Sri Lankan Airlines Limited - 2023/ 2024

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1. Financial Statements

1.1 Opinion

The audit of the consolidated financial statements of the Sri Lankan Airlines Limited ("Company") and its subsidiaries ("Group") for the year ended 31 March 2024 comprising the statement of financial position as at 31 March 2024 and the profit or loss statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. My comments and observations which I consider should be report to Parliament appear in this report. To carry out this audit I was assisted by a firm of Chartered Accountants in public practice.

In my opinion, the accompanying financial statements of the Company and the group give a true and fair view of the financial position of the Company and the Group as at 31 March 2024, and of their financial performance and their cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Emphasis of Matters

(a) Materiality Uncertainty

Related to Going Concern

I draw attention to Note 2.1.1 to the financial statements, that discloses the Group recorded a net profit of Rs.7,925.01 million during the year ended 31 March 2024 (2023 – loss of Rs.71,306.66 million) with an accumulated loss of Rs.592,626.52 million (2023 – Rs.599,605.96 million) and, as of that date, the Group's current liabilities exceeded its current assets by Rs.327,144.66 million (2023 – Rs.418,568.67 million) and total equity of the Group as of the reporting date is a negative Rs.381,723.67 million (2023 – negative Rs.494,429.99 million). Further, Company recorded a net profit of Rs.3,870.86 million during the year ended 31 March 2024 (2023 – loss of Rs.73,621.53 million) with an accumulated loss of Rs.607,613.60 million (2023 –Rs.610,487.76 million) and, as of that date, the Company's current liabilities exceeded its current assets by Rs.344,130.60 million (2023 – Rs.431,624.55 million) and total equity of the Company as of reporting date is a negative Rs.400,534.71 million (2023 –negative RS.509,174.88 million).

The existence of such events or conditions, along with other matters as set forth in Note 2.1.1, indicate that a material uncertainty exists that may cast significant doubt on the Group's/ the Company's ability to continue as a going concern.

(b) Aircraft Pre delivery Payments

I draw attention to Note 5 to the financial statements, relating to the aircraft pre delivery payments as at 31 March 2024 amounting to Rs.5,774 million (USD 19.21 million), as the Company has made a claim for the recovery of the said amount together with damages through the dispute resolution mechanism set out in the agreement with the supplier.

My opinion is not modified in respect of these matters.

1.4 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group'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 management either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company and the Group are required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Company and the Group

1.5 Audit Scope

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards 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 Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, 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 my 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's 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 Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of the audit also extended to examine as far as possible, and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Group, and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Group has complied with applicable written law, or other general or special directions issued by the governing body of the Group;

- Whether the Group has performed according to its powers, functions and duties; and

- Whether the resources of the Group had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.6 Audit observations on the preparation of financial statements

1.6.1 Documentary evidences not made available for Audit

Item	Amount Rs.	Evidence not Available	Management Comment	Recommendation
(a) HSBC-Hong Kong 111-417531-001	4,418,954	Bank Statements and Confirmation of balances	Agreed, The account closing process was completed on 28th August 2024	Bank statements and confirmation of balances should be submitted to audit for the year ended 31 March 2024.
(b) HSBC Hong Kong 111-417531-002	911,385			

1.7 Accounts Receivable

Audit Issue	Management Comment	Recommendation
Out of the trade debtors of the company amounted to Rs.19,373.5 million as at 31 March 2024, of which a significant sum of Rs.1,410.3 million had remained outstanding for more than five years. This included substantial amounts from government entities such as Mihin Lanka Ltd (Rs.1,012.8 million), Presidential Secretariat (Rs.113.6 million), and Ministry of Foreign Relations (Rs.8.7 million) etc., as well as from Pakistan International Airlines Corporation Ltd (Rs.58 million). As per the management comment, the Board of Directors corporations has approved to write off the unrecoverable receivables from Pakistan Foreign Airlines corporations limited and Ministry of foreign Relations.	Mihin Lanka-Rs.1,013 Mn -currently under liquidation next Court Hearing will be scheduled soon • Presidential Secretariat- Rs.113 Mn- continuous follow-up has been done with all related parties; however, recovery has not been successful. Assistance has been sought from the Secretary to the Treasury requesting the allocation of funds from the budget to settle the same • Pakistan International Airlines Rs.63 Mn and Ministry of Foreign Relations Rs 9Mn have been written off after obtaining the approval from the Board of Directors.	Company should Conduct regular aging analysis to identify overdue accounts and prioritize follow-up efforts.

1.8 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

Reference to Laws, Rules Regulations etc.	Non-compliance	Management Comment	Recommendation
(a) Finance Act No.25 of 2003 Section 4(3)	Any operator of an aircraft that fails to pay Embarkation Levy on time to the competent Authority shall be deemed in default and interest is calculated on the total amount to be paid as per the Act. Overdue interest amounting to Rs.449.1 million for the delayed payments period from 01 January to 31 December 2022 and a sum of Rs.4,540 million is due as Embarkations Levy and a sum of Rs.122 million is recorded as delayed interest thereon for the period of January to March 2023 had not been paid even as at date.	Outstanding payment of embarkation levy as at 31st March 2024 is LKR 10,382 Mn. and the interest on late payment of embarkation levy as at 31st March 2024 is LKR 1,556 Mn. SLA has been paying LKR 50 Mn fortnightly. However, due to the deterioration of the liquidity position of the company, it was unable to settle the overdue payments. SLA has informed the Ministry of Finance and is	Company should adhere to the provisions of the Circular.

	As well, since incorrect exchange rates had been used for the Embarkation Levy conversion and Embarkation Levy amounting to Rs.496 4. million had been over paid for the period 01 March to 15 July 2022 and the overpaid amount had remained without been recovered even as at 31 March 2024.	following up on a settlement mechanism. The recovery of the excess payment amount had been discussed and agreed upon with CAASL. CAASL has requested to offset the same against the delay interest payable and SLA is following up on the possible interest offset. The discussion is currently ongoing, hence the offset has not been decided yet.	
(b) Guidelines on Corporate Governance for State owned Enterprises of Public Enterprise Circular No; 01/2021 and dated 16 November 2021			
(i) Section 2.3	The continuation programs had been identified in the Action Plan prepared for the Ministry and these programs had not been identified in the Action Plan prepared for the Company.	The action plan for 2023 is prepared as per the guidelines provided by the ministry which is to be prepared on the basis of calendar year. Accordingly, we have submitted the action plan for the year 2023 on 09th December 2022. Further, from 2024 onwards, complying with the requirement of the NAO, SLA has obtained board approval for the action plan and submitted together with the Budget to the Line Ministry on 26th June 2024.	The Company should conduct a comprehensive review of their respective action plans to identify and address any inconsistencies or gaps in the continuation programs.
(ii) Section 4.3 & annexure 5	Risk Committee should be appointed and met quarterly to identify and assess the risk that could have an impact on the business of the operation.	Due to board resignations and delay in appointing new members to the Board and its subcommittees, the holding of the inaugural	Company should adhere to the provisions of the Public Enterprise

		However, only four committee meetings had been conducted during November 2021 to March 2024.	meeting of the BRC was delayed.	Circular.
(c)	Operational Manual for State owned Enterprises of Public Enterprise Circular No; 01/2021 and dated 16 November 2021 Section 2.3	Although all major operational manuals should be reviewed and updated at least in every 5 years as per the Circular, 08 manuals of the Company had not been reviewed and updated as at the date of this report.	Reviews of these manuals will be completed in 2024 and amendments will be done if required.	Company should adhere to the provisions of the Public Enterprise Circular.

1.9 IT General Controls

	Audit Issue	Management Comment	Recommendation
(a)	The company had only performed a review over privileged user accounts once during the financial period from 1st April 2023 to 31st March 2024, which resulted in violation of section 6.1.2.3 and 6.1.4.12 in "Corporate Information Security Operational Procedures Manual V3.0.3".	Agreed, 1. Corporate Information Security Operational Procedures Manual V3.0.3 is under review parallel to the ISO 27001:2022 version migration and ISO audit has been successfully completed. 2. In addition, Sri Lankan Airlines is currently in the process of deploying a Privilege Access Management solution.	The company should comply with the clauses defined in t he "Corporate Information Security Operational Procedures Manual V3.0.3" document regarding privileged user account monitoring procedures to maintain adequate governance practices.
(b)	The company uses Sky Chain, FMIS version of the Database Management System which is in the state of End of Life (EOL)	<u>Sky Chain (Cloud)</u> Agreed, The system is currently being migrated to a new system with Single Sign On which will rectify the issue permanently by November 2024 <u>FMIS</u> Agreed, The application will be configured to use the supported Oracle DB by March 2025.	The company should upgrade the database management system to the latest supported version or consider transitioning to a modern platform that helps to minimize potential system disruptions, enhance performance and productivity, and ensure business continuity.

(c)	The data fields such as Deactivation Date, Last Login Date and User Status (Active/Inactive) were not captured in the system generated user list of Rapid system which was collected during the audit. Due to the absence of Deactivation date, management may not be able to verify the timely deactivation of the user accounts.	Agreed, • This is an inherent limitation in the existing RAPID system and has already been raised in the Risk Register. • Accordingly, the RAPID for Passenger Revenue has already been made redundant with the migration to PRA V20 on the 23 of June 2023 where the requested information is available. • RAPID for Cargo Revenue is currently being migrated to a new system which will resolve the inherent issues identified herein.	Company should evade the discrepancy of the system.
(d)	Eight user accounts of resigned employees were not deactivated on a timely basis from Sky Chain system at the time of our review, as at 31 March 2024.	Agreed, This is an inherent limitation in the existing Sky Chain system and has already been raised in the Risk Register. Identified accounts in Sky Chain have since been deactivated and Sky Chain confirmed that even if the user status is displayed as active, the users cannot log in to the system and perform any transactions since the account's passwords have expired before the respective resignation date. (Relevant evidence presented to the audit team). The system is currently being migrated to a new system with the Active Directory Authentication with Single Sign On which will rectify the issue permanently. In the meantime, manual verifications and checks will be done periodically to meet the compliance requirement.	User accounts of resigned employees should be deactivated on a timely basis in Sky Chain system.
(e)	As per the sample selected six user accounts are duplicated based on the "Staff ID" and "Username" and remained active in AIMS system.	Agreed, Users have not used those duplicate accounts. Identified duplicate accounts (21339, 16310, and 19006) have since been deactivated.	Company should conduct user access reviews periodically to ensure that duplicate user accounts are deactivated.

(f)	The company had not performed a Disaster Recovery (DR) testing for Rapid system during the financial period. Absence of Disaster Recovery testing may result in an invalidated recovery processes, potential data loss, increased downtime, regulatory non-compliance, reputational damage and misallocation of resources. Further, there is the possibility that recovery processes may fail in case of an actual disaster/interruption.	Disagreed, RAPID is currently being migrated. Accordingly, RAPID has already migrated the Passenger Revenue within the last Financial Year. At present, the RAPID Cargo Revenue module is being migrated. Accordingly, the system has not been included in the Disaster Recovery activities.	The company should immediately conduct a thorough Disaster Recovery (DR) testing for the Rapid system to assess the effectiveness of its recovery processes and identify any potential weaknesses.

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a profi of Rs.7,925 million and the corresponding loss in the preceding year amounted to Rs. 71,307 million. Therefore improvement amounting to Rs.79,232 million of the financial result was observed. The reasons for the improvement are mainly due to the increase in Air Terminal and Other Services, Duty Free, Non -Scheduled Services & Flight Catering revenue by Rs. 7,801 million and Aircraft Fuel Cost, Net Finance Cost and Exchange loss decreased by Rs.40,440 million, Rs. 78,721 and Rs. 26,692 million respectively.

2.2 Trend Analysis of major Income and Expenditure items

	2023/24	**2022/23**	**2021/22**	**2020/21**	**2019/20**	**Improvement/(Deterioration)**	
Revenue	**Rs.Mn**	**Rs. Mn**	**Rs. Mn**	**Rs. Mn**	**Rs. Mn.**	**2022/23- 2023/24**	
						Rs. Mn	**Percentage (%)**
Passenger, Cargo, Excess Baggage & Mail	309,991	347,671	123,376	43,979	164,744	(37,680)	11
Air Terminal, Duty Free, Non Schedule Services & Flight Catering	29,600	21,799	10,926	6,950	18,788	7,801	36
Other income & gains	1,486	3,758	613	17,062	1,352	(2,272)	60
Expenditure						**Increase/(Decrease)**	
Aircraft Fuel Cost	115,119	155,559	42,759	10,569	55,328	(40,440)	26
Employee Cost	32,261	26,553	17,416	17,112	22,903	5,708	22

Airport, Enroute and Passenger Expenses	39,187	40,761	17,753	7,308	25,277	(1,574)	4
Aircraft Maintenance and Overhaul Costs	40,359	39,300	23,088	13,695	22,820	1,059	2
Depreciation/Amortization	14,138	15,153	14,656	16,745	19,392	(1,015)	7
Rental on Short Term Lease Aircraft and Spare Engines	10,723	504	44	2,265	1,394	10,219	2,028
Selling Marketing and Advertising Expenses	22,082	24,643	7,250	2,065	14,550	(2,561)	10
Crew Expenses	9,701	7,661	3,231	1,680	6,557	2,040	27
Other Operating Expenses	17,786	16,822	7,026	4,671	15,209	964	6
Exchange gain/ (Loss)	1,943	(24,749)	(34,730)	(6,339)	(5,270)	(26,692)	108
Unscheduled Repair Cost Of Neo Engines	11,572	2,899	0	0	0	8,673	299
Net Finance Cost	9,847	88,568	130,120	35,302	40,289	(78,721)	89
Penalty Charges on Breach of Agreement	11,837	0	0	0	0	11,837	Infinity

The following observations are made.

(a) Passenger, Cargo, Excess Baggage & Mail revenue and other income & gains were decreased by Rs. 37,680 million and Rs.2,272 million and as a percentage of 11 and 60 in the year under review compared to the preceding year respectively.

(b) Employee Cost, Rental on Short Term Lease Aircraft and Spare Engines and Crew Expenses were increased by Rs. 5,708 million, Rs.10,219 million and Rs. 2,040 million respectively and as a percentage of 22, 2028 and 27 in the year under review compared to the preceding year respectively.

(c) Unscheduled Repair Cost Of Neo Engines was increased by Rs.8,672 million and as a percentage of 299 in the year under review compared to the preceding year. Further Rs.2,899 million had been debited to income statements for the preceding year in the restated financial statements.

(d) The company made a provision of Rs.11,837 million for Penalty Charges on Breach of Agreement signed with Rolls Royce in respect of engines for A350 Aircraft.

2.3 Ratio Analysis

	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19
Current Assets to Current Liabilities (Number of Turns)	0.15	0.13	0.15	0.13	0.13	0.18
Percentage of Net Profit/(Loss) to Revenue	1.16	(20.16)	(125.15)	(89)	(26)	(24)
Increase / (Decrease) percentage in Revenue	(6.64)	174.70	162.23	(72)	(0.1)	11.7

The following observations are made.

(a) The Current Assets to Current Liabilities Ratio of the Company was 0.18 in 2018/19 and it has been gradually decreasing to 0.13 up to 2022/23. However, it has increased to 0.15 in the year under review. Despite this improvement, the ratio remains low, indicating a weak working capital status for the company.

(b) The company's net loss as a percentage of revenue was decreased by 105.25 percent in the year under review**.** However, it's important to note that this improvement was primarily due to a significant decrease in revenue, which declined by 6.64 percent during the same period.

3. Operational Review

3.1 Management Inefficiencies

Audit Issue	Management Comment	Recommendation
(a) The airline incurred a total of USD 784,000 in costs due to flight delays and disruptions during the financial year 2022/23. During the period of 01 April 2022 to 30 September 2023, 548 numbers flights were delayed from 3 hours to 56 hours. Inability to obtain replacement aircraft on a timely basis, aircraft on ground due to unserviceable Neo-engine, long lead time to obtain spare parts and cash flow situation of the company are the main reasons identified for delays.	Continuous action has been taken on multiple fronts to address the issue including but not limited to the below. • Finding replacement Aircraft which was delayed due to Country and SLA economic situation, However three wide body aircraft have been sourced for delivery in late 2024 and first half of 2025 • Obtained spare engines free of charge and manufacture support for repair of Neo engines	The airline should conduct a comprehensive review of its operations and supply chain to identify and address the root causes of the frequent flight delays and disruptions.

	• Reevaluating the flight schedule and making required amendments early • Increased ground time at selected stations • Providing ground slots for maintenance in an optimal manner and avoid holding flights for minimal transfer passengers	
(b) According to the need assessment of the Sri Lankan Airlines Limited (SLAL) 27 aircrafts required, while the current fleet consists of only 21 aircraft. As at 20 April 2024, nine of these aircraft were out of service at various times. The airline has already paid lease rentals totaling Rs. 6,404.76 million for these out-of-service aircraft since 2023. Further, the repair costs for the engines have exceeded initial estimates, which may lead to cash flow issues and further delay the return to service or repairs of the out-of-service aircraft.	As at October, the physical and operational fleet consists 22 and 18 aircraft respectively. In order to induct 3 wide body aircrafts, 2 agreements and one LOI have been concluded with lessors. One aircraft induction is expected 2024 an the other two are expected in first half of 2025. Three out of the six Airbus A320/321 Neo aircraft have been unserviceable and placed on long term storage due to engine failures awaiting completion of engine repairs. This is a worldwide issue and hundreds of aircraft are currently grounded globally. Discussions are ongoing with the engine manufacturer CFM, engine repair shops and the lessors of the aircraft to obtain financing to ensure the aircraft are operational within the shortest possible time. Further based on advice of the Attorney General Department and foreign legal counsel, with the approval of the BOD agreement a has been entered with CFM for a commercial settlement. Accordingly, one Neo Aircraft is planned to be operational by November with the receipt of two repaired engines and one more Neo to be operational by year end.	SLAL should take immediate steps to address the shortfall in its fleet and the airline should also prioritize the return to service of the nine out-of-service aircraft by expediting repairs. Further, SLAL should explore negotiate revised payment terms with suppliers to mitigate cash flow risks associated with engine repair costs.

		One A330-300 aircraft is grounded for planned routine maintenance checks and is expected to be operational by end October 24.	
(c)	Sri Lankan Airlines faced significant financial penalties due to a breach of contract which entered into an agreement in 2015 with Rolls Royce for the maintenance of engines of A350 aircraft The airline violated the terms of agreement regarding engines for A350 aircraft. As a result, Rolls Royce filed a claim for loss of business. The Board of Directors, in a decision dated 25 January, 2024, approved the establishment of a provision to cover the financial impact of this breach. Consequently, the company recorded a charge of Rs. 11,837.12 million (equivalent to USD 33 million) in its financial statements for the year under review, reflecting the cost of the agreement breach with Rolls Royce, including accrued interest.	SLA entered into an agreement in 2015 with Rolls Royce (RR) for the maintenance of engines of A350 aircraft (3 leased and 4 direct purchase). However as SLA did not take these aircraft the agreement was in breach and as partial settlement for same, a new agreement was entered into to maintain A330 engines. However during COVID as the fleet was grounded one aircraft was returned to the lessor (2 engines) and one engine was returned without overhaul. Accordingly RR is claiming damages for this and for the 4 direct purchase aircraft.	SLAL should conduct a comprehensive review of its contractual obligations with all suppliers, including Rolls Royce, to identify and address any potential compliance risks.
(d)	Sri Lankan Airlines faced significant operational challenges due to widespread engine failures affecting its fleet of A320 neo aircraf**t.** The company operates six aircraft equipped with 13 CFM LEAP engines, of which 11 are currently inoperable due to a global engine issue. The Board of Directors acknowledged the airline's obligation to repair these engines under existing lease agreements and mandated their inclusion in the financial statements for the year 2023/24. Audit evidences were not received related to clarification on how these engine failures were identified and why the airline opted for such engines despite the known risks at that time. Additionally, the company recorded Rs. 14,795.36 million as trade payables as at 31 March 2024. Out of this amount, Rs.11,572.39 million was incurred during the current year, while Rs. 6,185.70 million was restated from prior financial periods.	2 out of the 11 unserviceable engines have been repaired and received and 6 engines are currently at MROs nearing completion. The estimated financial impact increased significantly based on the findings once the repairs commenced. Accordingly the required provisions were made based on the Engineering managements best estimate net of manufacturer support expected from CFM. Further based on advice of the Attorney General Department and foreign legal counsel with the approval of the BOD, agreement has been entered with CFM for a commercial settlement to share the cost	Company should Conduct a detailed investigation into the root causes of the engine failures, including the role of maintenance procedures, engine quality, and external factors and Review the airline's risk assessment procedures for selecting engine suppliers and manufacturers to identify and mitigate potential risks.

Further, the airline's short-term lease rentals for aircraft and spare engines increased by Rs. 10,219 billion in the year under review compared to the previous year. This substantial rise in lease costs highlights the financial burden imposed by the engine failures.	Disagreed, this balance includes aircraft wet lease cost of LKR 6.3 Bn and LKR 2.4 Bn as a result of short-term extension of existing aircraft leases due to the lack of replacement of aircraft. Only LKR 2 Bn relates to short-term engine leases which was mainly for Rolls Royce engines of the A330 aircraft.