	(35,511,568)

43. Unconsolidated structured entities

The Group and the Company have set up Merah X Enam Limited in the previous financial year, 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 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. During the financial period, subsequent to the completion of the debt restructuring on 16 March 2022, the term loan was waived by BNP Paribas S.A..

On 26 March 2022, the Company entered into two operating lease agreement with Red X 6 Limited to lease and operate the Airbus A330-343. Red X 6 Limited is a special purpose company ("SPC") set up pursuant to Companies Law (Revised) of the Cayman Island.

The SPC are orphan trust companies in which the Group and the Company have no equity interest.

The details of the SPC entities are as follows:

Name	Country of incorporation	Purpose
Merah X Enam Limited	Malaysia	Purchase of 2 Airbus A330-300 aircraft
Red X 6 Limited	Malaysia	Lease of 2 Airbus A330-300 aircraft

During the financial period, Merah X Enam Limited has became dormant.

The SPC do not incur any losses or earn any income during the financial period ended 31 December 2022.

The Group and the Company do not provide any financial support to the SPC or have any contractual obligation to make good the losses, if any.

44. Other matters

Claim filed by BOC Aviation Limited (“BOCA”)

AAX and AAX Leasing Two Ltd (“AAX Leasing Two”), an indirect wholly-owned subsidiary of AAX, had on 25 August 2020, received a letter dated 19 August 2020 issued by Morgan, Lewis & Bockius UK LLP (“Morgan Lewis”) enclosing, amongst others, a particulars of claim dated 19 August 2020 (“Particulars of Claim”) filed by Morgan Lewis on behalf of BOCA against AAX and AAX Leasing Two in the High Court of Justice - Business and Property Courts of England and Wales (“High Court of England and Wales”) (“said Claim”).

BOCA is an aircraft operating leasing company. AAX Leasing Two has leased 4 aircraft from BOCA pursuant to 4 individual aircraft lease agreements, all dated 24 November 2014 as novated, amended and restated on 28 December 2018 (“BOCA Lease Agreements”).

In the Particulars of Claim, BOCA claimed that the said Claim is in relation to:-

(a) the alleged breach of AAX Leasing Two’s obligations under the BOCA Lease Agreements; and

(b) the alleged breach of AAX’s obligations under 4 guarantees, all dated 28 December 2018 issued by AAX in favour of BOCA pursuant to the BOCA Lease Agreements (“Guarantees”).

In connection to the said Claim, BOCA had in the Particulars of Claim claimed for, amongst others, the sum of USD22,975,392 from AAX and AAX Leasing Two, representing the outstanding amounts due as a debt under the BOCA Lease Agreements and the Guarantees.

On 20 November 2020, AAX announced that AAX and AAX Leasing Two had respectively been served with a sealed copy of the order dated 6 November 2020 made by the High Court of England and Wales in respect of the said Claim (“said Order”).

The High Court of England and Wales has in the said Order ordered, amongst others, the following:-

(a) BOCA is granted summary judgment against the Company and AAX Leasing Two on the said Claim;

(b) AAX and AAX Leasing Two shall pay:-

 (1) a sum of USD23,376,779, comprising the sum of (aa) USD22,975,392 (inclusive of interest to 30 June 2020) claimed in the said Claim and (bb) USD401,387 in respect of interest between 1 July 2020 and 6 November 2020;

 (2) post-judgement interest on the above sum at the Default Rate (as defined in the BOCA Lease Agreements); and

 (3) a sum of £75,000.00, being BOCA’s cost of the said Claim (summarily assessed).

AAX and AAX Leasing Two had respectively been served with the Notice to Judgment Debtors of Registration of Foreign Judgment dated 7 December 2020 filed in the High Court at Kuala Lumpur in respect of the registration of the said Order by BOCA as a Judgment of the High Court.

AAX had on 14 December 2020 filed and served on the solicitors of BOCA an application to set aside the registration of the said Order as a Judgment of the High Court. AAX, AAX Leasing Two and BOCA had on 25 May 2021 filed their respective written submissions and thereafter reply submissions were filed by the parties on 12 July 2021 and 14 July 2021 respectively. The hearing initially fixed on 27 October 2021 was vacated and has now been converted into a case management.

44. Other matters (cont'd.)

Claim filed by BOC Aviation Limited ("BOCA") (cont'd.)

The Judgment Debtors' application to set aside the registration of the Summary Judgment was withdrawn on 20 January 2022. The judgment debt due and owing to the Judgement Creditor under the Summary Judgment has been fully compromised by AAX's Scheme of Arrangement and is subject to its settlement terms.

Claim filed by International Lease Finance Corporation ("ILFC")

AAX and its subsidiaries, AAX Mauritius One Ltd. ("AAX Mauritius") and AAX Leasing Four Ltd. ("AAX Leasing Four") had on 19 November 2020, each been served with a Judgement for claimant (in default) dated 13 November 2020 (and sealed on 18 November 2020) ("Judgement") obtained by ILFC (as trustee) ("Claimant") against AAX, AAX Mauritius and AAX Leasing Four respectively, in the High Court of Justice, Queens Bench Division, Commercial Court ("High Court of Justice").

ILFC is an aircraft operating leasing company. AAX Leasing Four has leased 2 aircraft from ILFC persuant to 2 individual aircraft lease agreement ("ILFC Lease Agreement"), all dated 14 September 2012, as novated, amended and restated on 29 March 2019. The ILFC Lease Agreement had been terminated persuant to 2 termination notice, all dated 29 December 2020.

The High Court of Justice has pursuant to the Judgement, ordered each of AAX, AAX Mauritius and AAX Leasing Four to pay the sum of £6,581,868 (inclusive of costs and interests to the date of the judgement) to the Claimant.

As at the 29 October 2021, AAX has not received any notice in relation to the registration of the Judgment by ILFC with the High Court of Justice pursuant to the Reciprocal Enforcement of Judgments Act 1958.

In any event, the judgment debt due and owing to ILFC under ILFC's judgement in default has been fully compromised by AAX's Scheme of Arrangement and is subject to its settlement terms.

Claim filed by Malaysia Airports (Sepang) Sdn Bhd ("MASSB")

On 10 December 2018, MASSB initiated a civil suit against AAX for outstanding passenger service charges and late payment charges.

On 18 July 2019, the High Court allowed summary judgment against AAX for the sum of RM26,718,142 in outstanding passenger service charges and RM661,749 in outstanding late payment charges.

The claim by MASSB is currently pending appeal to the Court of Appeal, which is fixed for hearing on 27 January 2022.

The solicitors of AAX are of the view that AAX has a fair chance of success in the appeal.

On 11 August 2022, AAX and MASSB jointly agreed to discontinue the proceedings.

Federal Court has vacated hearing on 11 August 2022 as AAX and MAASB jointly agree to discontinue the proceedings.

44. Other matters (cont'd.)

Claim filed by AAX and AirAsia Berhad against Malaysia Airports (Sepang) Sdn Bhd ("MASSB")

On 2 October 2019, AAX together with AirAsia Berhad (affiliate company of AAX) filed a Writ of Summons at the High Court against MASSB for the sum of RM479,781,285, being loss and damage caused by negligence and breaches of contract on the part of MASSB, its servants and/or agents in the management, operation, maintenance and/or provision of airport services and facilities at klia2.

The matter is presently pending the decision on AAX and AirAsia Berhad's joint application to expunge an affidavit filed by MASSB which contains without prejudice communications and the expungement application is fixed for hearing on 10 December 2021.

Further, there are 2 other pending applications in the suit, being MASSB's application to strike out the claim, and secondly, MASSB's application for further and better particulars of the claim, both of which are fixed for case management on 13 October 2021.

At the case management on 5 April 2022, AAX also informed the High Curt that it would be withdrawing its claims against MAASB.

High Court and Court of Appeal have vacated future court dates as AAB and AAX jointly agreed with MASSB to discontinue the action and appeal on 9 August 2022.

Claim filed by Malaysia Airports (Sepang) Sdn Bhd ("MASSB")

AAX had on 23 October 2020, been served with an unsealed copy of the Writ of Summons and Statement of Claim, both dated 22 October 2020, filed by MASSB against the AAX in the High Court of Kuala Lumpur ("MASSB Claim").

In the Statement of Claim, MASSB claimed that the MASSB Claim is in respect of the sum of RM78,162,965, being the outstanding amount for various aeronautical charges which comprised of passenger service charges, passenger service security charges, aerobridge charges, aircraft parking charges, check-in counter charges, landing charges and late payment charges pursuant to the Malaysian Aviation Commission (Aviation Services Charges) Regulations 2016 and/or the conditions of use for Kuala Lumpur International Airport ("Condition of Use").

In connection to the MASSB Claim, MASSB had also sought for, amongst others, an order that MASSB's contractual and continual lien over any aircraft, parts, accessories, vehicles, equipment and/or any other property belonging to and/or under the AAX's control or any ground handler appointed by the Company under the Condition of Use shall only be discharged upon full settlement by AAX of the full sum owing to MASSB.

In response AAX filed its Statement of Defence which includes (inter alia) a counterclaim to recover amounts paid to MASSB since the coming into force of the MAVCOM Act on 1 March 2016.

Subsequently, MASSB had on 11 November 2020 filed an application for Summary Judgment ("MASSB Summary Judgment Application") solely in respect of the purportedly outstanding passenger service charges and late payment charges claimed in the Statement of Claim amounting to RM62,937,145 on the same grounds it relied on in its Statement of Claim, to which AAX has filed a reply on 4 December 2020. In addition, BNP Paribas, Singapore Branch as well as a group of 8 passengers also filed applications to intervene in the MASSB Claim.

AAX thereafter filed an application to stay all proceedings in the MASSB Claim pending the determination of the application for Proposed Debt Restructuring as well as the appeal in Section 7.4 of this Explanatory Statement, as some of which raise similar issues for the Court of Appeal's determination in relation to passenger service charges.

At the case management on 5 April 2022, MASSB informed the High Court that they were withdrawing their claim and summary judgment application against AAX as the sums claimed were compromised by AAX's Scheme of Arrangement.

44. Other matters (cont'd.)

Claim filed by Malaysia Airports (Sepang) Sdn Bhd ("MASSB")

The application by AAX to stay all proceedings was subsequently withdrawn with no order to costs on 25 March 2021 pursuant to the agreement between the parties on the terms of the AAX Restraining Order. On 21 September 2021, the applications to intervene by BNP Paribas, Singapore Branch was heard and a Consent Order was recorded allowing BNP Paribas, Singapore Branch to intervene but only in respect of MASSB's prayers relating to the detention and sale of AAX's property. Further, the application to intervene by the 8 passengers was withdrawn with liberty to file afresh. There has yet to be a hearing date fixed for the MASSB Summary Judgment Application.

At the case management on 5 April 2022, MASSB informed the High Court that they were withdrawing their claim and summary judgment application against AAX as were compromised by AAX's Scheme of Arrangement.

Claim filed by Safran Landing Systems Singapore Pte Ltd ("Safran") against AAX

On 15 March 2021, Safran had filed an originating summons against AAX and Minsheng Financial Co Ltd in the Kuala Lumpur High Court to, inter alia, take control of the aircraft to remove landing gears installed on the said aircraft. Safran's claim is premised on AAX failure to pay Safran the sum of USD1,305,066 for the landing gears and the overhaul services it provided.

On 21 June 2021, the solicitors of AAX informed the Honourable Court that the matter was to be restrained and/or stayed in view of the extension of the Restraining Order until 17 March 2022. In view of the above, the learned Judge has fixed the matter for a case management on 21 March 2022.

On 21 March 2022, Safran withdrew its originating summons against AAX pursuant to a settlement agreement between the parties. Accordingly, the High Court struck out Safran's originating summons with no liberty to file afresh and with no order as to cost.

Cybersecuirty attack

The Group has entered into a shared service agreement with a related party. The related party rely on integrated information system ("IIS") to process the data from the Group operations. The related pary obtained the license to use the IIS from the vendors of the system.

On 12 November 2022, the related party experienced a cybersecurity breach incident whereby certain of their servers were encrypted with a ransomware. The related party has engaged a third-party consultant to assess the nature and extent of the cybersecurity breach.

The cybersecurity attack was on redundant systems of the Group and did not affect the Group's critical systems. The Group had taken all measures to immediately resolve this incident and has implemented measures to prevent such future incidents.

To the best of the Group's knowledge and as at the date of this report, the Group has not been made aware of any pending litigation or claims against the Company relating to the incident.

45. Turnaround plans

Given that the Group and Company announced has re-emerged from the impact of the COVID019 pandemic and is well on its path towards recovery, the Group and Company continues to turnaround through the measures as follows:

a. Debt Restructuring

On 6 October 2020, the Group and the Company announced a Proposed Debt Restructuring exercise which comtemplated the settling and waiving the debts owed to scheme creditors under Section 366 of the Companies Act 2016. On 22 February 2021, the Group and the Company obtained a court order to convene a creditors' meeting ("CCM") within six months. The scheme of arrangement involve the classification of creditors into three categories: Class A (secured creditors), Class B (unsecured creditors), and Class C (Airbus) (collectively known as the "Scheme Creditors").

45. Turnaround plans (cont'd.)

a. Debt Restructuring (cont'd.)

As at 30 June 2021, the Company has outstanding accrued liabilities of RM8.97 billion and provided for provision for termination claim of RM25.16 billion ("Provisional Scheme amount")

An application for an extension of time was then approved, which extended the validity period until 17 March 2021. On 17 March 2021, the High Court of Malaya granted a Restraining Order pursuant to Section 368 of the Companies Act 2016, which was valid until 16 March 2022.

On 12 November 2021, the Company announced that a requisite majority of 75% of each Class A Creditors, Class B Creditors and Class C Creditor has been obtained at their respective CCMs held on even date, the Proposed Debt Restructuring has accordingly been approved by the Scheme Creditors.

On 16 December 2021, the Company had filed an application to the High Court of Malaya pursuant to Section 366 of the Companies Act, 2016 for approval and/or sanction of the Proposed Debt Restructuring and the High Court of Malaya had, at the even date, granted an order thereof ("Sanction Order"). The Proposed Debt Restructuring will take effect upon lodgement of the Sanction Order with the Registrar of Companies of Malaysia.

On 16 March 2022, a copy of the Sanction Order has been duly lodged with the Registrar of Companies in accordance with Section 366(5) of the Companies Act 2016 and accordingly, the Proposed Debt Restructuring took effect on event date (hereinafter known as "Debt Restructuring").

Under the scheme of arrangement, agreed with the Scheme Creditors, on 16 March 2023, the first anniversary of the restructuring effective date, a settlement sum will be paid out, equivalent to 0.5% of the shortfall between outstanding liabilities as of 30 June 2020 and any exercisable securities, to the Scheme Creditors. Additionally, Class A and Class B creditors will be entitled to an annual profit-sharing mechanism, calculated based on the pro-rating of the payout pool, which equates to 20% of the excess over RM300 million of earnings before interest, taxes, depreciation, amortisation and lease rentals ("EBITDAR") for the years 2023 to 2026.

b. Revised business plan

(i) Rationalisation of network

AAX will rationalise its network plan (by suspension and/or termination of unprofitable and/or immature routes), shifting its focus from market share to that of sustainability and yield and driving profitability, focusing on routes that have proven load and yield performance. The initial phase of the network recovery plan involves the resumption of operations to selected markets with historically proven performance. During the first 6 months of network resumption beginning June 2022, the Group and the Company gradually resume flights to destinations such as primary cities in Australia, China, Taiwan, Japan, Korea, the United States (via Japan) and India. The Group and the Company plan to resume operation to all destinations in selected markets by end of 2022. The key criteria of the market selection are driven by historical profitability and demand forecast as the Group and the Company will focus on business sustainability and profitability moving forward.

Upon the full resumption of all targeted routes in the revised business plan, AAX will focus on rebuilding flight frequency to optimal levels and avoid deploying excess capacity in its markets. In view of the current recovery of the post COVID-19 situation, AAX will continuously review its network resumption timeline, in tandem with the uplifts of travel restrictions, travel bubbles and border policies of individual countries. AAX also continues to engage with tourism and airport authorities, governments and other industry stakeholders to pave the way for the prospect of travel bubbles in green zone countries and reinstate the public's confidence to travel.

45. Turnaround plans (cont'd.)

b. Revised business plan (cont'd.)

(ii) Leaner and more sustainable cost structure

AAX will continue its focus on medium to long haul flight operations within the 5 to 8-hour range and defer investment in new or immature routes while reopening, defending and building load and yield in its core routes. To streamline the Group's and the Company's cost base, it has reviewed and restructured most contracts, agreements and/or arrangements to better align with the Group's and the Company's future size and requirements and lowering costs significantly. In addition, the Group and the Company will undertake manpower consolidation and optimisation in tandem with the rationalised network ramp up plan. By significantly reducing the cost base, the Group and the Company seek to achieve a revised cost structure that matches the revenue generation trajectory and business recovery post COVID-19.

(iii) Optimisation of fleet

The Group and the Company remain engaged with all key business partners in respect of contracts, agreements and/or arrangements which are required to ensure the recovery of the Group and the Company post COVID-19. These contracts, agreements and/or arrangements will be based on terms to be agreed upon that are reflective and supportive of the revised business plan. The Group and the Company will need the support and understanding of its business partners to execute the revised business plan. After the approval of debt restructuring exercise on 16 March 2022, AAX has entered into new contracts, agreements and/or arrangements, among others, requirements of AAX and terms offered by the scheme creditors (which shall be based on market rates), with relevant parties for necessary services and supplies to support the revised business plan.

Accordingly, the directors are of the opinion that the going concern basis used in the preparation of financial statements is appropriate and no adjustments was necessary to be made to the financial statements. Should the going concern basis for the preparation of the financial statements be no longer appropriate, adjustments will have to be made to state the assets at their realisable values and to provide for further liabilities which may arise.

46. Prior year adjustments

(i) The Group and Company recorded provisions on maintenance and overhaul works based on obligations payable to an engine maintenance service provider. The Group and the Company recorded prepayments based on those provisions and also deposited funds into a maintenance reserve account with aircraft lessors. However, in previous years, certain portion of these prepayments and deposits were erroneously recorded as assets, along with corresponding provisions for aircraft maintenance and payables, even though the payments has yet to be made. In the current financial period, the Group and Company corrected this error by restating their financial statements which involved the correction of overstatement of trade and other receivables of RM548 million and an overstatement of trade and other payables of RM562 million. These overstatements arose from the previously recorded unpaid prepayment and deposits. The Group and Company also made a restatement for the discounting effect related to the unpaid maintenance reserve account deposit.

(ii) The Group and Company has acted as an intermediate lessor for an associate. External aircraft lessors billed the MRF Deposit for aircraft subleased to associate. The Group and Company made payment for the MRD Deposit on behalf of the associate and recharged the amount to the associate. However, in previous financial period, the Group and Company incorrectly recorded an expense for the MRF Deposit billed by external aircraft lessors and a corresponding revenue for the MRF Deposit to be claimed back from the associate, resulting in an overstatement of revenue and operating expenses of RM83 million. In the current financial period, the Group and Company made a restatement to correct this overstatement.

The Group and the Company has corrected (i) and (ii) by restating each of the affected financial statements line items for the prior periods, as follows:

Impact on equity (increase/(decrease) in equity)

	Group		Company	
	30 June 2021 RM'000	**1 January 2020 RM'000**	**30 June 2021 RM'000**	**1 January 2020 RM'000**
Trade and other receivables	(547,765)	(14,477)	(547,765)	(14,477)
Total assets	(547,765)	(14,477)	(547,765)	(14,477)
Trade and other payables	(154,300)	-	(39,142)	-
Provision for aircraft maintenance	(408,028)	(14,418)	(408,028)	(14,418)
Amount due to subsidiaries	-	-	(115,158)	-
Total liabilities	(562,328)	(14,418)	(562,328)	(14,418)
Net impact on equity	14,563	(59)	14,563	(59)

47. Prior year adjustments (cont'd.)

The Group and the Company has corrected (i) and (ii) by restating each of the affected financial statements line items for the prior periods, as follows: (cont'd.)

Impact on statement of profit or loss (increase/(decrease) in loss)

	Group and Company
	30 June 2021
	RM'000
Revenue	(82,919)
Operating expenses	82,919
Finance income	(13,134)
Finance costs	29,049
Net foreign exchange loss	(1,293)
Net impact on loss for the period	14,622
Attributable:	
Owners of the Company	14,622

Impact on statement of cash flows (increase/(decrease) in cash and cash equivalents)

	Group	**Company**
	30 June 2021	**30 June 2021**
	RM'000	**RM'000**
Loss before tax	14,622	14,622
Net foreign exchange differences	(59)	(59)
Operating loss before working capital change	14,563	14,563
Decrease in trade and other receivables	547,765	547,765
Decrease in trade and other payables	(562,328)	(447,170)
Decrease in related parties balance	-	(115,158)
Net impact on cash and cash equivalents	-	-

47. Prior year adjustments (cont'd.)

The Group and the Company has corrected (i) and (ii) by restating each of the affected financial statements line items for the prior periods, as follows: (cont'd.)

Impact on basic and diluted earnings per share ("EPS") (increase/(decrease) in EPS)

	Group and Company
	30 June 2021
	sen
Loss per share	
Basic and diluted, profit for the year attributable to ordinary equity holders of the parent	0.35

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin and Ahmad Al Farouk bin Ahmad Kamal, 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 61 to 172 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 2022 and of their financial performance and cash flows for the financial period then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 28 April 2023.

Tunku Dato' Mahmood Fawzy
bin Tunku Muhiyiddin
Director

Ahmad Al Farouk bin Ahmad Kamal
Director

Kuala Lumpur, Malaysia

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Goh Shu Wai, 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 61 to 172 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 Goh Shu Wai
at Kuala Lumpur in the Federal Territory
on [●]

Goh Shu Wai

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 statement of financial position as at 31 December 2022 of the Group and of the Company, and statement of profit or loss and other comprehensive income, statement of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 61 to 172.

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 2022, and of their financial performance and their cash flows for the financial period then ended in accordance with the 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.

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 judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current period. 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.

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 audit matters (cont'd)

Key risk	Our response
Revenue recognition from scheduled flights and sales in advance For the financial period ended 31 December 2022, revenue from scheduled flights and ancillary services accounted for 43% of the Group's total revenue, as compared to 63% for the financial year ended 30 June 2021.The Group relies on an integrated information technology system, which includes the flight reservation system to process the large volumes of data of low-value transactions from the scheduled flights and ancillary services. Due to these factors, there is an increased risk of material misstatement arising from the timing and amount of revenue recognized from scheduled flight and ancillary services. As a result, revenue recognition has been identified as an area of audit focus. The notes relating to schedule and ancillary revenue are disclosed in Notes 2.20 and 4 to the financial statements.	To address this area of focus, we performed, amongst others, the following procedures: a) Performed data analytics to reconcile the revenue recognised in respect of scheduled flight 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) Assessed the reconciliation of data between the flight reservation system and the general ledger to corroborate the completeness of revenue; and d) Performed procedures to determine if revenue from scheduled flight and ancillary revenue are recorded in the correct accounting period.
Provision for aircraft maintenance As of 31 December 2022, AAX was operating 14 aircrafts under operating lease arrangements with lessors. To estimate the provision for aircraft maintenance, management relied on the estimated overhaul cost with third party maintenance service providers for individual aircraft component at the end of the reporting period. A provision of RM283 million was recorded by AAX for the year, which represents a decrease from RM1,369 million as at 30 June 2021. The provision for aircraft maintenance has been identified as an area of audit focus due to the significant amount involved and the high level of judgment and estimates applied by management in determining the provision. The notes relating to provision for aircraft maintenance are disclosed in Notes 2.11, 3(iv) and 34 to the financial statements.	To address this area of focus, we performed, amongst others, the following procedures: a) Gained an understanding of the management's process for estimating aircraft maintenance costs for aircraft held under lease arrangements, including understanding the contractual obligations of the Group and of the Company arising from the lease arrangements; b) Evaluated the key assumptions adopted by management by discussing with the relevant fleet maintenance engineers and tested, on a sample basis, the accuracy of the data on aircraft utilisation statistics; c) Compared the historical overhaul costs by aircraft components or quotations by suppliers for the overhaul costs against the amount of provision made by the Group and by the Company to assess the adequacy of the provision; and d) Performed recalculation of the aircraft maintenance costs provision based on the key assumptions adopted by Management.

Key audit matters (cont'd)

Key risk	Our response
Cybersecurity breach The Group has entered into a shared service agreement with a related party. The related party rely on integrated information system ("IIS") to process the data from the Group operations. The related party obtained the licensed to use the IIS from the vendors of the system. On 12 November 2022, the related party experienced a cybersecurity breach incident whereby certain of their servers were encrypted with a ransomware. The related party has engaged a third-party consultant to assess the nature and extent of the cybersecurity breach. As the Group relies on the IIS to process its data from operations, the risk of material misstatement could arise as incomplete or inaccurate data may have been used to prepare the financial statements. Accordingly, we have identified this as an area of audit focus. The note relating to cybersecurity is disclosed in Note 44 to the financial statements.	To address this area of focus, we performed, amongst others, the following procedures: a) Obtained an understanding of the nature and extent of the cybersecurity incident and assessed its impact to the Group's financial reporting systems; b) Assessed the procedures and findings by the third-party consultants. We have conducted interviews with the consultant and assessed his competency, capability and objectivity. We have included our in-house specialist team in this assessment; c) Review procedures performed by the related party to validate the data processed by the IIS were not compromised by the cybersecurity breach incident; d) Performed additional procedures to assess the completeness and accuracy of data on suspected compromised systems. These procedures include among others, the following: i) Performed 3-way correlation between revenue, receivables and cash to identify any unusual transactions and perform additional work if any; ii) Performed sample test on the hours flown in flight log to the system; and iii) Matched the payroll summary report to general ledger. e) Reviewed the recommendation by the third party consultant and the steps taken by the related party to secure the IIS from future cybersecurity breach.

Key audit matters (cont'd)

Key risk	Our response
Recognition of Deferred Tax Assets As at 31 December 2022, the Group and the Company recognised deferred tax assets amounting to RM612 million, in relation to unutilised investment allowance, 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 unused tax losses/ allowances and deductible temporary differences can be utilised. 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. In view of the significance of the amount of deferred tax assets recognised in current year, and involvement of significant management's judgements and estimates, we consider this to be a key audit matter. The notes relating to provision for aircraft maintenance are disclosed in Notes 2.18(ii), 3(iii) and 18 to the financial statements.	To address this area of focus, we performed, amongst others, the following procedures: a) Reviewed the key assumptions made by management to derive their future taxable profits, focusing on their estimates for revenue growth rates, operating costs and comparing them to past actual outcome taking into consideration future economic conditions. b) Assessed the adequacy of the Group's and the Company's disclosures on the deferred tax assets in Notes 2.18(ii), 3(iii) and 18 to the financial statements.

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 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 remaining other information expected to be included in the Annual Report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, 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.

Information other than the financial statements and auditors' report thereon (cont'd)

When we read the remaining other information expected to be included in the 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 the 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 have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism 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 and of 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.

Auditors' responsibilities for the audit of the financial statements (cont'd.)

- 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 Company for the current [year/period] 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.

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
Accountants

Steven Low
No. 02697/01/2025 Chartered
Chartered Accountant

Kuala Lumpur, Malaysia

28 April 2023

ANALYSIS OF SHAREHOLDINGS
As at 31 March 2023

DISTRIBUTION OF SHAREHOLDINGS

Class of Shares : Ordinary Shares
Voting Rights : One vote per Ordinary Share

Shareholdings	No. of Holders	%	No. of Shares	%
1 - 99	3,687	9.162	118,011	0.028
100 - 1,000	18,743	46.579	9,444,280	2.276
1,001 - 10,000	14,647	36.400	54,043,746	13.028
10,001 - 100,000	2,913	7.239	80,570,903	19.423
100,001 - 20,740,735 (*)	246	0.611	139,604,661	33.654
20,740,736 AND ABOVE (**)	3	0.007	131,033,136	31.588
	40,239	100.000	414,814,737	100.000

* *Less than 5% of issued shares*
** *5% and above of issued shares*

SUBSTANTIAL SHAREHOLDERS

Names	Holdings	%
AIRASIA BERHAD	57,072,850	13.758
RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *RHB ISLAMIC BANK BERHAD PLEDGED SECURITIES ACCOUNT FOR TUNE GROUP SDN BHD*	52,150,311	12.571
CIMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TUNE GROUP SDN BHD (EDG&GCM)*	21,809,975	5.257

DIRECTORS' SHAREHOLDINGS
As at 31 March 2023

	DIRECT		INDIRECT	
Name	**No. of Shares held**	**% of Shares Held**	**No. of Shares held**	**% of Shares Held**
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin	-	-	-	-
Datuk Kamarudin bin Meranun	37,070,993	8.937	131,033,136(1)	31.588
Tan Sri Asmat bin Kamaludin	10,000	0.002	4,000(2)	0.000*
Dato' Fam Lee Ee	-	-	-	-
Ahmad Al Farouk bin Ahmad Kamal	-	-	-	-
Chin Min Ming	-	-	-	-

* *Negligible*
(1) *Deemed interested by virtue of Section 8 of the Companies Act 2016 through a shareholding of more than 20% in Tune Group Sdn Bhd and AirAsia Berhad.*

TOP 30 LARGEST SHAREHOLDERS
As at 31 March 2023

No.	Name of Shareholders	No. of Shares Held	% of Issued Share Capital
1.	AIRASIA BERHAD	57,072,850	13.758
2.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *RHB ISLAMIC BANK BERHAD PLEDGED SECURITIES ACCOUNT FOR TUNE GROUP SDN BHD*	52,150,311	12.571
3.	CIMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TUNE GROUP SDN BHD (EDG&GCM)*	21,809,975	5.257
4.	HSBC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT - CREDIT SUISSE AG, SINGAPORE FOR KAMARUDIN BIN MERANUN*	19,027,895	4.587
5.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR KAMARUDIN BIN MERANUN (GCM CBM-SKY X)*	18,043,098	4.349
6.	HSBC NOMINEES (ASING) SDN BHD *EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)*	16,037,163	3.866
7.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ANTHONY FRANCIS FERNANDES (GCM CBM-SKY X)*	11,130,372	2.683
8.	CITIGROUP NOMINEES (ASING) SDN BHD *UBS AG*	4,886,134	1.177
9.	HSBC NOMINEES (ASING) SDN BHD *HSBC-FS I FOR SAMSUNG ASEAN SECURITIES MASTER INVESTMENT TRUST*	4,550,000	1.096
10.	CITIGROUP NOMINEES (ASING) SDN BHD *EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)*	2,950,000	0.711
11.	CHAN KENG CHUNG	2,000,000	0.482
12.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TAN YAT KIANG (MY1469)*	1,610,000	0.388
13.	UOBM NOMINEES (TEMPATAN) SDN BHD *UOB ISLAMIC ASSET MANAGEMENT SDN BHD FOR LEMBAGA TABUNG HAJI*	1,190,900	0.287
14.	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TAN KEOK CHAI (E-TSA)*	1,190,700	0.287
15.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TAY MOY KOH (SEGAMAT-CL)*	1,061,500	0.255
16.	TEO TUAN KWEE	1,003,000	0.241
17.	YEOH YEW CHOO	850,000	0.204
18.	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TAN LAY PENG (E-TAI)*	800,000	0.192

No.	Name of Shareholders	No. of Shares Held	% of Issued Share Capital
19.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR YONG LOY HUAT (7000875)*	700,000	0.168
20.	CHAW WAI KHENG	700,000	0.168
21.	ZAKARIA BIN MERANUN	692,200	0.166
22.	LOKE SEE OOI	675,000	0.162
23.	AFFIN HWANG NOMINEES (ASING) SDN BHD *EXEMPT AN FOR PHILLIP SECURITIES (HONG KONG) LTD (CLIENTS' ACCOUNT)*	658,698	0.158
24.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR SU MING KEAT*	627,240	0.151
25.	YIN THING SHIN	601,000	0.144
26.	KENANGA NOMINEES (TEMPATAN) SDN BHD *ECM LIBRA FOUNDATION*	600,000	0.144
27.	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIM CHEE SING*	600,000	0.144
28.	WONG FOOK HING	600,000	0.144
29.	CITIGROUP NOMINEES (ASING) SDN BHD *EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 1)*	571,150	0.137
30.	WONG WENG TIEN	560,000	0.135

NOTICE OF THE 16TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixteenth (“**16th**”) Annual General Meeting (“**AGM**”) of AirAsia X Berhad (Company No. 200601014410) (734161-K) (the “**Company**”) will be held as a virtual meeting via live streaming and online remote voting from the Broadcast Venue at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia, on Thursday, 8 June 2023 at 2.00 p.m. for the following purposes:-

AS ORDINARY BUSINESS

1.	To receive the Audited Financial Statements together with the Reports of the Directors and Auditors thereon for the financial period ended 31 December 2022. **Please refer to Note A.**	
2.	To approve the Non-Executive Directors’ Remuneration as described in Note B for the period from the 16th AGM until the next AGM of the Company to be held in the year 2024. **Please refer to Note B.**	**(Ordinary Resolution 1)**
3.	To approve and ratify a one-off advisory fee of RM500,000 to Datuk Kamarudin bin Meranun for the business advisory services rendered to the Company as a Non-Executive Director, and in recognition and appreciation of his contribution to the Company for his invaluable services during the period of debt restructuring exercise of the Company. **(Please refer to Note C).**	**(Ordinary Resolution 2)**
4.	To re-elect Datuk Kamarudin bin Meranun who retires by rotation pursuant to Rule 119 of the Company’s Constitution and who being eligible had offered himself for re-election.	**(Ordinary Resolution 3)**
5.	To re-elect the following Directors of the Company who retire pursuant to Rule 124 of the Company’s Constitution and who being eligible had offered themselves for re-election:-	
	i) Tunku Dato’ Mahmood Fawzy bin Tunku Muhiyiddin;	**(Ordinary Resolution 4)**
	ii) Encik Ahmad Al Farouk bin Ahmad Kamal; and	**(Ordinary Resolution 5)**
	iii) Ms Chin Min Ming.	**(Ordinary Resolution 6)**
6.	To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to determine their remuneration.	**(Ordinary Resolution 7)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:-

7. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 ("ACT")**

"**THAT** pursuant to Sections 75 and 76 of the Act and subject to the Constitution of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), and the approval of the relevant authorities, where required, the Directors of the Company be and are hereby empowered to issue and allot shares in the Company from time to time and upon such terms and conditions and for such purposes and to such persons whomsoever as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being **AND THAT** the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Main Market of Bursa Securities **AND THAT** such authority shall continue to be in force until the conclusion of the next AGM, unless revoked or varied by an ordinary resolution of the Company at a general meeting."

Please refer to Note D. **(Ordinary Resolution 8)**

8. **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 28 April 2023 ("**Circular**"), subject further to the following:-

i) the Recurrent Related Party Transactions are entered into in the ordinary course of business which are:

(a) necessary for the day-to-day operations;
(b) on normal commercial terms and transaction price which are not more favourable to the related parties than those generally available to the public;
(c) undertaken on arm's length basis; and
(d) not to the detriment of the minority shareholders of the Company;

ii) the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall only continue to be in full force until:

(a) the conclusion of the next AGM of the Company, at which time it will lapse, unless renewed by a resolution passed at that meeting;
(b) the expiration of the period within which our next AGM is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting of the Company,

whichever is the earliest.

THAT the Directors of the Company and/or any one (1) of them be and are hereby authorised to complete and do all such acts and things and take all such steps and to execute all such transactions, deeds, agreements, arrangements and/or undertakings as the Directors in their discretion deem fit, necessary, expedient and/or appropriate in the best interest of the Company in order to implement, finalise and give full effect to the Recurrent Related Party Transactions with full powers to assent to any modifications, variations and/or amendments thereto.

AND THAT as the estimates given for the Recurrent Related Party Transactions specified in Section 2.3 of the Circular being provisional in nature, the Directors of the Company and/or any one (1) of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the procedures set out in Section 2.6 of the Circular."
Please refer to Note E. **(Ordinary Resolution 9)**

9. **RETENTION OF INDEPENDENT DIRECTOR**

"**THAT** Tan Sri Asmat bin Kamaludin, the Director who has served the Board as an Independent Non-Executive Chairman of the Company for a cumulative term of more than nine (9) years, but less than twelve (12) years, be and is hereby retained as Independent Non-Executive Director of the Company."
Please refer to Note F. **(Ordinary Resolution 10)**

OTHER ORDINARY BUSINESS

10. 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

MOO KIN YEW (LS0010603)
(SSM PC No. 202208000357)

Company Secretary
Selangor Darul Ehsan
28th day of April, 2023

VIRTUAL AGM

1. The 16th AGM will be held as a virtual meeting via live streaming and online remote voting using the Remote Participation and Voting Facilities ("**RPV**") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("**TIIH**") via its **TIIH Online website at https://tiih.online**. This is in line with the revised Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022 (including any amendments that may be made from time to time) ("**Guidance Note**"). Please follow the procedures as set out in the **Administrative Details** which is available at the Company's website at **www.airasiax.com**.

2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Guidance Note which require the Chairman of the meeting to be present at the main venue of the meeting.

3. Members and/or proxy(ies) and/or corporate representative(s) and/or attorneys **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the 16th 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 16th AGM via the RPV provided by TIIH.

NOTES ON APPOINTMENT OF PROXY

1. Pursuant to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and Rule 41(a) of the Company's Constitution, only those Foreigners (as defined in the Constitution) who hold shares up to the current prescribed foreign ownership limit of 45.0% of the total number of issued shares of the Company, on a first-in-time basis based on the Record of Depositors to be used for the forthcoming AGM, shall be entitled to vote. A proxy appointed by a Foreigner not entitled to vote, will similarly not be entitled to vote. Consequently, all such disenfranchised voting rights shall be automatically vested in the Chairman of the AGM.

2. A member must be registered in the Record of Depositors at 5.00 p.m. on **30 May 2023 ("General Meeting Record of Depositors")** in order to attend and vote at the Meeting. A depositor shall not be regarded as a member entitled to attend the Meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors. Any changes in the entries on the Record of Depositors after the abovementioned date and time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

3. A member entitled to attend and vote is entitled to appoint not more than two (2) proxies (or in the case of a corporation, to appoint a representative(s) in accordance with Section 333 of the Companies Act, 2016) to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy(ies).

4. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

6. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 16th AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

   (i) <u>In hard copy form</u>
   In the case of an appointment made in hard copy form, this Form of Proxy must be deposited at the Registered Office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia.

(ii) By electronic means
This Form of Proxy can be electronically lodged via **TIIH Online** website at https://tiih.online. Kindly refer to the Administrative Details on the procedures for electronic lodgement of form of proxy via TIIH Online.

7. Please ensure **ALL** the particulars as required in this Form of Proxy are completed, signed and dated accordingly.

8. Last date and time for lodging this Form of Proxy is **Tuesday, 6 June 2023** at **2.00 p.m.**

9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Registered Office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the 16^{th} AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

10. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL/DULY CERTIFIED** certificate of appointment of authorised representative at the Registered Office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:

    (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.

    (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    (a) at least two (2) authorised officers, of whom one shall be a director; or
    (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

11. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in this Notice of the 16^{th} AGM will be put to vote by way of poll.

EXPLANATORY NOTES:

A. Audited Financial Statements together with the Reports of the Directors and Auditors thereon for the financial period ended 31 December 2022

This Agenda item is meant for discussion only in accordance with Sections 248(2) and 340(1) of the Companies Act 2016 ("the **Act**"). The audited financial statements do not require the formal approval of shareholders and therefore, the matter will not be put forward for voting.

B. To approve the Non-Executive Directors' Remuneration for the period from the 16th AGM until the next AGM of the Company to be held in the year 2024 (Ordinary Resolution 1)

The Nomination and Remuneration Committee has recommended and the Board of Directors affirmed that the Non-Executive Directors' Remuneration for the period from the 16th AGM until the next AGM of the Company to be held in the year 2024 shall remain unchanged as per the financial year ended 31 December 2019, as shown below:-

Non-Executive Directors' Fees (per annum)	**Non-Executive Chairman (RM)**	**Per Non-Executive Director/Per other Committee Member (RM)**
Board of Directors	165,000	65,000
Audit Committee	40,000	30,000
Nomination and Remuneration Committee	30,000	20,000
Safety Review Board	30,000	20,000
Risk Management Committee	30,000	20,000

Non-Executive Directors' Benefits (per attendance by each Director or committee member)	**Board of Directors**	**Board Committees**
Meeting allowance	1,000	1,000

Other Non-Executive Directors' Benefits	
Insurance premiums on medical coverage, and other claimable expenses incurred in the course of carrying out their duties.	Up to a total amount of RM100,000 for all Non-Executive Directors.

The shareholders' approval being sought under **Ordinary Resolution 1** is for the payment of the remuneration to Non-Executive Directors for the period from the 16th AGM up to the next AGM of the Company in accordance with the remuneration structure as set out above and to authorise the Directors to disburse the fees on a monthly basis.

C. Payment of one-off advisory fee to Datuk Kamarudin bin Meranun (Resolution 2)

This resolution, if passed, will give approval and ratification to the Company to make a one-off payment of advisory fee amounting to RM500,000 to Datuk Kamarudin bin Meranun, a Non-Independent Non-Executive Director of the Company for the business advisory services that was rendered by him to the Company during the debt restructuring exercise and the resumption of the operations of the Company.

The proposed ratification of the payment of the one-off advisory fee is tabled for approval of the shareholders in compliance with Section 230(1) of the Companies Act 2016 and Paragraph 7.24 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which require that fees and any benefits payable to the directors of a listed company be approved at a general meeting.

D. Authority to allot shares pursuant to Sections 75 and 76 of the Act (Ordinary Resolution 8)

The Company had at its Fifteenth AGM held on 7 December 2021 ("**15th 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 15th AGM.

Ordinary Resolution 8 has been proposed for the purpose of renewing the general mandate for issuance of shares by the Company pursuant to Sections 75 and 76 of the Act.

Ordinary Resolution 8, if passed, will empower the Directors of the Company authority to issue ordinary shares in the Company at their discretion without having to first convene another general meeting provided that the aggregate number of the shares issued does not exceed 10% of the total number of issued shares of the Company at any point of time. The 10% mandate, if granted at this AGM, unless revoked or varied by the Company in a general meeting, would expire upon the conclusion of the next AGM.

The 10% mandate, if granted, will provide the flexibility to the Company for any future fund raising activities, including but not limited to further placing of shares for the purposes of funding future investment project(s), repayment of bank borrowing(s), working capital and/or acquisition(s) and thereby reducing administrative time and costs associated with the convening of additional shareholders meeting(s).

E. 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 9)

Ordinary Resolution 9, if passed, will allow the Company to enter into Recurrent Related Party Transactions of a revenue or trading nature pursuant to the provisions of the Main Market Listing Requirements of Bursa Securities. Please refer to the Circular to Shareholders dated 28 April 2023 for further information.

F. Retention of Independent Non-Executive Director (Ordinary Resolution 10)

This item is tabled pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance. The Nomination and Remuneration Committee and the Board of Directors had assessed the independence of Tan Sri Asmat bin Kamaludin, who has served as an Independent Non-Executive Director of the Company since 13 May 2013 for a cumulative term of more than nine (9) years, but less than twelve (12) years, and with his consent, had recommended for him to continuing serving as an Independent Non-Executive Director 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 Asmat bin Kamaludin 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 his role as an Independent Non-Executive Director. In fact, he has been bringing his independent and objective judgment to the deliberations and the decision-making process of the Board. In addition, he has exercised due care during his tenure as an Independent Director, as well as the Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee of the Company. As an Independent Non-Executive Director, he has carried out his duties proficiently in the interest of the Company and the shareholders.

AIRASIA X BERHAD
(Company No.: 200601014410) (734161-K)
(“**the Company**”)
Incorporated in Malaysia

FORM OF PROXY

I/We ______________________________ NRIC No./Passport No./Co. No.: ______________
(FULL NAME AS PER NRIC/CERTIFICATE OF INCORPORATION IN BLOCK LETTERS) *(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 Sixteenth (“**16th**”) Annual General Meeting (“**AGM**”) of the Company to be held as a virtual meeting via live streaming and online remote voting at the Broadcast Venue at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia, on Thursday, 8 June 2023 at 2.00 p.m. and at any adjournment of such meeting, and to vote as indicated below:

AGENDA

Resolutions	**Description**	**FOR**	**AGAINST**
Ordinary Business			
Ordinary Resolution 1	To approve the Non-Executive Directors’ Remuneration for the period from the 16th AGM until the next AGM of the Company to be held in the year 2024		
Ordinary Resolution 2	Payment of one-off advisory fee to Datuk Kamarudin bin Meranun		
Ordinary Resolution 3	Re-election of Datuk Kamarudin bin Meranun as a Director of the Company, who retires by rotation pursuant to Rule 119 of the Company’s Constitution		
Ordinary Resolution 4	Re-election of Tunku Dato’ Mahmood Fawzy bin Tunku Muhiyiddin as a Director of the Company, who retires by rotation pursuant to Rule 124 of the Company’s Constitution		
Ordinary Resolution 5	Re-election of Encik Ahmad Al Farouk bin Ahmad Kamal as a Director of the Company, who retires by rotation pursuant to Rule 124 of the Company’s Constitution		
Ordinary Resolution 6	Re-election of Ms Chin Min Ming as a Director of the Company, who retires by rotation pursuant to Rule 124 of the Company’s Constitution		
Ordinary Resolution 7	Re-appointment of Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to determine their remuneration		
Special Business			
Ordinary Resolution 8	Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016		
Ordinary Resolution 9	Proposed renewal of existing shareholders’ mandate and new shareholders’ mandate for Recurrent Related Party Transactions of a revenue or trading nature		
Ordinary Resolution 10	Retention of Tan Sri Asmat bin Kamaludin as an Independent Non-Executive Director of the Company		

(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.: (Nominee Account Only)			
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. The 16th AGM will be held as a virtual meeting via live streaming and online remote voting using the Remote Participation and Voting Facilities ("**RPV**") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("**TIIH**") **via its TIIH Online website at https://tiih.online**. This is in line with the revised Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022 (including any amendments that may be made from time to time) ("**Guidance Note**"). Please follow the procedures as set out in the **Administrative Details** which is available at the Company's website at **www.airasiax.com**.

2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Guidance Note which require the Chairman of the meeting to be present at the main venue of the meeting.

3. Members and/or proxy(ies) and/or corporate representative(s) and/or attorneys **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the 16th 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 16th AGM via the RPV provided by TIIH.

Notes to Form of Proxy

1. Pursuant to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and Rule 41(a) of the Company's Constitution, only those Foreigners (as defined in the Constitution) who hold shares up to the current prescribed foreign ownership limit of 45.0% of the total number of issued shares of the Company, on a first-in-time basis based on the Record of Depositors to be used for the forthcoming AGM, shall be entitled to vote. A proxy appointed by a Foreigner not entitled to vote, will similarly not be entitled to vote. Consequently, all such disenfranchised voting rights shall be automatically vested in the Chairman of the AGM.
2. A member must be registered in the Record of Depositors at 5.00 p.m. on **30 May 2023** ("**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.
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6. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 16th AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
   (i) In hard copy form
   In the case of an appointment made in hard copy form, this Form of Proxy must be deposited at the Registered Office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia.
   (ii) By electronic means
   This Form of Proxy can be electronically lodged via **TIIH Online** website at https://tiih.online. Kindly refer to the Administrative Details on the procedures for electronic lodgement of form of proxy via TIIH Online.
7. Please ensure **ALL** the particulars as required in this Form of Proxy are completed, signed and dated accordingly.
8. Last date and time for lodging this Form of Proxy is **Tuesday, 6 June 2023** at **2.00 p.m.**
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Registered Office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the 16th AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL/ DULY CERTIFIED** certificate of appointment of authorised representative at the Registered Office of the Company at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur, 64000 KLIA, Selangor Darul Ehsan, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
    (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
    (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    (a) at least two (2) authorised officers, of whom one shall be a director; or
    (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
11. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in this Notice of the 16th AGM will be put to vote by way of poll

Fold This Flap For Sealing

Then Fold Here

AFFIX
STAMP

The Company Secretary
AIRASIA X BERHAD
(Company No. 200601014410) (734161-K)

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

1st Fold Here

www.airasiax.com