

201701030323 (1244493-V)

**Capital A Berhad
(Incorporated in Malaysia)**

Directors' report

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

Principal activities

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are described in Note 13 to the financial statements. There were no significant changes in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Loss net of tax	<u>(96,314)</u>	<u>(1,960,201)</u>
Loss net of tax attributable to:		
Owners of the parent	336,789	(1,960,201)
Non-controlling interests	<u>(433,103)</u>	-
	<u>(96,314)</u>	<u>(1,960,201)</u>

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were otherwise not substantially affected by any item, transaction or event of a material and unusual nature.

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial year.

**Capital A Berhad
(Incorporated in Malaysia)**

Share Capital

During the financial year, the issued and paid up share capital of the Company was increased from RM8,654,977,000 to RM8,711,742,000 via the conversion of 92,783,834 Redeemable Convertible Unsecured Islamic Debt Securities ("RCUIDS") into ordinary shares issued at RM0.75 per share and the exercise of 5,331 Warrants into ordinary shares issued at RM1.00 per share. The new ordinary shares rank pari passu with the then existing shares of the company.

RCUIDS and Warrants

Units of RCUIDS convertible into ordinary shares of the Company as at the financial year ended 31 December 2023 are as follows:

Expiry date	Exercise price (RM)	Units of RCUIDS
29 December 2028	0.75	942,826,785

Salient terms of the RCUIDS are disclosed in Note 29 to the financial statements.

Number of warrants with options to subscribe for ordinary shares of the Company as at the financial year ended 31 December 2023 are as follows:

Expiry date	Exercise price (RM)	Units of warrants
29 December 2028	1.00	649,670,148

Salient terms of the warrants are disclosed in Note 36 to the financial statements.

Directors

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

- Datuk Kamarudin bin Meranun*
- Tan Sri Anthony Francis Fernandes*
- Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar
- Dato' Mohamed Khadar bin Merican
- Dato' Fam Lee Ee
- Surina Binti Shukri *(Deceased on 29 February 2024)*

* These directors are also directors of the Company's subsidiaries.

**Capital A Berhad
(Incorporated in Malaysia)**

Directors (cont'd.)

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

Aaron Gomez	Karena Fernandes	Phairat Pornpathananangoon
Adam Nicholas James Rhodes	Kartina Binti Mohd Tahir	Priyanka Jain
Ahmad Sadikin Abdurachman	Keith Lingam a/l Mahalingam	Racquel Victoria D. Tenorio
Aim Prachyaset	Kenneth Leong Yu Ming	Raden Achmad Sadikin
Aireen Omar	Kerry Cheng Davis	Rahul Agarwal
Ams Cosec Services Sdn. Bhd.	Kesavan Sivanandam	Raja Hamzah Abidin Bin Raja
Anajuk Chareonwongsak	Khoo Gaik Bee	Nong Chik
Anita Ler	Lalitha Sivanaser	Ras Adiba Binti Mohd Radzi
Anthony Chai Kwok Seng	Lam Lo Sho Rose	Raymund C. Berja
Arifin Eko Prasetyo	Leo Francis F. Abot	Riad Asmat
Army Aditya	Leong Shir Mein	Ricardo P. Isla
Augustus Ralph Marshall	Ler Sok Hua Anita	Richard Montgomery Beattie
Bawornpak Siripanich	Lim Hock Thye	Rozman Bin Omar
Carlo Emmanuel M/ Locsin	Lim Serh Ghee	Rudy Efendi Daulay
Chan Ka Yan Karen	Ling Liong Tien	Salim Dhanani
Chandran S/O Urath	Loh Jin Yong	Sami Joseph El Hadery
Sankaran Nair	Lui Yew Lee Dennis Paul	Santisuk Klongchaiya
Christie Dana G Tan	Mahesh Kumar A/L Jaya Kumar	Severino Miguel. B Sanchez
Craig Matthews	Mahisa Adhitya Rachman	Shyamshankar Krishnamurthy
Dabraj Sing S/O Daljeat Singh	Mark Xavier D. Oyales	Sio Wun Lao
Dato' Hisham Bin Othman	Mihai-Gabriel Simionescu	Sirot Setabandhu
Dato' Sreesanthan A/L	Mitherpai Singh Sidhu	Subashini A/P Silvadas @
Eliathamby	Mohamad Hafidz Bin Mohd Fadzil	Silvadar
Datuk Captain Chester Voo	Mohd Arfasya bin Dahalan	Suvabha Charoenying
Chee Soon	Mounir Klinkhamer	Tan Lih Shan
Devender Bhola	Muhammad Hafiz Bin Khairudin	Tan Mai Yin
Dinesh Kumar M K R Nambiar	Muhammad Hazwan Bin	Tan Sri Jamaludin Bin Ibrahim
Farhan Firdaus Bin Zainul	Muhammad Hatta	Tassapon Bijleveld
Kamar	Nadia Zahir Omer	Teh Mun Hui
Francis Anthony	Nam Vissoth	Thandalam Veeravalli
Francisco Edralin Lim	Natacha Sabrina Kong Hung	Thirumala Chari
Hanim Hamzah	Cheong	Tharumalingam A/L
Harbick Stephen Paul	Natasha binti Kamaluddin	Kanagalingam
Hee Joon Kim	Nguyen Thi Bich Lien	Tommy Lo Seen Chong
Ho Junxiong	Nicholas Chua	Tran Thi My Hanh
Ibnu Tryono	Nipun Anand	V Loganathan S/O Velaitham
Ikhlas Bin Kamarudin	Noor Azita Abul'as Binti	Veerayooth Bodharamik
Irwan Eka Sudarman	Mohammed Nazrene	Veranita Yosephine
Isharidah Binti Ishak	Nur Airin Binti Zainul Bahrin	Vichate Tantivanich
Jasmindar Kaur A/P Sarban	Nuttawut Phowborom	Wee Choo Peng
Singh	Olivier Petra	Wuri Septiawan
Joanna Binti Ibrahim	Padungsak Laohasurayodhin	Yuthaphong Ma
John Paul V. De Leon	Pattra Boosarawongse	Zubin Rada Krishnan

**Capital A Berhad
(Incorporated in Malaysia)**

Directors' benefits

During and at the end of the financial year ended 31 December 2023, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling directors of the Company to 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 year, no Director has received or become entitled to receive a benefit other than benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements or the fixed salary of a full-time employee of the Company by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 5(b) and Note 5(c) to the financial statements.

The directors' benefits are as follows:

	Group RM'000	Company RM'000
Salaries, bonus, allowances and other employee benefits	28,303	28,303
Defined contribution plan	3,396	3,396
Fees	4,621	1,853
	36,320	33,552

The directors and officers of the Group and of the Company are covered under a Directors' and Officers' Liability Insurance up to an aggregate limit of RM100,000,000 against any legal liability, if incurred by the directors and officers of the Group and of the Company in the discharge of their duties while holding office for the Company and its subsidiaries.

Capital A Berhad
(Incorporated in Malaysia)

Directors' interests

	Number of ordinary shares			At 31.12.2023
	At 1.1.2023	Acquired	Disposed	
Direct interests in the Company				
Datuk Kamarudin bin Meranun ²	2,000,000	-	-	2,000,000
Tan Sri Anthony Francis Fernandes ²	1,600,000	-	-	1,600,000
Dato' Mohamed Khadar bin Merican	100,000	-	-	100,000
	<u>3,700,000</u>	<u>-</u>	<u>-</u>	<u>3,700,000</u>

Indirect interests in the Company

Tan Sri Anthony Francis Fernandes ¹	1,025,485,082	-	-	1,025,485,082
Datuk Kamarudin bin Meranun ¹	1,025,485,082	-	-	1,025,485,082
	<u>2,050,970,164</u>	<u>-</u>	<u>-</u>	<u>2,050,970,164</u>

**Number of redeemable convertible unsecured
islamic debt securities ("RCUIDS")**

	Number of redeemable convertible unsecured islamic debt securities ("RCUIDS")			At 31.12.2023
	At 1.1.2023	Acquired	Disposed	
Direct interests				
Dato' Mohamed Khadar bin Merican	250,000	-	-	250,000
Indirect interests[^]				
Tan Sri Anthony Francis Fernandes ¹	343,028,359	-	-	343,028,359
Datuk Kamarudin bin Meranun ¹	343,028,359	-	-	343,028,359
	<u>686,056,718</u>	<u>-</u>	<u>-</u>	<u>686,056,718</u>

Capital A Berhad
(Incorporated in Malaysia)

Directors' interests (cont'd.)

	At	Number of Warrants		At
	1.1.2023	Acquired	Disposed	31.12.2023
Indirect interests[^]				
Tan Sri Anthony Francis Fernandes ¹	171,514,179	-	-	171,514,179
Datuk Kamarudin bin Meranun ¹	171,514,179	-	-	171,514,179
	<u>343,028,358</u>	<u>-</u>	<u>-</u>	<u>343,028,358</u>

¹ *By virtue of their interests in shares of more than 20% in the substantial shareholders of the Company, Tune Air Sdn. Bhd.² ("TASB") and Tune Live Sdn. Bhd. ("TLSB"), Tan Sri Anthony Francis Fernandes and Datuk Kamarudin bin Meranun are deemed to have interests in the Company to the extent of TASB's and TLSB's interests therein, in accordance with Section 8 of the Companies Act 2016*

² *Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for TASB*

[^] *Deemed interested by virtue of Section 8 of the Act through a shareholding of more than 20% in Sky Accord Sdn. Bhd.*

Other than as disclosed above, none of the other directors in office at the end of the financial year held any interest in shares or debentures of the Company and its related corporations during the financial year.

No options were granted to any person to take up the unissued shares of the Company during the financial year other than the issue of options pursuant to the Long Term Incentive Scheme ("LTIS") which is governed by LTIS By-Laws and RCUIDS with free detachable warrants.

LTIS

At an Extraordinary General Meeting held on 21 June 2021, the Company's shareholders approved the establishment of a LTIS which comprise the Employee Share Option Scheme ("ESOS") and Share Grant Scheme. On 3 August 2021, the Company granted 159,400,000 ESOS to selected certain eligible employees and directors of the Group. The salient features and other details of the ESOS and Share Grant Scheme are disclosed in Note 34 to the financial statements.

**Capital A Berhad
(Incorporated in Malaysia)**

Directors' interests (cont'd.)

Details of the options to subscribe for ordinary shares of the Company pursuant to the ESOS as at 31 December 2023 are as follows:

Expiry date	Exercise price (RM)	Number of options
31 August 2024	0.7425	98,900,000

Details of ESOS are disclosed in Note 34 to the financial statements.

Statutory information on the financial statements

- (a) Before the income statements, 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 all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amounts written off for 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 current assets in the 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 may 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 financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

**Capital A Berhad
(Incorporated in Malaysia)**

Statutory information on the financial statements (cont'd.)

- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year; as the plan to address the Group's liquidity constraints, set out in Note 2.1 to the financial statements, is expected to be achievable; which will or may substantially affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.
- (g) Note 2.1 to the financial statements discussed management's steps to address the current Practice Note 17 status of the Company. The Board of Directors is confident that based on the working capital management and funding plans, the Group will be in good stead to weather the current challenging environment.

Significant and subsequent events

Details of significant and subsequent events are disclosed respectively in Notes 45 and 46 to the financial statements.

Auditors

Auditors' remunerations of the Group and of the Company are RM2,351,000 and RM399,000 respectively.

201701030323 (1244493-V)

**Capital A Berhad
(Incorporated in Malaysia)**

Indemnification of auditors

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 made to indemnify Ernst & Young PLT during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 April 2024.

Datuk Kamarudin bin Meranun

Tan Sri Anthony Francis Fernandes

201701030323 (1244493-V)

**Capital A Berhad
(Incorporated in Malaysia)**

**Statement by directors
Pursuant to Section 251(2) of the Companies Act 2016**

We, Datuk Kamarudin bin Meranun and Tan Sri Anthony Francis Fernandes, being two of the Directors of Capital A Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 22 to 179 are drawn up in accordance with the 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 2023 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 April 2024.

Datuk Kamarudin bin Meranun

Tan Sri Anthony Francis Fernandes

**Statutory declaration
Pursuant to Section 251(1)(b) of the Companies Act 2016**

I, Tan Sri Anthony Francis Fernandes, being the Director primarily responsible for the financial management of Capital A Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 22 to 179 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
above named Tan Sri Anthony Francis Fernandes
at Kuala Lumpur in Malaysia
on 30 April 2024

Before me,

Commissioner for Oaths
Kuala Lumpur

201701030323 (1244493-V)

**Independent auditors' report to the members of
Capital A Berhad
(Incorporated in Malaysia)**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Capital A Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 22 to 179.

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 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

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.

201701030323 (1244493-V)

**Independent auditors' report to the members of
Capital A Berhad (cont'd.)
(Incorporated in Malaysia)**

Report on the audit of the financial statements (cont'd.)

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 financial year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group 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.

Going Concern Assessment

The Group reported a loss for the year of RM96 million whilst the Company reported a loss for the year of RM1,960 million, for the financial year ended 31 December 2023. The Group and the Company reported net operating cash inflows of RM1,413 million and RM72 million respectively. As at 31 December 2023, the Group's current liabilities exceeded its current assets by RM12,699 million. In addition, as at 31 December 2023, the Group reported a negative shareholders' funds of RM8,762 million.

201701030323 (1244493-V)

Independent auditors' report to the members of
Capital A Berhad (cont'd.)
(Incorporated in Malaysia)

Report on the audit of the financial statements (cont'd.)

Key Audit Matters (cont'd.)

Going Concern Assessment (cont'd.)

Management has prepared a cash flow forecast as part of the assessment on whether the Group and the Company will be able to continue as a going concern. The going concern assessment was highly subjective as it is largely based on expectations of, and estimates made by the Directors. Critical to the going concern assessment are the Directors' expectations of a successful implementation of a Revenue Bond program, continuous support from the Group's lessors, and the Directors' estimates of revenue forecast and major operating costs (such as fuel costs and wages) as well as the impact from foreign exchange rates. Accordingly, we identified going concern assessment as an area requiring audit focus.

In addressing this area of audit focus, we performed amongst others, the following procedures:

- We held discussions with the management to understand their business plans to respond to the evolving business environment;
- We evaluated the stage of completion of the Revenue Bond program by assessing the confirmed subscribers to the Bond, held discussion with the manager of the program and assessed the likelihood of a successful implementation;
- We evaluated the estimates made by the Directors in respect of the revenue forecasts against the historical trend, latest quoted prevailing flight ticket prices and available capacity;
- We evaluated the estimates made by the Directors in respect of major operating costs such as fuel costs and wages against the Group's business plans, historical results and external data on the expectation of future prices;
- We evaluated the estimates made by the Directors in respect of foreign exchange rates against external data on the expectation of future foreign exchange rates;
- We evaluated the Directors' expectation of continuous support from the Group's lessors by assessing the past conduct of the Group's lessors in allowing payment flexibilities and reviewing payment deferral letters from certain lessors; and
- We evaluated the adequacy of the disclosures on this matter.

201701030323 (1244493-V)

**Independent auditors' report to the members of
Capital A Berhad (cont'd.)
(Incorporated in Malaysia)**

Report on the audit of the financial statements (cont'd.)

Key Audit Matters (cont'd.)

Impairment assessment on financial assets

(a) Impairment assessment of right-of-use assets ("ROU") and property, plant and equipment ("PPE")

Refer to Note 3.1, Note 11 and Note 31 to the financial statements.

At 31 December 2023, the carrying amount of ROU and PPE of the Group are RM12,460 million and RM1,575 million respectively.

The Group is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired or reversal of impairment may be required. If any such indication exists, the Group shall estimate the recoverable amount of the asset.

The Directors have prepared a set of cash flow projections to evaluate the recoverable amounts of ROU and PPE. The estimates and assumptions used in the cash flow projections which form the basis of the recoverable amounts attributable to the cash generating units ("CGUs") require significant judgement. These judgements require estimates to be made over areas including those relating to future revenues, operating costs, growth rates, projected aircraft usage, aircraft capital expenditure, foreign exchange rates and discount rates. As a result, the Group recognised a reversal of impairment on PPE of RM11.2 million during the financial year.

Due to the significant amount of reversal and high degree of estimation and judgement involved, this is a key area of focus for our audit.

(b) Impairment assessment of intangible assets

Refer to Note 3.5 and Note 17 to the financial statements.

As at 31 December 2023, the Group's intangible assets included an aggregate goodwill of RM2,169 million relating to several subsidiaries, namely, Asia Aviation Public Company Limited ("AAV") and Velox Technology (Thailand) Company Limited ("Velox"). Intangible assets also included landing rights of AAV, PT Indonesia AirAsia and Philippines AirAsia Inc. of RM2,431 million.

201701030323 (1244493-V)

**Independent auditors' report to the members of
Capital A Berhad (cont'd.)
(Incorporated in Malaysia)**

Report on the audit of the financial statements (cont'd.)

Key Audit Matters (cont'd.)

Impairment assessment of non-financial assets (cont'd.)

(b) Impairment assessment of intangible assets (cont'd.)

The Group is required to perform annual impairment test of CGUs to which intangible assets have been allocated. The Group estimated the recoverable amount of its CGUs based on the value-in-use (“VIU”) model. Estimating the VIU of CGUs involves estimating the future cash flows from the CGUs, and discounting them at an appropriate rate. Arising from the impairment review, the Group impaired goodwill of RM161 million relating to AAV.

We focused on the impairment assessment of the intangible assets due to the magnitude of the balance and the subjectivity involved. Specifically, we focused on the assumptions applied in respect of revenue growth, cost escalation rates, terminal value and discount rates.

In addressing this area of audit focus, we performed amongst others, the following procedures:

- Held discussions with senior management to understand the basis of the assumptions used in forming the estimates underpinning the assessment of the recoverable amount of the CGUs. These estimates include those relating, future revenues, operating costs, growth rates, projected aircraft usage, aircraft capital expenditure, foreign exchange rates, discount rates and terminal value, as applicable;
- Assessed the key assumptions on which the cash flow projections are based, including, and where relevant, comparing them against financial and non-financial historical trends, and external data, as applicable;
- Assessed the arithmetical accuracy of the computations used in assessing the recoverable amount of the CGUs;
- Involved our internal specialists to assess the appropriateness of the discount rates applied in the respective discounted cash flow projections; and
- Evaluated the adequacy of the Group’s disclosures of key assumptions used in estimations.

201701030323 (1244493-V)

**Independent auditors' report to the members of
Capital A Berhad (cont'd.)
(Incorporated in Malaysia)**

Report on the audit of the financial statements (cont'd.)

Key Audit Matters (cont'd.)

Recognition of revenue from passenger seat sales and sales in advance

Refer to Note 4(a) to the financial statements for revenue and statement of financial position for sales in advance.

For the financial year ended 31 December 2023, revenue from passenger seat sales accounted for 75% of the Group's total revenue, as compared to 72% for the financial year ended 31 December 2022. The Group relies on an integrated information technology system, which includes the flight reservation system, to process large volumes of data comprising low-value transactions from passenger seat sales. The flight reservation system is managed by a third party vendor.

The accounting for revenue from passenger seat sales is susceptible to management override through the posting of manual journal entries either in the underlying ledgers or as a consolidation journal.

Due to these factors, there is an increased risk of material misstatement arising from the timing and amount of revenue recognised from passenger seat sales. As a result, revenue recognition has been identified as an area of audit focus.

In addressing this area of audit focus, we performed amongst others, the following procedures:

- Obtained an understanding and assessed the Group's information technology systems and key controls that affect the recording of revenue from passenger seat sales. As the flight reservation system is managed by a third-party vendor, we obtained and assessed the external expert's report on the operating effectiveness of the key controls over the system;
- Involved our information technology specialists to test the effectiveness of the automated controls of the key modules of the information technology system;
- Tested the non-automated controls in place to ensure the completeness and accuracy of revenue recognised, including timely updating of approved changes to base fares and ancillary fares;
- Conducted data analytics to reconcile the revenue recognised in respect of passenger seat sales and the amount of sales in advance to payments received from passengers;
- Corroborated the occurrence of revenue by tracing samples of revenue recognised to settlement reports from financial institutions;
- Tested the reconciliation of data between the flight reservation system and the general ledger to ensure the completeness of revenue; and
- Performed procedures to verify that revenue from passenger seat sales is recorded in the appropriate accounting period.

201701030323 (1244493-V)

**Independent auditors' report to the members of
Capital A Berhad (cont'd.)
(Incorporated in Malaysia)**

Report on the audit of the financial statements (cont'd.)

Key Audit Matters (cont'd.)

Aircraft maintenance provisions and liabilities

Refer to Note 3.4 and Note 28 to the financial statements.

As at 31 December 2023, the Group's aircraft maintenance provisions and liabilities amounted to RM7,193 million.

The Group operates aircraft that are either owned or held under operating lease arrangements. For the aircraft held under operating lease arrangements, the Group is 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. Therefore, the Group estimates the aircraft maintenance costs required to fulfil these obligations at the end of the lease period and recognises a provision for these costs at each reporting date.

Given the nature of provisions, they are inherently more uncertain than most other items in the statement of financial position. The estimates of the outcome and financial effects are determined by management's judgement, supplemented by experience from similar transactions. Due to the significant magnitude of the provision and the significant judgement involved in estimating the cost to be incurred and timing of cash outflows, we consider this to be an area of audit focus.

In addressing this area of audit focus, we performed amongst others, the following procedures:

- Reviewed a sample of the lease agreements to determine the Group's contractual obligations in respect of aircraft maintenance;
- Evaluated the significant assumptions on cost to be incurred and applied by the Group in estimating the aircraft maintenance provision costs by comparing these assumptions to past industry experience, considered changes to maintenance program agreed with service provider, actual billings or quotations by supplier and supplemented by expectations of the future economic conditions; and
- Performed arithmetic testing on the accuracy of the computation of the aircraft maintenance provisions as at the reporting date.

201701030323 (1244493-V)

**Independent auditors' report to the members of
Capital A Berhad (cont'd.)
(Incorporated in Malaysia)**

Report on the audit of the financial statements (cont'd.)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the 2023 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 and will 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.

When we read 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 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 intends to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

201701030323 (1244493-V)

**Independent auditors' report to the members of
Capital A Berhad (cont'd.)
(Incorporated in Malaysia)**

Report on the audit of the financial statements (cont'd.)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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 and of 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;

201701030323 (1244493-V)

**Independent auditors' report to the members of
Capital A Berhad (cont'd.)
(Incorporated in Malaysia)**

Report on the audit of the financial statements (cont'd.)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: (cont'd.)

- 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; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

201701030323 (1244493-V)

**Independent auditors' report to the members of
Capital A Berhad (cont'd.)
(Incorporated in Malaysia)**

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 13 to the financial statements.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Low Khung Leong
No. 02697/01/2025 J
Chartered Accountant

Kuala Lumpur, Malaysia
30 April 2024

Capital A Berhad
(Incorporated in Malaysia)

Income statements

For the financial year ended 31 December 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Revenue	4(a)	14,692,536	6,437,068	5,000	-
Other income	4(b)	303,074	154,264	18,128	976
Operating expenses					
- Staff costs	5(a)	(2,120,726)	(1,229,655)	(63,881)	(26,515)
- Depreciation of property, plant and equipment	11	(139,677)	(132,042)	(38)	-
- Depreciation of right-of- use assets	31	(1,566,935)	(1,309,533)	-	-
- Aircraft fuel expenses	7(a)	(5,813,251)	(2,956,244)	-	-
- Maintenance and overhaul	7(b)	(1,676,382)	(846,840)	-	-
- User charges	7(c)	(2,635,719)	(1,229,008)	-	-
- Other operating expenses	6	(897,609)	(281,819)	(1,873,593)	(28,095)
Operating profit/(loss)		145,311	(1,393,809)	(1,914,384)	(53,634)
Finance income	8(a)	38,804	40,305	82,916	84,396
Finance costs	8(b)	(1,339,680)	(1,004,922)	(112,410)	(61,881)
Net operating loss		(1,155,565)	(2,358,426)	(1,943,878)	(31,119)
Foreign exchange (loss)/ gain	8(c)	(328,455)	(1,256,508)	7,468	33,110
Net fair value (loss)/gain on derivatives	8(d)	(13,254)	45,021	(23,791)	-
Gain on remeasurement of previously held interest in associate	13	1,445,433	-	-	-
Share of results of joint ventures		(220)	(658)	-	-
Share of results of associates		(16,509)	(344,735)	-	-
(Loss)/profit before taxation carried forward		(68,570)	(3,915,306)	(1,960,201)	1,991

Capital A Berhad
(Incorporated in Malaysia)

Income statements

For the financial year ended 31 December 2023 (cont'd.)

	Note	Group		Company	
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
(Loss)/profit before taxation brought forward		(68,570)	(3,915,306)	(1,960,201)	1,991
Taxation					
- Current taxation	9	(35,432)	(15,575)	-	-
- Deferred taxation	9	7,688	15,064	-	-
		<u>(27,744)</u>	<u>(511)</u>	<u>-</u>	<u>-</u>
Net (loss)/profit for the financial year		<u>(96,314)</u>	<u>(3,915,817)</u>	<u>(1,960,201)</u>	<u>1,991</u>
Net profit/(loss) for the financial year attributable to:					
- Owners of the parent		336,789	(3,238,029)		
- Non-controlling interests		(433,103)	(677,788)		
		<u>(96,314)</u>	<u>(3,915,817)</u>		
Earnings/(loss) per share attributable to owners of the parent (sen per share)					
- Basic	10	8.0	(79.9)		
- Diluted	10	<u>5.7</u>	<u>(55.2)</u>		

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

Capital A Berhad
(Incorporated in Malaysia)

Statements of comprehensive income
For the financial year ended 31 December 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Net profit/(loss) for the financial year		(96,314)	(3,915,817)	(1,960,201)	1,991
Other comprehensive loss					
<i>Items that may be subsequently reclassified to profit or loss</i>					
Cash flow hedges		(3,861)	-	-	-
Foreign currency translation differences		(961,226)	576,779	-	-
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		(965,087)	576,779	-	-
<i>Items that will not be subsequently reclassified to profit or loss</i>					
Remeasurement gain on employee benefits liability, net of tax		8,452	6,842	-	-
Conversion of RCUIDS into ordinary share		7,207	-	7,207	-
Net movement in other reserves		3,180	-	-	-
Net movement on investment securities	16	85,188	(15,759)	-	-
Net other comprehensive income/(loss) that may not be reclassified to profit or loss in subsequent periods		104,027	(8,917)	7,207	-
Other comprehensive (loss)/income for the financial year, net of tax		(861,060)	567,862	7,207	-
Total comprehensive (loss)/income for the financial year		(957,374)	(3,347,955)	(1,952,994)	1,991

201701030323 (1244493-V)

Capital A Berhad
(Incorporated in Malaysia)

Statements of comprehensive income
For the financial year ended 31 December 2023 (cont'd.)

	Note	Group	
		2023 RM'000	2022 RM'000
Total comprehensive loss attributable to:			
- Owners of the parent		(527,451)	(2,670,167)
- Non-controlling interests		(429,923)	(677,788)
		<u>(957,374)</u>	<u>(3,347,955)</u>

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

Capital A Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2023

	Note	31.12.2023 RM'000	Group 31.12.2022 RM'000 Restated	1.1.2022 RM'000 Restated
Non-current assets				
Property, plant and equipment	11	1,574,711	882,893	933,474
Investment property	12	67,311	-	-
Right-of-use assets	31	12,460,280	10,182,126	9,750,711
Finance lease receivables	31	158,000	260,820	266,233
Investment in a joint venture	14	-	220	878
Investment in associates	15	435,760	924,312	438,004
Investment securities	16	189,984	114,534	243,323
Intangible assets	17	4,624,514	748,350	833,450
Deferred tax assets	18	1,407,161	739,238	738,760
Receivables and prepayments	19	4,409,803	3,564,648	3,599,414
Deposits on aircraft purchase	20	617,412	576,034	610,489
Derivative financial instruments	21	11,383	165,397	165,397
		<u>25,956,319</u>	<u>18,158,572</u>	<u>17,580,133</u>
Current assets				
Inventories	22	294,590	204,459	153,600
Receivables and prepayments	19	1,266,665	650,972	608,405
Finance lease receivables	31	-	114,975	224,144
Amounts due from associates	24	25,440	166,437	67,285
Amounts due from related parties	25	154,640	154,921	134,153
Tax recoverable		8,334	7,208	5,408
Deposits on aircraft purchase	20	46,345	-	-
Deposits, cash and bank balances	26	702,818	469,985	1,256,753
		<u>2,498,832</u>	<u>1,768,957</u>	<u>2,449,748</u>

Capital A Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2023 (cont'd.)

	Note	31.12.2023 RM'000	Group 31.12.2022 RM'000 Restated	1.1.2022 RM'000 Restated
Less: Current liabilities				
Trade and other payables	27	4,206,264	2,878,562	2,308,897
Current portion of long term debentures	30	190,800	-	-
Aircraft maintenance provisions and liabilities	28	1,782,717	599,895	976,633
Sales in advance		2,025,298	1,428,011	930,510
Amounts due to associates	24	7,327	266,126	43,297
Amounts due to related parties	25	570,557	230,291	129,717
Borrowings	29	862,308	530,958	887,228
Lease liabilities	31	5,438,692	4,340,844	3,905,769
Tax payables		83,641	3,336	21,873
Derivative financial instruments	21	467	-	-
		<u>15,168,071</u>	<u>10,278,023</u>	<u>9,203,924</u>
Net current liabilities		<u>(12,669,239)</u>	<u>(8,509,066)</u>	<u>(6,754,176)</u>
Non-current liabilities				
Other payables	27	66,094	280,801	292,691
Non-current portion of long term debentures	30	357,510	-	-
Aircraft maintenance provisions and liabilities	28	5,410,700	5,538,224	4,860,637
Deferred tax liabilities	18	547,107	154,905	169,477
Borrowings	29	3,580,599	2,405,756	1,422,661
Lease liabilities	31	13,750,088	10,717,036	10,389,525
Derivative financial instruments	21	-	-	32,785
Provision for retirement benefits	32	199,719	69,742	81,084
		<u>23,911,817</u>	<u>19,166,464</u>	<u>17,248,860</u>
		<u>(10,624,737)</u>	<u>(9,516,958)</u>	<u>(6,422,903)</u>

Capital A Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2023 (cont'd.)

	Note	31.12.2023 RM'000	Group 31.12.2022 RM'000 Restated	1.1.2022 RM'000 Restated
Capital and reserves				
Share capital	33	8,711,742	8,654,977	8,457,172
Merger deficit	35	(5,507,594)	(5,507,594)	(5,507,594)
Foreign exchange reserve		217,047	1,178,273	601,494
Accumulated losses		(12,321,978)	(10,254,769)	(7,094,693)
Reserves	36(a)	138,642	204,020	161,321
Total shareholders' deficit		<u>(8,762,141)</u>	<u>(5,725,093)</u>	<u>(3,382,300)</u>
Non-controlling interests	13	(1,862,596)	(3,791,865)	(3,040,603)
Total deficit		<u>(10,624,737)</u>	<u>(9,516,958)</u>	<u>(6,422,903)</u>

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

Capital A Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2023

	Note	Company	
		2023 RM'000	2022 RM'000
Non-current assets			
Property, plant and equipment	11	208	-
Investment in subsidiaries	13	6,720,126	8,558,045
Derivative financial instruments	21	11,383	165,397
		<u>6,731,717</u>	<u>8,723,442</u>
Current assets			
Receivables and prepayments	19	3,633	304
Amount due from subsidiaries	23	5,235,208	1,454,450
Amounts due from associates	24	-	10,722
Amounts due from related parties	25	1,132	1,373
Tax recoverable		150	150
Deposits, cash and bank balances	26	1,379	1,255
		<u>5,241,502</u>	<u>1,468,254</u>
Less: Current liabilities			
Trade and other payables	27	3,918	2,943
Amounts due to subsidiaries	23	3,834,170	18,508
Amounts due to related parties	25	1,010	202
		<u>3,839,098</u>	<u>21,653</u>
Net current assets		<u>1,402,404</u>	<u>1,446,601</u>
Non-current liabilities			
Deferred tax liabilities	18	25,685	32,892
Borrowings	29	685,125	655,499
		<u>710,810</u>	<u>688,391</u>
		<u>7,423,311</u>	<u>9,481,652</u>

201701030323 (1244493-V)

Capital A Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2023

	Note	Company	
		2023 RM'000	2022 RM'000
Capital and reserves			
Share capital	33	8,711,742	8,654,977
(Accumulated losses)/retained earnings	36(b)	(1,389,172)	571,029
Reserves	36(a)	100,741	255,646
Total equity		<u>7,423,311</u>	<u>9,481,652</u>

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

Capital A Berhad
(Incorporated in Malaysia)

Consolidated statement of changes in equity
For the financial year ended 31 December 2023

	-----> Attributable to owners of the parent <----->								-----> Non-distributable <----->	Total	Non-controlling interests	Total equity
	Number of shares '000	Share capital RM'000 (Note 33)	Merger deficit RM'000 (Note 35)	Foreign exchange reserve RM'000	Share option reserves RM'000 (Note 36(a))	RCUIDS reserves RM'000 (Note 36(a))	Warrants reserves RM'000 (Note 36(a))	Other reserves RM'000 (Note 36(a))				
At 1 January 2023	4,161,793	8,654,977	(5,507,594)	(153,308)	16,614	126,831	112,736	(52,161)	(8,923,188)	(5,725,093)	(3,791,865)	(9,516,958)
Prior year adjustments	-	-	-	1,331,581	-	-	-	-	(1,331,581)	-	-	-
At 1 January 2023, restated	4,161,793	8,654,977	(5,507,594)	1,178,273	16,614	126,831	112,736	(52,161)	(10,254,769)	(5,725,093)	(3,791,865)	(9,516,958)
Net profit/(loss) for the financial year	-	-	-	-	-	-	-	-	336,789	336,789	(433,103)	(96,314)
Other comprehensive (loss)/income	-	-	-	(961,226)	-	7,207	-	89,779	-	(864,240)	3,180	(861,060)
Total comprehensive (loss)/income	-	-	-	(961,226)	-	7,207	-	89,779	336,789	(527,451)	(429,923)	(957,374)
Remeasurement of previously held interest in associate	-	-	-	-	-	-	-	-	-	-	(128,333)	(128,333)
Conversion of debentures	-	-	-	-	-	-	-	-	-	-	159,251	159,251
Acquisition of a non-controlling interest in a subsidiary	-	-	-	-	-	-	-	-	(2,403,998)	(2,403,998)	2,328,274	(75,724)
Conversion of RCUIDS into ordinary share	92,784	56,760	-	-	-	(110,877)	(56,546)	-	-	(110,663)	-	(110,663)
Conversion of warrants into ordinary share	5	5	-	-	-	-	(5)	-	-	-	-	-
Share-based payments	-	-	-	-	5,064	-	-	-	-	5,064	-	5,064
At 31 December 2023	4,254,582	8,711,742	(5,507,594)	217,047	21,678	23,161	56,185	37,618	(12,321,978)	(8,762,141)	(1,862,596)	(10,624,737)

Capital A Berhad
(Incorporated in Malaysia)

Consolidated statement of changes in equity
For the financial year ended 31 December 2023 (cont'd.)

	-----> Attributable to owners of the parent <-----								-----> -----<----- Non-distributable <----->	Total	Non- controlling interests	Total equity
	Number of shares '000	Share capital RM'000 (Note 33)	Merger deficit RM'000 (Note 35)	Foreign exchange reserve RM'000	Share option reserves RM'000 (Note 36(a))	RCUIDS reserves RM'000 (Note 36(a))	Warrants reserves RM'000 (Note 36(a))	Other reserves RM'000 (Note 36(a))				
At 1 January 2022	3,898,053	8,457,172	(5,507,594)	(118,439)	5,968	154,360	112,736	(111,743)	(6,374,760)	(3,382,300)	(3,040,603)	(6,422,903)
Prior year adjustments	-	-	-	719,933	-	-	-	-	(719,933)	-	-	-
At 1 January 2022, restated	3,898,053	8,457,172	(5,507,594)	601,494	5,968	154,360	112,736	(111,743)	(7,094,693)	(3,382,300)	(3,040,603)	(6,422,903)
Net loss for the financial year	-	-	-	-	-	-	-	-	(3,238,029)	(3,238,029)	(677,788)	(3,915,817)
Other comprehensive gain/(loss)	-	-	-	576,779	-	-	-	(8,917)	-	567,862	-	567,862
Total comprehensive loss	-	-	-	576,779	-	-	-	(8,917)	(3,238,029)	(2,670,167)	(677,788)	(3,347,955)
Issuance of shares	263,740	197,805	-	-	-	-	-	-	-	197,805	-	197,805
Conversion of RCUIDS into ordinary share	-	-	-	-	-	(27,529)	-	-	-	(27,529)	-	(27,529)
Dilution of interest in subsidiaries	-	-	-	-	-	-	-	-	77,953	77,953	(73,474)	4,479
Share of other comprehensive income of an associate	-	-	-	-	-	-	-	68,499	-	68,499	-	68,499
Share-based payments	-	-	-	-	10,646	-	-	-	-	10,646	-	10,646
At 31 December 2022, restated	4,161,793	8,654,977	(5,507,594)	1,178,273	16,614	126,831	112,736	(52,161)	(10,254,769)	(5,725,093)	(3,791,865)	(9,516,958)

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

201701030323 (1244493-V)

Capital A Berhad
(Incorporated in Malaysia)

Statement of changes in equity
For the financial year ended 31 December 2023

		←----- Non-distributable ----->				Distributable	
	Number of shares '000	Share capital RM'000 (Note 33)	Share option reserves RM'000 (Note 36(a))	RCUIDS reserves RM'000 (Note 36(a))	Warrants reserves RM'000 (Note 36(a))	Retained earnings/ losses) RM'000 (Note 36(b))	Total equity RM'000
At 1 January 2023	4,161,793	8,654,977	16,079	126,831	112,736	571,029	9,481,652
Net loss for the financial year	-	-	-	-	-	(1,960,201)	(1,960,201)
Other comprehensive income	-	-	-	7,207	-	-	7,207
Total comprehensive income/(loss)	-	-	-	7,207	-	(1,960,201)	(1,952,994)
Conversion of RCUIDS into ordinary share	92,784	56,760	-	(110,877)	(56,546)	-	(110,663)
Conversion of warrants into ordinary share	5	5	-	-	(5)	-	-
Share-based payments	-	-	5,316	-	-	-	5,316
At 31 December 2023	4,254,582	8,711,742	21,395	23,161	56,185	(1,389,172)	7,423,311
At 1 January 2022	3,898,053	8,457,172	6,044	154,360	112,736	569,038	9,299,350
Total comprehensive income	-	-	-	-	-	1,991	1,991
Issuance of shares	263,740	197,805	-	-	-	-	197,805
Conversion of RCUIDS into ordinary share	-	-	-	(27,529)	-	-	(27,529)
Share-based payments	-	-	10,035	-	-	-	10,035
At 31 December 2022	4,161,793	8,654,977	16,079	126,831	112,736	571,029	9,481,652

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

Capital A Berhad
(Incorporated in Malaysia)

Statements of cash flow
For the financial year ended 31 December 2023

	Note	Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
			Restated		
Cash flows from operating activities					
(Loss)/profit before taxation		(68,570)	(3,915,306)	(1,960,201)	1,991
Adjustments for:					
Property, plant and equipment:					
- Depreciation	11	139,677	132,042	38	-
- Gain on disposals	4(b)	(78,238)	(7,339)	-	-
- Write off	11	-	140	-	-
- Reversal of impairment	11	(11,203)	(17,185)	-	-
Investment property					
- Depreciation	12	727	-	-	-
Right-of-use assets:					
- Depreciation	31	1,566,935	1,309,533	-	-
- Adjustment	31	-	11,469	-	-
Intangible assets					
- Amortisation	17	8,113	7,618	-	-
Fair value changes in investment securities	16	-	37,624	-	-
Impairment on/ (reversal of impairment):					
- trade and other receivables	6	13,214	83,654	-	-
- right-of-use assets	6	-	(552,290)	-	-
- finance lease receivables	31	-	(98,923)	-	-
- intangible assets	17	160,893	82,720	-	-
- investment in subsidiary		-	-	1,853,000	-
Share-based payments	34	5,064	10,646	1,818	221
- Remeasurement loss of retirement benefits		5,613	-	-	-
Share of results of:					
- joint ventures		220	658	-	-
- associates		16,509	344,735	-	-
Provision for retirement benefits		19,965	4,653	-	-
Aircraft maintenance provisions		714,898	300,849	-	-
Net fair value loss on derivatives	8(d)	13,254	-	23,791	-
Gain on termination of hedging contract	8(d)	-	(45,021)	-	-
Operating profit/(loss) carried forward		2,507,071	(2,309,723)	(81,554)	2,212

Capital A Berhad
(Incorporated in Malaysia)

Statements of cash flow
For the financial year ended 31 December 2023 (cont'd.)

	Note	Group		Company	
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Cash flows from operating activities (cont'd.)					
Operating profit/(loss) brought forward		2,507,071	(2,309,723)	(81,554)	2,212
Gain on remeasurement of previously held interest in associate		(1,445,433)	-	-	-
Net unrealised foreign exchange loss/(gain)	8(c)	123,349	1,156,964	(7,373)	(56,783)
Interest expense	8(b)	486,726	299,770	112,410	61,881
Interest expense - Lease liabilities	8(b)	852,954	705,152	-	-
Interest income	8(a)	(32,918)	(22,241)	(82,916)	(84,396)
Interest income - Finance lease receivables	8(a)	(5,886)	(18,064)	-	-
		<u>2,485,863</u>	<u>(188,142)</u>	<u>(59,433)</u>	<u>(77,086)</u>
Changes in working capital:					
Inventories		(53,402)	(50,859)	-	-
Receivables and prepayments		(757,311)	(738,963)	(3,279)	3,789
Payables and provisions		(691,416)	259,769	(2,608)	(4,944)
Sales in advance		50,684	497,501	-	-
Amounts due from/to subsidiaries, associates, joint venture and related parties		<u>732,130</u>	<u>215,139</u>	<u>136,914</u>	<u>(416,920)</u>
Cash generated from/ (used in) operations		1,766,548	(5,555)	71,594	(495,161)
Interest paid		(431,600)	(233,082)	-	-
Interest received		5,345	2,053	-	-
Taxes refund/(paid)		76,015	(35,898)	-	-
Retirement benefits paid		(2,878)	(11,017)	-	-
Net cash from/(used in) operating activities		<u>1,413,430</u>	<u>(283,499)</u>	<u>71,594</u>	<u>(495,161)</u>
Cash flows from investing activities					
Property, plant and equipment					
- Additions		(357,662)	(89,333)	-	-
- Proceeds from disposals		195,969	7,765	-	-
Addition in intangible assets	17	(1,966)	-	-	-
Net cash used in investing activities carried forward		<u>(163,659)</u>	<u>(81,568)</u>	<u>-</u>	<u>-</u>

Capital A Berhad
(Incorporated in Malaysia)

Statements of cash flow
For the financial year ended 31 December 2023 (cont'd.)

	Note	Group 2023 RM'000	2022 RM'000 Restated	Company 2023 RM'000	2022 RM'000
Cash flows from investing activities (cont'd.)					
Net cash used in investing activities brought forward		(163,659)	(81,568)	-	-
Deposits paid for aircraft purchase		(62,946)	-	-	-
Proceeds from disposal of:					
- a subsidiary	13	-	-	-	4,410
- an investment security	16	327	83,040	-	-
- a derivative		-	12,236	-	-
Net changes:					
- Deposits pledged as securities and restricted cash		(23,028)	(11,318)	-	-
- Deposits with licensed banks with maturity period of more than 3 months		(24,473)	(43,087)	-	-
Acquisition of:					
- subsidiaries net of cash acquired	13	228,400	-	-	-
Additional subscription of shares in:					
- subsidiaries	13	-	-	(11,583)	(8,000)
- an associate	15	-	(177,280)	-	-
- other investment	16	(18,157)	(4,410)	-	-
Receipt of finance lease receivables		37,672	13,283	-	-
Acquisition of non-controlling interests		(75,724)	-	-	-
Net cash used in investing activities		(101,588)	(209,104)	(11,583)	(3,590)

Capital A Berhad
(Incorporated in Malaysia)

Statements of cash flow
For the financial year ended 31 December 2023 (cont'd.)

	Note	Group 2023 RM'000	2022 RM'000 Restated	Company 2023 RM'000	2022 RM'000
Cash flows from financing activities					
Proceeds from borrowings		1,273,030	1,167,698	-	-
Repayment of borrowings		(396,936)	(309,485)	(59,887)	(61,881)
Payment of lease liabilities		(2,045,816)	(1,171,914)	-	-
Net cash used in financing activities		<u>(1,169,722)</u>	<u>(313,701)</u>	<u>(59,887)</u>	<u>(61,881)</u>
Net increase/(decrease) for the financial year		142,120	(806,304)	124	(560,632)
Currency translation differences		43,212	(34,869)	-	-
Cash and cash equivalents at beginning of the financial year		<u>336,758</u>	<u>1,177,931</u>	<u>1,255</u>	<u>561,887</u>
Cash and cash equivalents at end of the financial year		<u>522,090</u>	<u>336,758</u>	<u>1,379</u>	<u>1,255</u>

Capital A Berhad
(Incorporated in Malaysia)

Statements of cash flow
For the financial year ended 31 December 2023 (cont'd.)

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

	Note	Group		Company	
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000
Cash and cash equivalents at end of the financial year		522,090	336,758	1,379	1,255
Add:					
Deposits pledged as securities and restricted cash		143,860	120,832	-	-
Deposits with licensed banks with maturity period of more than 3 months		36,868	12,395	-	-
Deposits, cash and bank balances at the end of the financial year	26	<u>702,818</u>	<u>469,985</u>	<u>1,379</u>	<u>1,255</u>

The deposits and restricted cash amounting to RM143.8 million (2022: RM120.8 million) are pledged as securities for banking facilities granted to the Group.

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

**Capital A Berhad
(Incorporated in Malaysia)**

**Notes to the financial statements
For the financial year ended 31 December 2023**

1. General information

Capital A Berhad ("CAB" or "the Company") is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Bursa Malaysia Securities Berhad.

The address of the registered office and the principal place of business of the Company is as follows:

RedQ,
Jalan Pekeliling 5,
Lapangan Terbang Antarabangsa Kuala Lumpur (KLIA2),
64000 KLIA,
Selangor Darul Ehsan,
Malaysia.

The principal activity of the Company is that of investment holding company. The principal activities of the subsidiaries are described in Note 13. There were no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the board of directors in accordance with resolution of the directors on 30 April 2024.

2. Material accounting policy information

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 convention, unless otherwise disclosed in the 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 Group and the Company reported loss for the financial year of RM96 million (2022: RM3,916 million) and loss for the financial year of RM1,960 million (2022: profit for the financial year of RM2 million) respectively for the financial year ended 31 December 2023, as well as net operating cash inflow of RM1,413 million (2022: net cash outflow of RM283 million) and RM72 million (2022: net cash outflow of RM495 million) respectively. As at 31 December 2023, the Group's current liabilities exceeded the current assets by RM12,669 million (2022: RM8,509 million). In addition, as at 31 December 2023, the Group reported negative shareholders' funds of RM8,762 million (2022: RM5,725 million).

**Capital A Berhad
(Incorporated in Malaysia)**

2. Material accounting policy information (cont'd.)

2.1 Basis of preparation (cont'd.)

These conditions may affect the ability of the Group and the Company to meet their financial obligations as and when they fall due.

The Group and the Company have undertaken the following actions to mitigate this risk as disclosed below:

1. Funding

The Group is currently engaging in discussion with lenders at different stages for debt and equity fundraising, with an estimated amount of RM3 billion. As at the date of this report, the Group has received commitment from investors for a Revenue Bond Program of up to USD365 million (equivalent to RM1.68 billion). The Revenue Bond program entails the conversion of outstanding lease payments of USD240 million (approximately RM1.1 billion) into bond (Tranche 1) and cash inflow of approximately USD125 million (approximately RM575 million) (Tranche 2) to finance working capital, maintenance cost and lease rentals. The revenue bond will be secured against passenger seat sales from identified routes and shares in a subsidiary. Tranche 1 of the Revenue Bond has a tenure of 2.5 years whereas Tranche 2 has a tenure of 4 years. The bond is expected to be issued by mid of 2024.

2. Capacity and Network Management

For the first quarter of 2024, the Group is implementing all possible measures to return the grounded fleet to service, with an estimated completion by mid of 2024.

This is based on the Directors' cash flow projections with major assumptions being the Directors' expectations of the recovery in passenger numbers arising from the resumption of domestic and international travel, the volatility of major operating costs and the continuous support of the Group's aircraft lessors as well as the debt raise under Revenue Bond Program. The Directors believe that the Group will continue to receive support from its lessors and complete the implementation of the Revenue Bond Program. Based on the cash flow forecast which incorporates the actions taken to date, the Directors concluded that there is no material uncertainty on the Group's and the Company's ability to continue as going concerns. The Directors have accordingly prepared the financial statements of the Group and the Company on a going concern basis

**Capital A Berhad
(Incorporated in Malaysia)**

2. Material accounting policy information (cont'd.)

2.1 Basis of preparation (cont'd.)

By 31 December 2023, the Group had successfully restructured 161 aircraft leases and was in discussions with lessors to restructure the remaining leases, seeking to waive the lease rentals in arrears and to reduce future lease rates while extending lease terms where appropriate.

2.2 Standards, amendments to published standards and interpretations that are effective

The Group and the Company have applied the following amendments for the first time for the financial year beginning on 1 January 2023:

- MFRS 101: Disclosure of Accounting Policies (Amendment to MFRS 101 and MFRS Practice Statement 2)
- MFRS 108: Definition of Accounting Estimates (Amendment to MFRS 108)
- MFRS 17: Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendment to MFRS 17)
- MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112)
- MFRS 112: International Tax Reform - Pillar Two Model Rules (Amendment to MFRS 112)

The adoption of these new amendments, standards and interpretations did not have any material effect on the financial performance or position of the Group and of the Company, except for:

MFRS 101: Disclosure of Accounting Policies (Amendment to MFRS 101 and MFRS Practice Statement 2)

The amendments to MFRS 101 and MFRS Practice Statement 2 provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their “significant” accounting policies with a requirement to disclose their “material” accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on Group’s and the Company’s disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group’s and the Company’s financial statements.

Capital A Berhad
(Incorporated in Malaysia)

2. Material accounting policy information (cont'd.)

2.3 Standards issued but not yet effective

The amendments, standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these amendments, standards and interpretations, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
MFRS 101: Classification of Liabilities as Current or Non-current (Amendments to MFRS 101)	1 January 2024
MFRS 16: Lease Liability in a Sale and Leaseback (Amendments to MFRS 16)	1 January 2024
MFRS 101: Non-current Liabilities with Covenants (Amendments to MFRS 101)	1 January 2024
MFRS 7 and MFRS 107: Supplier Finance Arrangements (Amendments to MFRS 7 and MFRS 107)	1 January 2024
MFRS 121: Lack of Exchangeability (Amendments to MFRS 121)	1 January 2025
MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	Deferred

The directors expect that the adoption of the above amendments, standards and interpretations will have no material impact on the financial statements in the period of initial application.

2.4 Basis of consolidation

2.4.1 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

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
- The ability to use its power over the investee to affect its returns

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

**Capital A Berhad
(Incorporated in Malaysia)**

2. Material accounting policy information (cont'd.)

2.4 Basis of consolidation (cont'd.)

2.4.1 Subsidiaries (cont'd.)

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
- 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.

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.

**Capital A Berhad
(Incorporated in Malaysia)**

2. Material accounting policy information (cont'd.)

2.4 Basis of consolidation (cont'd.)

2.4.1 Subsidiaries (cont'd.)

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 MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

**Capital A Berhad
(Incorporated in Malaysia)**

2. Material accounting policy information (cont'd.)

2.4 Basis of consolidation (cont'd.)

2.4.1 Subsidiaries (cont'd.)

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.

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.

2.4.2 Associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

**Capital A Berhad
(Incorporated in Malaysia)**

2. Material accounting policy information (cont'd.)

2.4 Basis of consolidation (cont'd.)

2.4.2 Associates and joint ventures (cont'd.)

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net asset of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

**Capital A Berhad
(Incorporated in Malaysia)**

2. Material accounting policy information (cont'd.)

2.4 Basis of consolidation (cont'd.)

2.4.2 Associates and joint ventures (cont'd.)

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.4.3 Reverse acquisition of an asset or a group of assets that does not constitute a business

At the time of reverse acquisition, the Group considers whether each reverse acquisition represents the reverse acquisition of a business or the reverse acquisition of an asset. Where the assets acquired and liabilities assumed do not constitute a business as defined under MFRS 3, the transaction is accounted as an asset acquisition.

In such cases, the Group identifies and recognises the individual identifiable assets acquired (including intangible assets) and liabilities assumed. The cost of acquisition is allocated to the individual identifiable assets and liabilities based upon their relative fair value at the date of purchase, and no goodwill or deferred tax is recognised.

The legal subsidiary is regarded as the accounting acquirer while the legal parent is regarded as the accounting acquiree. The accounting acquirer is deemed to have issued equity shares as purchase consideration for the assets and liabilities of the accounting acquiree using the accounting principles of MFRS 2. The fair value of issued equity shares is determined based on the market value of the accounting acquiree which is represented by the quoted and trade price of its shares right before the reverse acquisition. The difference between the purchase consideration and the fair value of identifiable assets acquired and liabilities assumed will be recognised in the income statement as acquisition cost arising from the reverse acquisition.

**Capital A Berhad
(Incorporated in Malaysia)**

2. Material accounting policy information (cont'd.)

2.4 Basis of consolidation (cont'd.)

2.4.4 Internal reorganisation

Acquisition of entities under an internal reorganisation scheme does not result in any change in economic substance. Accordingly, the consolidated financial statements of the Company is a continuation of the acquired entities and is accounted for as follows:

- (a) The results of entities are presented as if the internal reorganisation occurred from the beginning of the earliest period presented in the financial statements;
- (b) The Company will consolidate the assets and liabilities of the acquired entities at their pre-combination carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the internal reorganisation that would otherwise be done under the acquisition method; and
- (c) No new goodwill is recognised as a result of the internal reorganisation. The only goodwill that is recognised is the existing goodwill relating to the combining entities. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity as merger reserve or deficit.

2.5 Property, plant and equipment

Property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Costs also include borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to accounting policy Note 2.19 on borrowing costs).

Where significant parts of an item of property, plant and equipment are required to be replaced at intervals, the Group 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 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 financial period in which they are incurred.

**Capital A Berhad
(Incorporated in Malaysia)**

2. Material accounting policy information (cont'd.)

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

Freehold land is not depreciated. Significant parts of other item of property, plant and equipment 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.

Aircraft	
- engines, airframes and spare engines excluding service potential	25 years
- service potential of engines	8 years
- service potential of airframes	13 years
- service potential of spare engines	11 years
Aircraft spares	10 years
Aircraft fixtures and fittings	Useful life of aircraft or remaining lease term of aircraft, whichever is shorter
Buildings	28.75 years
Motor vehicles	5 years
Office equipment, furniture and fittings	5 years
Office renovation	5 years
Simulator equipment	25 years
Operating plant and ground equipment	5 years
In-flight equipment	5 years
Training equipment	5 years

Service potential of 8 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 8 years.

Service potential of 13 years for airframes represents the period over which the expected cost of the first major airframe check is depreciated. Subsequent to the airframe check, the actual cost incurred is capitalised and depreciated over the subsequent 13 years.

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 balance sheet date.

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

**Capital A Berhad
(Incorporated in Malaysia)**

2. Material accounting policy information (cont'd.)

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

At the end of the reporting period, the Group assesses 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. See accounting policy Note 2.8 on impairment of non-financial assets.

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

Deposits on aircraft purchase are recognised as deposits and subsequently included as part of the cost of the aircraft and are depreciated from the date that aircraft is ready for its intended use.

2.6 Intangible assets

2.6.1 Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

**Capital A Berhad
(Incorporated in Malaysia)**

2. Material accounting policy information (cont'd.)

2.6 Intangible assets (cont'd.)

2.6.1 Other intangible assets (cont'd.)

(i) Research and development – internally developed software

Research expenditure is recognised as an expense when incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and,
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent period.

Capitalised development costs recognised as intangible assets are amortised from the point at which the asset is ready for use on a straight-line basis over its useful life which is between 3 - 7 years.

(ii) Landing rights

Landing rights relate to traffic rights and landing slots for destinations operated by the Group's airline operating centres and are recorded at cost less any accumulated impairment losses. Landing rights are allocated to CGUs and are not amortised as they are considered to have an indefinite useful life and are tested annually for impairment.

**Capital A Berhad
(Incorporated in Malaysia)**

2. Material accounting policy information (cont'd.)

2.7 Investment properties

Investment properties is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of buildings classified as investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 5 to 29 years, and included in determining income. No depreciation is provided on land and buildings under construction.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually, or as and when events or circumstances occur indicating that an impairment may exist. 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 costs of disposal 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 (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal at each reporting date.

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

**Capital A Berhad
(Incorporated in Malaysia)**

2. Material accounting policy information (cont'd.)

2.9 Maintenance and overhaul

Owned aircraft

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

Leased aircraft

Where the Group has a commitment to maintain aircraft held under operating leases, 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 maintenance checks and one-off costs incurred at the end of the lease by making appropriate charges to the income statement calculated by reference to the number of hours or cycles operated during the financial year.

2.10 Leases

The Group assesses 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 as a lessee

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

i) ROU assets

The Group recognises ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets include 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. ROU 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 spare engines	2 - 19 years
Land and building	2 - 20 years

Capital A Berhad
(Incorporated in Malaysia)

2. Material accounting policy information (cont'd.)

2.10 Leases (cont'd.)

Group as a lessee (cont'd.)

i) ROU assets (cont'd.)

If ownership of the leased asset transfers to the Group 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 ROU assets are also subject to impairment. Refer to the accounting policies in Note 2.8 impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Group 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 in-substance 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 payments of penalties for terminating the lease, if the lease term reflects the Group 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 uses 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. Lease modifications that are not accounted for as separate leases are accounted as adjustments to the carrying value of the lease liability with a corresponding impact to the related right-of-use asset.

**Capital A Berhad
(Incorporated in Malaysia)**

2. Material accounting policy information (cont'd.)

2.10 Leases (cont'd.)

Group as a lessee (cont'd.)

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

The Group applies the short-term lease recognition exemption to its short-term leases (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 as a lessor

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group 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 classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is 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 net investment. The net investments is subject to MFRS 9 'Financial Instruments' (refer to Note 2.12.4) on impairment of financial assets. In addition, the Group reviews regularly the estimated unguaranteed residual value.

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

**Capital A Berhad
(Incorporated in Malaysia)**

2. Material accounting policy information (cont'd.)

2.10 Leases (cont'd.)

Group as a lessor (cont'd.)

ii) Operating leases

The Group classifies 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 recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

iii) Sublease classification

When the Group is an intermediate lessor, it assesses the lease classification of a sublease with reference to the 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 applies the exemption described above, then it classifies the sublease as an operating lease.

The Group as an intermediate lessor accounts 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 a net investment in the sublease and evaluates it for impairment.

**Capital A Berhad
(Incorporated in Malaysia)**

2. Material accounting policy information (cont'd.)

2.11 Inventories

Inventories which comprise consumables used internally for repairs and maintenance are stated at the lower of cost and net realisable value.

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

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

2.12 Financial assets

2.12.1 Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured 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 business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

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.

**Capital A Berhad
(Incorporated in Malaysia)**

2. Material accounting policy information (cont'd.)

2.12 Financial assets (cont'd.)

2.12.1 Initial recognition and measurement (cont'd.)

The Group'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, i.e., the date that the Group commits to purchase or sell the asset.

2.12.2 Subsequent measurement

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

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
- Financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Financial assets at fair value through other comprehensive income

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

**Capital A Berhad
(Incorporated in Malaysia)**

2. Material accounting policy information (cont'd.)

2.12 Financial assets (cont'd.)

2.12.2 Subsequent measurement (cont'd.)

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Amortised costs

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

2.12.3 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired;
- The Group has transferred its rights to receive cash flows from the asset or has 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 (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

**Capital A Berhad
(Incorporated in Malaysia)**

2. Material accounting policy information (cont'd.)

2.12 Financial assets (cont'd.)

2.12.3 Derecognition (cont'd.)

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 could be required to repay.

2.12.4 Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. 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 expects to receive, discounted at an approximation of the original effective interest rate. 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 and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has 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.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

**Capital A Berhad
(Incorporated in Malaysia)**

2. Material accounting policy information (cont'd.)

2.12 Financial assets (cont'd.)

2.12.4 Impairment (cont'd.)

The Group's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the Good Credit Rating Agency and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the Good Credit Rating Agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

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

2.13 Financial liabilities

2.13.1 Classification and measurement

The Group classifies its financial liabilities in the following category: other financial liabilities. Management determines the classification of financial liabilities at initial recognition.

The Group does not hold any financial liabilities carried at fair value through profit or loss (except for derivative financial instruments). See accounting policy Note 2.15 on derivative financial instruments and hedging activities.

Other financial liabilities are non-derivative financial liabilities. Other financial liabilities are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial liability and subsequently carried at amortised cost using the effective interest method. Changes in the carrying value of these liabilities are recognised in the income statements.

The Group's other financial liabilities comprise payables (including intercompanies and related parties' balances), borrowings and lease liabilities in the statement of financial position. Financial liabilities are classified as current liabilities; except for maturities greater than 12 months after the reporting date, in which case they are classified as non-current liabilities.

**Capital A Berhad
(Incorporated in Malaysia)**

2. Material accounting policy information (cont'd.)

2.13 Financial liabilities (cont'd.)

2.13.1 Classification and measurement (cont'd.)

Financial liabilities are derecognised when the liability is either discharged, cancelled, expired or has been restructured with substantially different terms.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. 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 profit or loss.

2.14 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statements of 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.

2.15 Derivatives and hedge accounting

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

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for in accordance with the accounting policy set out in Note 2.12. The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

**Capital A Berhad
(Incorporated in Malaysia)**

2. Material accounting policy information (cont'd.)

2.15 Derivatives and hedge accounting (cont'd.)

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- (a) There is 'an economic relationship' between the hedged item and the hedging instrument.
- (b) The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- (c) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Designation of a risk component of a hedged item is permitted when it is a separable identifiable component of the item, and the changes in the cash flows or the fair value of the item attributable to changes in the risk component is reliably measured.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 21. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'net fair value (loss)/gain on derivatives' (Note 8(d)).

**Capital A Berhad
(Incorporated in Malaysia)**

2. Material accounting policy information (cont'd.)

2.15 Derivatives and hedge accounting (cont'd.)

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss and presented separately after net operating profit.

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

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'net fair value (loss)/gain on derivatives' (Note 8(d)).

2.16 Cash and cash equivalents

For the purpose of the statements of cash flow, cash and cash equivalents comprise cash on hand, bank balances, demand deposits and other short term, highly liquid investments with original maturities of three months or less, less bank overdrafts. Deposits held as pledged securities for banking facilities granted to the Group are not included as cash and cash equivalents.

2.17 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 an interest expense in profit or loss.

**Capital A Berhad
(Incorporated in Malaysia)**

2. Material accounting policy information (cont'd.)

2.17 Provisions (cont'd.)

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.

2.18 Redeemable Convertible Unsecured Islamic Debt Securities

Redeemable convertible unsecured islamic debt securities ("RCUIDS") issued by the Company are separated into liability and equity components.

On issuance of the RCUIDS, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. The amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the RCUIDS, based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

2.19 Borrowings costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries, joint ventures and associates operate and generate taxable income.

**Capital A Berhad
(Incorporated in Malaysia)**

2. Material accounting policy information (cont'd.)

2.20 Current and deferred income tax (cont'd.)

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits including unused investment tax allowance can be utilised.

Deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, joint ventures or associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates and joint ventures. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference, a deferred tax liability is not recognised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**Capital A Berhad
(Incorporated in Malaysia)**

2. Material accounting policy information (cont'd.)

2.21 Employee benefits

2.21.1 Short term employee benefits

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

2.21.2 Defined contribution retirement plan

The Group's contributions to the Employees' Provident Fund are charged to income statement in the financial year to which they relate. Once the contributions have been paid, the Group has no further obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.21.3 Defined benefit plan

The Group operates defined benefit pension plans in Indonesia and Philippines, which require contributions to be made to separately administered funds. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Group recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'staff costs' in the income statements:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

**Capital A Berhad
(Incorporated in Malaysia)**

2. Material accounting policy information (cont'd.)

2.21 Employee benefits (cont'd.)

2.21.4 Share-based payments

Employees of the Company and certain subsidiary companies of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the share options at the date of grant. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserves over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's and the Group's best estimate of the number of share options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for share options that do not ultimately vest because market performance and/or service conditions have not been met. The proceeds received net of any directly attributable transaction costs and the employee share option reserve relating to the vested options are transferred to share capital when the share options are exercised.

2.22 Revenue and other income

Revenue is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. The Group recognises revenue when or as it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

2.22.1 Passenger revenue

Passenger revenue relates to scheduled passenger flight and charter flight income and is recorded net of discounts and includes the related ancillary revenue (including airport and insurance surcharges, administrative fees, baggage fee, assigned seat, cancellation, documentation and other fees, and on-board sale of meals and merchandise). The Group initially recognises all ticket sales as 'sales in advance' which is presented as current liabilities in line with MFRS 15. Passenger revenue is recorded when the air transportation service is provided (i.e. recognised at a point in time).

2.22.2 Aircraft operating leases

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

Capital A Berhad
(Incorporated in Malaysia)

2. Material accounting policy information (cont'd.)

2.22 Revenue and other income (cont'd.)

2.22.3 Freight services

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

2.22.4 Rental income and brand license

Rental income and brand license fees are recognised on an accrual basis.

2.22.5 Interest income

Interest income is recognised using the effective interest method.

2.22.6 Sale of loyalty points

The Group operates a frequent flyer programme where members accumulate points for purchases made which entitle them to discounts on future purchases. Revenue from the award points is recognised as deferred revenue (included in trade and other payables) upon issuing the points, and recognised upon redemption of loyalty points by members. The amount of revenue recognised is computed based on the number of points redeemed and the redemption value of each point which is calculated on a weighted average basis. Award points issued before 1 June 2019 will expire by 36 months upon date of issuance and points issued after 1 June 2019 will expire 24 months upon date of issuance. Revenue associated with the sale of points to merchant partners under the customer loyalty programme is recognised when the obligation is completed.

Included in trade and other payables is the deferred breakage. Breakage represents the estimated loyalty points that are not expected to be redeemed by members. The amount of revenue recognised related to deferred breakage is based on the number of loyalty points redeemed in a period in relation to the total number expected to be redeemed, which factors in the Group estimate for the breakage. Breakage is estimated by management based on the terms and conditions of membership and historical accumulation and redemption patterns, as adjusted for changes to any terms and conditions that may affect members' redemption practices.

**Capital A Berhad
(Incorporated in Malaysia)**

2. Material accounting policy information (cont'd.)

2.22 Revenue and other income (cont'd.)

2.22.7 Contract balances

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., upon completion of services rendered to customer).

2.23 Foreign currencies

2.23.1 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 consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

2.23.2 Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

**Capital A Berhad
(Incorporated in Malaysia)**

2. Material accounting policy information (cont'd.)

2.23 Foreign currencies (cont'd.)

2.23.2 Transactions and balances (cont'd.)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

2.23.3 Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.24 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 Board of Directors that makes strategic decisions.

**Capital A Berhad
(Incorporated in Malaysia)**

2. Material accounting policy information (cont'd.)

2.25 Maintenance reserve funds

Maintenance reserve funds relate to payments made by the lessee for maintenance activities undertaken during the lease period. The Group will reimburse the lessee for agreed maintenance work done as and when incurred. The Group records the amounts received as maintenance reserve funds. At the expiry of the lease term, excess maintenance reserve is recognised in the profit and loss account.

2.26 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:

- (i) expected to be realised or intended to be sold or consumed in normal operating cycle;
- (ii) held primarily for the purpose of trading;
- (iii) expected to be realised within twelve months after the reporting period; or
- (iv) 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:

- (i) it is expected to be settled in normal operating cycle;
- (ii) it is held primarily for the purpose of trading;
- (iii) it is due to be settled within twelve months after the reporting period; or
- (iv) 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.

2.27 Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets, at fair value at each reporting date.

**Capital A Berhad
(Incorporated in Malaysia)**

2. Material accounting policy information (cont'd.)

2.27 Fair value measurement (cont'd.)

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:

- (i) In the principal market for the asset or liability; or
- (ii) 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:

- (i) Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- (ii) Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly
- (iii) 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.

**Capital A Berhad
(Incorporated in Malaysia)**

3. Critical accounting estimates and judgements

Estimates and judgements 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 makes 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 results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are explained below.

3.1 Impairment assessment of property, plant and equipment and right-of-use assets

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

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

There is a high degree of estimation uncertainty inherent in estimating the duration and severity of the economic downturn caused by the COVID-19 pandemic, and the pattern of 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 11 and 31.

**Capital A Berhad
(Incorporated in Malaysia)**

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

3.2 Impairment assessment of financial assets

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

3.3 Deferred tax assets

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 factor, fuel price, maintenance costs and currency movements. These assumptions have been built based on expected future performance and taxable profits which have been adjusted for non-recurring circumstances and a reasonable growth rate.

3.4 Provision for aircraft maintenance and overhaul costs

The Group operates aircraft which are either owned or held under operating lease arrangement. In respect of the aircraft held under operating lease arrangements, the Group is 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. Accordingly, the Group estimates the aircraft maintenance costs required to fulfil these obligations at the end of the lease period and recognise a provision for these costs at each reporting date.

A provision by its nature is more uncertain than most other items in the statement of financial position. The estimates of the outcome and financial effects are determined by the judgement of the management, supplemented by experience from similar transactions. Any revision in assumptions and estimations that causes a material effect to the provision would be adjusted prospectively in the financial statements.

**Capital A Berhad
(Incorporated in Malaysia)**

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

3.5 Impairment assessment of intangible assets

Goodwill, landing rights and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash generating units to which goodwill and landing rights are allocated.

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. Further details of the carrying value and the key assumptions applied in the impairment assessment of goodwill and landing rights are given in Note 17.

3.6 Impairment assessment of interests in subsidiaries, associates and joint ventures

The Group's and the Company's interests in subsidiaries, associates and joint ventures are tested for impairment by comparing the carrying amounts with the value in use. Estimating the value in use requires the Group and the Company to make an estimate of the expected future cash flows from the operation of the subsidiaries, the associates and the joint ventures, and to apply a suitable discount rate and growth rate in order to calculate the present value of those cash flows.

Capital A Berhad
(Incorporated in Malaysia)

4. Revenue and other income

(a) Revenue

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Aviation				
- passenger seat sales	11,032,819	4,662,953	-	-
- other passenger revenue	2,378,024	897,198	-	-
- other aviation revenue	1,307	4,516	-	-
Logistics and freight services ("Teleport")	731,905	469,067	-	-
Online travel and e-commerce platform ("AirAsia MOVE")	334,084	238,577	-	-
Financial and other related services ("BigPay")	45,300	31,975	-	-
Management fee	-	-	5,000	-
Others	169,097	132,782	-	-
Total revenue, representing revenue from contract with customers	<u>14,692,536</u>	<u>6,437,068</u>	<u>5,000</u>	<u>-</u>

Timing of revenue recognition

At a point of time	<u>14,692,536</u>	<u>6,437,068</u>	<u>5,000</u>	<u>-</u>
--------------------	-------------------	------------------	--------------	----------

Other passenger revenue includes ancillary income such as baggage fees, assigned seats, cancellations, documentation and other fees, and on-board sale of meals and merchandise.

Capital A Berhad
(Incorporated in Malaysia)

4. Revenue and other income (cont'd.)

(a) Revenue (cont'd.)

Revenue by reportable geographical segment is as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Malaysia	7,800,915	4,077,726	5,000	-
Philippines	1,780,391	835,522	-	-
Indonesia	2,007,818	1,172,428	-	-
Thailand	2,407,679	229,778	-	-
Others	695,733	121,614	-	-
	14,692,536	6,437,068	5,000	-

Salient terms of revenue from contracts with customers:

Aviation:

- Schedule flights Normally settled by cash and refunds for airport tax are claimable up to 6 months period of travel date.
- Charter flights Full upfront payment before the flight.
- Freight services Credit term of 30 days (2022: 30 days) from invoice date.
- Ancillary service Normally settled by cash and generally no refunds.
- Teleport Credit term of 30 days (2022: 30 days) from invoice date.
- AirAsia MOVE Normally settled by cash and generally no refunds.

Contract balances are disclosed in Note 19 and remaining unfulfilled performance obligations are disclosed as sales in advance.

Capital A Berhad
(Incorporated in Malaysia)

4. Revenue and other income (cont'd.)

(b) Other income

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of property, plant and equipment	78,238	7,339	-	-
Fees charged to related parties providing commercial air transport services	41,032	9,568	-	-
Aircraft operating lease income				
- Thai AirAsia Co. Ltd	13,735	24,109	-	-
- Third-parties	47,920	39,523	-	-
Others	122,149	73,725	18,128	976
	<u>303,074</u>	<u>154,264</u>	<u>18,128</u>	<u>976</u>

Other income ("others") includes commission income and advertising income.

5. Staff costs and directors' remuneration

(a) Staff costs

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Salaries, bonus, allowances and other employee benefits	1,939,188	1,108,200	57,104	23,699
Defined contribution retirement plan	156,565	100,915	4,959	2,595
Defined benefit plan	19,909	9,894	-	-
Share based payments	5,064	10,646	1,818	221
	<u>2,120,726</u>	<u>1,229,655</u>	<u>63,881</u>	<u>26,515</u>

Capital A Berhad
(Incorporated in Malaysia)

5. Staff costs and directors' remuneration (cont'd.)

(a) Staff costs (cont'd.)

Included in staff costs are Executive Directors' remunerations for the Group and for the Company as disclosed in the Note 5(b) below.

(b) Directors' remuneration

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Executive Directors				
- salaries, bonus, allowances and other employee benefits	28,303	14,679	28,303	14,679
- defined contribution plan	3,396	1,761	3,396	1,761
	<u>31,699</u>	<u>16,440</u>	<u>31,699</u>	<u>16,440</u>
Non-Executive Directors				
- fees	4,621	1,819	1,853	1,819
	<u>36,320</u>	<u>18,259</u>	<u>33,552</u>	<u>18,259</u>

The remuneration payable to the Directors of the Company is analysed as follows:

	Executive		Non-executive	
	2023	2022	2023	2022
Range of remuneration (RM)				
301,000 to 350,000	-	-	-	1
350,001 to 400,000	-	-	1	-
450,001 to 500,000	-	-	3	2
500,001 to 550,000	-	-	-	1
8,200,001 to 8,250,000	-	2	-	-
14,050,001 to 14,100,000	1	-	-	-
14,200,001 to 14,250,000	1	-	-	-

Capital A Berhad
(Incorporated in Malaysia)

5. Staff costs and directors' remuneration (cont'd.)

(c) Key Management Personnel

Key management personnel are categorised as senior management officers of the Group and of the Company.

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Salaries, bonus, allowances and other employee benefits	35,129	21,398	35,129	21,398
Defined contribution plan	3,781	2,144	3,781	2,144
	<u>38,910</u>	<u>23,542</u>	<u>38,910</u>	<u>23,542</u>

Included in the key management compensation are Executive Directors' remuneration for the financial year 2023 and 2022 which were approved by the Nomination and Remuneration Committee.

6. Other operating expenses

The following items have been charged/(credited) in arriving at other operating expenses:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Impairment losses on:				
- Intangible assets (Note 17)	160,893	82,720	-	-
- Trade and other receivables (Note 19)	13,214	83,788	-	-
- Investment in subsidiary	-	-	1,853,000	-
Reversal of impairment of:				
- Trade and other receivables (Note 19)	-	(134)	-	-
- Finance lease receivables (Note 31)	-	(98,923)	-	-
- Property, plant and equipment (Note 11)	(11,203)	(17,185)	-	-
- Right-of-use assets (Note 31)	-	(552,290)	-	-
Fair value changes in investment in securities (Note 16)	-	37,624	-	-
	<u>-</u>	<u>37,624</u>	<u>-</u>	<u>-</u>

Capital A Berhad
(Incorporated in Malaysia)

6. Other operating expenses (cont'd.)

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

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Rental of buildings	23,073	26,994	299	79
Intangible assets				
- Amortisation expense (Note 17)	8,113	7,618	-	-
Investment property				
- Depreciation expense (Note 12)	727	-	-	-
Auditors' remuneration				
- audit fees	2,351	3,241	399	317
- non-audit fees	4,099	-	4,099	-
Rental of equipment	2,476	928	19	2
Advertising costs	128,935	68,294	-	5

7. Aircraft fuel expenses, maintenance and overhaul and user charges

(a) Aircraft fuel expenses

Aircraft fuel expenses includes fuel used by aircraft and fuel swap gain/loss.

(b) Maintenance and overhaul

Maintenance and overhaul include maintenance related works on aircraft, the related consumables and aircraft maintenance provision.

(c) User charges

User charges include airport related charges, ground operational charges, aircraft insurance cost and inflight related expenses.

Capital A Berhad
(Incorporated in Malaysia)

8. Finance income/(costs), foreign exchange (loss)/gain and net fair value (loss)/gain on derivatives

(a) Finance income

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- deposits, cash and bank balances with licensed banks	3,784	2,053	50	66
- amounts due from associates	-	9,074	-	-
- finance lease receivables	5,886	18,064	-	-
- amounts due from subsidiaries	-	-	82,866	83,942
Effect of discounting on financial instruments	27,573	10,434	-	-
Others	1,561	680	-	388
	38,804	40,305	82,916	84,396

(b) Finance costs

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest expense:				
- bank borrowings	(319,194)	(210,224)	-	-
- lease liabilities	(852,954)	(705,152)	-	-
- provision of retirement benefits	(3,808)	(4,809)	-	-
Effect of discounting on financial instruments	(3,209)	-	-	-
RCUIDS profit payment	(112,406)	(61,879)	(112,406)	(61,879)
Others	(48,109)	(22,858)	(4)	(2)
	(1,339,680)	(1,004,922)	(112,410)	(61,881)

Capital A Berhad
(Incorporated in Malaysia)

8. Finance income/(costs), foreign exchange (loss)/gain and net fair value (loss)/gain on derivatives (cont'd.)

(c) Foreign exchange (loss)/gain

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
		Restated		
Realised	(205,106)	(99,544)	95	(23,673)
Unrealised	(123,349)	(1,156,964)	7,373	56,783
	<u>(328,455)</u>	<u>(1,256,508)</u>	<u>7,468</u>	<u>33,110</u>

(d) Net fair value (loss)/gain on derivatives

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Gain from foreign exchange forward contracts	10,537	-	-	-
Loss from RCUIDS asset	(23,791)	-	(23,791)	-
Gain on termination of hedging contracts	-	45,021	-	-
	<u>(13,254)</u>	<u>45,021</u>	<u>(23,791)</u>	<u>-</u>

Fair value change of derivatives consists of fair value changes due to movement in mark-to-market ("MTM") position on outstanding hedging contracts that did not qualify for hedge accounting.

9. Taxation

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current taxation				
- Malaysian tax	23,100	12,224	-	-
- foreign tax	12,332	3,351	-	-
Deferred taxation (Note 18)	(7,688)	(15,064)	-	-
	<u>27,744</u>	<u>511</u>	<u>-</u>	<u>-</u>

Capital A Berhad
(Incorporated in Malaysia)

9. Taxation (cont'd.)

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current taxation				
- current financial year	35,427	13,751	-	-
- underprovision of income tax in respect of previous years	5	1,824	-	-
	<u>35,432</u>	<u>15,575</u>	<u>-</u>	<u>-</u>
Deferred taxation				
- origination and reversal of temporary differences	(7,688)	(7,369)	-	-
- overprovision of deferred tax in respect of previous years	-	(7,695)	-	-
	<u>(7,688)</u>	<u>(15,064)</u>	<u>-</u>	<u>-</u>
Taxation	<u>27,744</u>	<u>511</u>	<u>-</u>	<u>-</u>

The explanation of the relationship between taxation and (loss)/profit before taxation is as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
		Restated		
(Loss)/profit before taxation	<u>(68,570)</u>	<u>(3,915,306)</u>	<u>(1,960,201)</u>	<u>1,991</u>
Tax calculated at Malaysian tax rate of 24% (2022: 24%)	(16,457)	(939,673)	(470,448)	478
Tax effects of:				
- expenses not deductible for tax purposes	267,844	1,000,116	470,448	-
- income not subject to tax	(84,691)	(30,423)	-	(478)
- remeasurement of previously held interest in associate	(346,904)	-	-	-
- associates' results reported net of tax	(3,962)	(82,736)	-	-
- joint venture's result reported net of tax	(53)	(158)	-	-
- deferred tax assets not recognised	211,962	59,256	-	-
- underprovision of income tax in respect of previous years	5	1,824	-	-
- overprovision of deferred tax in respect of previous years	-	(7,695)	-	-
Taxation	<u>27,744</u>	<u>511</u>	<u>-</u>	<u>-</u>

Capital A Berhad
(Incorporated in Malaysia)

10. Earnings/(loss) per share

Basic

The basic earnings/(loss) per share for the financial year is calculated by dividing the Group's profit/(loss) attributable to owners of the parent, divided by the weighted average number of shares, calculated as follows:

	Group	
	2023	2022
Net profit/(loss) for the financial year attributable to owners of the parent (RM'000)	336,789	(3,238,029)
Weighted average number of ordinary shares in issue ('000)	4,187,400	4,053,123
Basic earnings/(loss) per share (sen)	8.0	(79.9)

Diluted

The diluted earnings/(loss) per share for the financial year is calculated by dividing the Group's profit/(loss) attributable to owners of the parent, divided by the weighted average number of shares that would have been in issue upon full exercise of the options under the RCUIDS, warrants and ESOS granted, calculated as follows:

	Group	
	2023	2022
Net profit/(loss) for the financial year attributable to owners of the parent (RM'000)	336,789	(3,238,029)
Weighted average number of ordinary shares in issue ('000)	4,187,400	4,053,123
Effect of conversion of RCUIDS ('000)	942,827	1,035,611
Effect of conversion of warrants ('000)	649,670	649,675
Effect of conversion of ESOS ('000)	98,900	126,200
Weighted average number of ordinary shares in issue for diluted earnings/(loss) per share computation ('000)	5,878,797	5,864,609
Diluted earnings/(loss) per share (sen)	5.7	(55.2)

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.

Capital A Berhad
(Incorporated in Malaysia)

11. Property, plant and equipment

Group	At 1 January 2023 RM'000	Additions RM'000	Acquisition of subsidiary RM'000	Disposals RM'000	Reclassi- fication RM'000	De- preciation charge RM'000	Reversal of Impairment loss RM'000 (Note 6)	Exchange differences RM'000	At 31 December 2023 RM'000
Carrying amount									
Aircraft engines, airframes and service potential	197,448	2,282	331,870	(110,493)	-	(38,494)	-	14,740	397,353
Aircraft spares	125,232	57,617	50,511	(4,912)	-	(35,025)	-	1,283	194,706
Aircraft fixtures and fittings	-	144	8,991	(892)	69	(10,883)	2,708	4,581	4,718
Freehold land	47,678	-	56,710	-	-	-	-	4,372	108,760
Buildings	271,684	3,599	72,686	-	281	(14,227)	-	7,210	341,233
Motor vehicles	2,847	7,026	2,309	-	-	(3,017)	-	(377)	8,788
Office equipment, furniture and fittings	35,689	82,052	5,755	(905)	129	(18,026)	8,495	(388)	112,801
Office renovation	11,852	3,753	13,375	(114)	39	(7,734)	-	(440)	20,731
Simulator equipment	130	-	-	-	-	(9)	-	-	121
Operating plant and ground equipment	23,492	35,513	2,171	(415)	-	(10,858)	-	(615)	49,288
In-flight equipment	385	156	33	-	-	(580)	-	6	-
Training equipment	1	-	4,524	-	-	(824)	-	49	3,750
Work in progress ¹	166,455	165,520	970	-	(518)	-	-	35	332,462
	882,893	357,662	549,905	(117,731)	-	(139,677)	11,203	30,456	1,574,711

¹ Work in progress completed during the financial year were reclassified to respective asset classes.

In the current financial year, the reversal of impairment loss was due to the recovery of the COVID-19 pandemic. The discount rates applied to the cash flow projections averaged from 9.5%. The recoverable amount was derived using estimated value in use and determined at the level of the CGUs of the airline operating centres in the respective countries that the Group is operating in. The recoverable amounts of the CGUs have been measured based on cash flow projections approved by the management. The airline CGU comprise property, plant and equipment.

201701030323 (1244493-V)

Capital A Berhad
(Incorporated in Malaysia)

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

	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment loss RM'000	Carrying amount RM'000
Group (cont'd.)				
At 31 December 2023				
Aircraft engines, airframes and service potential	765,654	(359,469)	(8,832)	397,353
Aircraft spares	495,399	(291,553)	(9,140)	194,706
Aircraft fixtures and fittings	181,335	(170,812)	(5,805)	4,718
Freehold land	108,760	-	-	108,760
Buildings	419,985	(78,752)	-	341,233
Motor vehicles	56,615	(47,827)	-	8,788
Office equipment, furniture and fittings	434,970	(300,724)	(21,445)	112,801
Office renovation	129,636	(108,905)	-	20,731
Simulator equipment	238	(117)	-	121
Operating plant and ground equipment	124,351	(75,063)	-	49,288
In-flight equipment	5,118	(5,118)	-	-
Training equipment	12,133	(8,383)	-	3,750
Work in progress	332,462	-	-	332,462
	3,066,656	(1,446,723)	(45,222)	1,574,711

Capital A Berhad
(Incorporated in Malaysia)

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

	At 1 January 2022 RM'000	Additions ^c RM'000	Disposals RM'000	Write off RM'000	Reclassi- fication ¹ RM'000	De- preciation charge RM'000	Reversal of impairment loss RM'000	Exchange differences RM'000	At 31 December 2022 RM'000
Group (cont'd.)									
Carrying amount									
Aircraft engines, airframes and service potential	214,575	-	-	-	-	(29,683)	-	12,556	197,448
Aircraft spares	147,032	21,927	-	-	-	(25,359)	17,185	(35,553)	125,232
Aircraft fixtures and fittings	7,031	4	-	-	-	(6,877)	-	(158)	-
Freehold land	49,432	-	-	-	-	-	-	(1,754)	47,678
Buildings	289,567	1,849	-	-	126	(16,464)	-	(3,394)	271,684
Motor vehicles	5,258	483	-	-	-	(2,357)	-	(537)	2,847
Office equipment, furniture and fittings	46,730	18,896	(72)	(140)	-	(37,034)	-	7,309	35,689
Office renovation	13,947	7,344	(344)	-	60	(8,314)	-	(841)	11,852
Simulator equipment	225	-	-	-	-	(9)	-	(86)	130
Operating plant and ground equipment	12,354	16,742	(10)	-	2	(5,536)	-	(60)	23,492
In-flight equipment	798	123	-	-	-	(409)	-	(127)	385
Training equipment	1	-	-	-	-	-	-	-	1
Work in progress ¹	146,524	21,965	-	-	(188)	-	-	(1,846)	166,455
	<u>933,474</u>	<u>89,333</u>	<u>(426)</u>	<u>(140)</u>	<u>-</u>	<u>(132,042)</u>	<u>17,185</u>	<u>(24,491)</u>	<u>882,893</u>

¹ Work in progress completed during the financial year were reclassified to respective asset classes.

² Included in additions during the year are engines that were released from lien from a maintenance engine service provider and accordingly recognised as assets based on the residual value of the aircraft engine measured at estimated cost less its depreciation.

201701030323 (1244493-V)

Capital A Berhad
(Incorporated in Malaysia)

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

	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment loss RM'000	Carrying amount RM'000
Group (cont'd.)				
At 31 December 2022				
Aircraft engines, airframes and service potential	442,661	(236,381)	(8,832)	197,448
Aircraft spares	251,399	(117,027)	(9,140)	125,232
Aircraft fixtures and fittings	145,624	(137,111)	(8,513)	-
Freehold land	47,678	-	-	47,678
Buildings	330,046	(58,362)	-	271,684
Motor vehicles	24,654	(21,807)	-	2,847
Office equipment, furniture and fittings	295,344	(234,715)	(24,940)	35,689
Office renovation	69,897	(58,045)	-	11,852
Simulator equipment	237	(107)	-	130
Operating plant and ground equipment	47,886	(24,394)	-	23,492
In-flight equipment	4,952	(4,567)	-	385
Training equipment	5,210	(5,209)	-	1
Work in progress	166,455	-	-	166,455
	<u>1,832,043</u>	<u>(897,725)</u>	<u>(51,425)</u>	<u>882,893</u>

Capital A Berhad
(Incorporated in Malaysia)

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

	At 1 January 2023 RM'000	Additions RM'000	De- preciation charge RM'000	At 31 December 2023 RM'000
Company				
Carrying amount				
Motor vehicles	-	72	(17)	55
Office equipment, furniture and fittings	-	7	(1)	6
Office renovation	-	167	(20)	147
	-	246	(38)	208

Included in property, plant and equipment of the Group are:

	Group	
	2023 RM'000	2022 RM'000
Aircraft and engines pledged as security for borrowings	324,651	4,420
Freehold land and building pledged as security for borrowings	276,166	137,462
Total property, plant and equipment pledged as security for borrowings	<u>600,817</u>	<u>141,882</u>

The beneficial ownership and operational control of aircraft pledged as security for borrowings rest with the Group when the aircraft is delivered to the Group.

Where the legal title to the aircraft is held by financiers during delivery, the legal title will be transferred to the Group only upon settlement of the respective facilities.

12. Investment properties

	2023 RM'000	2022 RM'000
Carrying amount		
At 1 January	-	-
Acquisition of a subsidiary	67,700	-
Depreciation (Note 6)	(727)	-
Exchange differences	338	-
At 31 December	<u>67,311</u>	<u>-</u>

Capital A Berhad
(Incorporated in Malaysia)

12. Investment properties (cont'd.)

The fair value of investment properties as at 31 December 2023 amounted to RM78 million. The fair value has been determined based on valuation performed by an accredited independent valuer. The market prices of the land and building held for rent has been determined using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.

As at 31 December 2023, the Group has mortgaged its land and buildings constructed thereon with net book value amounting to approximately RM67 million as collateral against credit facilities received from financial institutions as described in Note 29.

13. Investment in subsidiaries

	Company	
	2023	2022
	RM'000	RM'000
Unquoted investments, at cost		
At 1 January	8,558,045	8,544,641
Additions during the year (Note (i))	11,583	8,000
Derecognition	-	(4,410)
Impairment during the year (Note (ii))	(1,853,000)	-
Deemed investment (Note (iii))	3,498	9,814
At 31 December	6,720,126	8,558,045

As at 31 December 2023, shares in subsidiaries with a carrying amount of RM9.9 million are pledged as a security for borrowings secured.

(i) Additional investments during the financial year ended 31 December 2023

- (a) During the year, the Company acquired Brand AA Sdn Bhd (formerly known as AAD Data Sdn Bhd) from AirAsia Com Travel Sdn Bhd ("AA.Com") for a total consideration amounting to RM2 in exchange for 2 ordinary shares of RM1 per share.
- (b) The Company issued ESOS as disclosed in Note 34 to the employees of the Company and its subsidiaries. The ESOS issued to the employees of the subsidiaries is a deemed investment in these subsidiaries which had paid the employees in lieu of their services in shares of the Company.
- (c) During the year, the Company acquired Capital Aviation Services Sdn Bhd (formerly known as Red Aviation Services Sdn Bhd) from Move Digital Sdn Bhd for a total consideration amounting to RM1 in exchange for 1 ordinary share of RM1 per share.

Capital A Berhad
(Incorporated in Malaysia)

13. Investment in subsidiaries (cont'd.)

(i) Additional investments during the financial year ended 31 December 2023 (cont'd.)

- (d) During the year, the Company incorporated Fleet Consolidated Pte. Ltd. with 1,000 ordinary shares of SGD1 per share.
- (e) During the year, the Company incorporated Redbeat Capital Sdn Bhd with 2 ordinary shares of RM1 per share.
- (f) During the year, the Company acquired AirAsia Drone Sdn Bhd from AirAsia Berhad ("AAB") for a total consideration amounting to RM2,500 in exchange for 2,500 ordinary shares of RM1 per share.
- (g) During the year, the Company acquired Teleport Everywhere Pte. Ltd. from Move Digital Sdn Bhd for a total consideration amounting to SGD3,261,061 in exchange for 2,724,404 ordinary share of SGD1 per share.
- (h) During the year, the Company incorporated PT. Asia Digital Engineering Indonesia with 100 million ordinary shares of IDR1 per share.

(ii) Impairment during the financial year

As disclosed in Note 46, subsequent to the financial year end, the Company entered into a non-binding agreement for the disposals of 100% equity interest in AirAsia Aviation Group Limited ("AAAGL") and AirAsia Berhad ("AAB"), both wholly-owned subsidiaries of the Group. The Company impaired its investment in AAB to its recoverable amount of RM6 million based on the proposed transaction price of proposed disposal.

(iii) Additional investments in previous financial year

- (a) In the previous financial year, the Company acquired AirAsia SEA Sdn Bhd ("AASEA") from AirAsia Aviation Group Limited ("AAAGL") for a total consideration amounting to RM8,000,000 in exchange for 8,000,000 ordinary shares of RM1 per share.

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2023 %	2022 %	
Directly held by the Company				
AirAsia Berhad ("AAB")	Malaysia	100	100	Commercial air transport services
Move Digital Sdn. Bhd (formerly known as AirAsia Digital Sdn Bhd) ("AAD")	Malaysia	100	100	Investment holding

Capital A Berhad
(Incorporated in Malaysia)

13. Investment in subsidiaries (cont'd.)

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2023 %	2022 %	
Directly held by the Company (cont'd.)				
AirAsia SEA Ltd ^T	Thailand	100	100	Management services
AAAGL	Malaysia	100	100	Investment holding
ADE	Malaysia	100	100	Providing engineering services
ADH	British Virgin Islands	100	100	Investment holding
STR	Malaysia	100	100	Food and beverages
AirAsia SEA Sdn Bhd	Malaysia	100*	100*	To provide shared services and outsourcing for its affiliates
Brand AA Sdn Bhd (formerly known as AAD Data Sdn Bhd)	Malaysia	100*	-	Brand and Intellectual Property Licensing, Development and Merchandising
Capital Aviation Services Sdn Bhd (formerly known as Red Aviation Services Sdn Bhd)	Malaysia	100	-	Investment holding
Fleet Consolidated Sdn Bhd	Malaysia	100	-	Renting Of Air Transport equipment
Redbeat Capital Sdn Bhd	Malaysia	100	-	Investment holding
AirAsia Drone Sdn Bhd	Malaysia	100	-	Provision of drone training and related drone services
Teleport Everywhere Pte. Ltd.	Malaysia	94.33	-	Investment holding

Capital A Berhad
(Incorporated in Malaysia)

13. Investment in subsidiaries (cont'd.)

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2023 %	2022 %	
Held by AAB				
AirAsia Go Holiday Sdn Bhd ("AGH")	Malaysia	-	100	Tour operating business
AirAsia (Mauritius) Limited ^e	Mauritius	100	100	Providing aircraft leasing facilities to Thai AirAsia Co Ltd
AirAsia Corporate Services Limited ^f	Malaysia	100	100	Facilitate business transactions for AirAsia Group with non-resident goods and service
AirAsia Drone Sdn Bhd (formerly known as RedBeat Tech Academy Sdn Bhd)	Malaysia	-	100	Investment holding
Asia Aviation Capital Limited ("AAC")	Malaysia	100	100	Providing aircraft leasing facilities
Held by AAD				
Big Pay Pte Ltd ("BPPL") ⁺	Singapore	99.56	99.56	Investment holding
RedTix Sdn Bhd ("RedTix") [†]	Malaysia	75	75	Event ticketing business
RedBeat Ventures Inc	United States	100	100	Dormant

Capital A Berhad
(Incorporated in Malaysia)

13. Investment in subsidiaries (cont'd.)

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2023 %	2022 %	
Held by AAD (cont'd.)				
RedBeat Capital 1, LLC	United States	100	100	Dormant
Teleport Everywhere Pte Ltd ("TES") ⁺	Singapore	-	92.66	Investment holding
AirAsia Technology Centre Singapore Pte Ltd	Singapore	100	100	Research and experimental development on IT, development of software for cybersecurity
RedBeat Capital Fund 1, LP	United States	100	100	Dormant
RedBeat Academy Sdn Bhd ("RBA")	Malaysia	-	100	Provision of media content services
Capital Aviation Services Sdn Bhd (formerly known as as Red Aviation Services Sdn Bhd)	Malaysia	-	100	Investment holding
AirAsia SuperApp Sdn Bhd	Malaysia	96.19	96.19	Investment holding
Ikhlas Com Travel Sdn Bhd	Malaysia	-	60	Inflight magazine content
Held by AAAGL				
AirAsia Inc ("PAA") [†]	Philippines	97.71	40	Commercial air transport services

Capital A Berhad
(Incorporated in Malaysia)

13. Investment in subsidiaries (cont'd.)

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2023 %	2022 %	
Held by AAAGL (cont'd.)				
PT AirAsia Indonesia TBK ("AAID") ^{+ ^}	Indonesia	46.25	46.25	Investment holding
AGZ	China	100*	100*	Aviation and commercial services
ACS	Malaysia	-	100*	Providing consulting services
AirAsia Europe Ltd	United Kingdom	100*	100*	Food and beverages
Asia Aviation Public Company Limited ("AAV")	Thailand	40.71	-	Investment holding
Held by PAA				
Philippines AirAsia Inc ("PAAI") ^f	Philippines	97.38	39.50	Commercial air transport services
Asiawide Airways Inc ^f	Philippines	40	40	Dormant
Held by AAID				
PT Indonesia AirAsia ("IAA") ⁺	Indonesia	47.43	47.43	Commercial air transport services
Held by IAA				
PT Garda Tawang Reksa Indonesia ("GTRI") ^f	Indonesia	31.8	31.8	Provision of airport related services

Capital A Berhad
(Incorporated in Malaysia)

13. Investment in subsidiaries (cont'd.)

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2023 %	2022 %	
Held by AAV				
Thai AirAsia Co.Ltd	Thailand	40.71	43	Commercial air transport services
Held by SuperApp				
AirAsia Com Travel Sdn Bhd ("AA.Com")	Malaysia	96.19*	96.19*	Tour and travel services
AirAsia Duty Free Sdn Bhd	Malaysia	96.19*	96.19*	Inflight shop
AirAsia Ride Sdn Bhd	Malaysia	96.19*	96.19*	E-hailing services
STF	Malaysia	96.19*	96.19*	Trading in coffee and tea related products
BIGLIFE Sdn Bhd ("BIG")	Malaysia	96.19*	96.19*	Financial services and managing customer loyalty points
Airasia Superapp (Thailand) Company Limited (formerly known as Velox Technology (Thailand) Company Limited ("Velox"))	Thailand	96.19	96.19	Provision of mobile application services
AirAsia Technology Centre India Private Limited ("AATCIPL")	India	96.19*	96.19*	Consultancy and services in the areas of information, technology design, development and implementation
Brand AA Sdn Bhd (formerly known as AAD Data Sdn Bhd)	Malaysia	-	96.19*	Special purpose vehicle

Capital A Berhad
(Incorporated in Malaysia)

13. Investment in subsidiaries (cont'd.)

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2023 %	2022 %	
Held by SuperApp (cont'd.)				
AirAsia Superapp LLC	Korea	96.19	96.19	Tour and travel services
Held by STF				
Airasia Mobile Sdn Bhd (formerly known as Santan Kitchen Sdn Bhd)	Malaysia	96.19	96.19	Provision of inflight meal products
Ourfarm Asia Sdn Bhd ("Ourfarm")	Malaysia	96.19	96.19	Wholesale of meat, fish, fruits, vegetables, flowers and plants
Held by AAC				
Asia Aviation Capital Pte. Ltd. ("AACPL") [†]	Singapore	100	100	Providing supporting services to air transport
Rouge Aircraft 1 Limited	Labuan	100	100	Providing supporting services to air transport
Held by AACPL				
Asia Aviation Capital Ireland Limited ("AACIL") [†]	Ireland	-	100	Strike off
AAC3 Pte Ltd ("AAC3") [†]	Singapore	-	100	Strike off
AAC4 Pte Ltd ("AAC4") [†]	Singapore	-	100	Strike off

Capital A Berhad
(Incorporated in Malaysia)

13. Investment in subsidiaries (cont'd.)

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2023 %	2022 %	
Held by AACIL				
Clifden Aviation 1 Limited ("CA1")	Ireland	-	100	Liquidated
Clifden Aviation 2 Limited ("CA2")	Ireland	-	100	Liquidated
Clifden Aviation 3 Limited ("CA3")	Ireland	-	100	Liquidated
Clifden Aviation 4 Limited ("CA4")	Ireland	-	100	Liquidated
Held by BIG				
BIGLIFE Digital Singapore Pte Ltd ^f	Singapore	96.19	96.19	Marketing and distribution of loyalty programme
BIGLIFE (Thailand) Co Ltd	Thailand	47.13	47.13	Marketing and distribution of loyalty programme
PT BIGLIFE Digital Indonesia	Indonesia	96.19	96.19	Marketing and distribution of loyalty programme
BIGLIFE Hong Kong Co Ltd ^f	Hong Kong	96.19	96.19	Dormant
BIG Loyalty India Pvt Ltd	India	96.19	96.19	Marketing and distribution of loyalty programme
BIGLIFE Guangzhou Co Ltd ^f	China	-	96.19	Liquidated
BIGLIFE Philippines Inc ^f	Philippines	96.19	96.19	Marketing and distribution of loyalty programme

Capital A Berhad
(Incorporated in Malaysia)

13. Investment in subsidiaries (cont'd.)

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2023 %	2022 %	
Held by BIG (cont'd.)				
BIGLIFE Digital Sdn Bhd	Malaysia	-	96.19	Dormant
BIGLIFE Vietnam Co Ltd ^f	Vietnam	96.19	96.19	Marketing and distribution of loyalty programme
Held by BPPL				
BigPay Malaysia Sdn Bhd ("BigPay")	Malaysia	99.56	99.56	Provision of financial and other related services
BigPay Singapore Pte Ltd ⁺	Singapore	99.56	99.56	Provision of financial services including but not limited to e-money products
BigPay (Thailand) Ltd ⁺	Thailand	99.56	99.56	Provision of financial and other related services
BigPay Later Sdn Bhd	Malaysia	99.56	99.56	Provision of other financial service activities
BPB Technologies Sdn Bhd	Malaysia	99.56	99.56	Technology and platform service activities
BigPay Capital Sdn Bhd	Malaysia	99.56	99.56	Investment holding

Capital A Berhad
(Incorporated in Malaysia)

13. Investment in subsidiaries (cont'd.)

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2023 %	2022 %	
Held by Redtix				
Rokki Media Holdings Sdn Bhd	Malaysia	75	75	Dormant
Held by RBC				
Ikhlas Com Travel Sdn Bhd	Malaysia	60	-	Tour and travel services
RedBeat Capital 1, LLC	United States	100	-	Dormant
RBA	Malaysia	100	-	Training
Held by TES				
Teleport Commerce Malaysia Sdn Bhd ("TCM")	Malaysia	94.33	92.66	Logistics business
Teleport Commerce In Private Limited	India	63.20	62.08	Logistics business
PT Teleportasi Bisnis Indonesia	Indonesia	63.20	62.08	Logistics business
Freightchains Technologies Pte Ltd [†]	Singapore	75.46	74.13	Research and development arm of TCM
Delivereat Sdn Bhd ("DeliverEat")	Malaysia	94.33	92.66	Online food ordering and delivery services
Teleport Holdings Sdn Bhd	Malaysia	94.33	92.66	Investment management, cargo, logistics and delivery services

Capital A Berhad
(Incorporated in Malaysia)

13. Investment in subsidiaries (cont'd.)

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2023 %	2022 %	
Held by TES (cont'd.)				
Teleport Terminals Sdn. Bhd. (formerly known as BIGLIFE Digital Sdn Bhd)	Malaysia	94.33	-	Dormant
Teleport Commerce Philippines, Inc ^f	Philippines	37.10	-	Logistics business
Teleport (Thailand) Co Ltd ⁺	Thailand	45.40	-	Logistics business
Held by TCM				
Teleport Platform Sdn Bhd ("TPSB")	Malaysia	94.33	92.66	Facilitation of logistics and payment services for cross border e-commerce
Freightchains Technologies Pte Ltd ^r	Singapore	9.43	9.27	Research and development arm of TCM
Held by TPSB				
Teleport Platforms Pte Ltd ⁺	Singapore	94.33	92.66	Online retail sales
Held by AA.Com				
Rokki Sdn Bhd ("Rokki")	Malaysia	96.19	96.19	Trading of multimedia content and equipment
PT AirAsia Com Indonesia	Indonesia	96.19	96.19	Tour and travel services
AA Com Travel Philippines Inc	Philippines	96.19	96.19	Tour and travel services
AirAsia Com Travel (Thailand) Ltd	Thailand	96.19	96.19	Tour and travel services

Capital A Berhad
(Incorporated in Malaysia)

13. Investment in subsidiaries (cont'd.)

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2023 %	2022 %	
Held by AA.Com (cont'd.)				
AirAsia Ride Pte Ltd	Singapore	96.19	96.19	Tour and travel services
AACOM Australia Pty Ltd	Australia	96.19	96.19	Tour and travel services
AirAsia Com (Hong Kong) Ltd	Hong Kong	96.19	96.19	Tour and travel services
Held by AirAsia Com (Hong Kong) Ltd				
AirAsia Com Guangzhou Co. Ltd	China	96.19	96.19	Tour and travel services
Airasia Com (Vietnam) Company Limited	Vietnam	96.19	0.00	Tour and travel services
Airasia Superapp Taiwan Limited	Taiwan	96.19	0.00	Tour and travel services

+ Audited by a member of Ernst & Young Global.

^ Audited by a firm other than Ernst & Young.

^ Listed on the Indonesia Stock Exchange.

* Transferred within the Group.

Capital A Berhad
(Incorporated in Malaysia)

13. Investment in subsidiaries (cont'd.)

On 16 May 2023, AA Com Travel Philippines, Inc (“ACTP”) a subsidiary of the Group, entered into a Share Sale and Purchase Agreement (“SPA”) with F&S Holdings, Inc. to acquire the remaining 3,585,063 shares of AirAsia, Inc. (“AAI”), the parent company of Philippine AirAsia, Inc. (“PAA”), representing 60% of the total outstanding shares, for a consideration of USD16 million (approximately RM75 million). Effectively, AAI and PAA became wholly owned subsidiaries of the Group. The effect of the acquisition is reflected below and in the statement of changes in equity.

The additional interest acquired in AAI is as follows:

	RM'000
Cash consideration paid to non-controlling interests	75,724
Carrying value of the additional interest in AAI	<u>2,328,274</u>
Difference recognised in retained earnings	<u>2,403,998</u>

Deemed acquisition of a subsidiary

On 31 May 2023, AAGL entered into a Master Brand Licensing Agreement (“MBLA”) with AirAsia Berhad (“AAB”) and also a Brand Sub Licensing Agreement (“SBLA”) with Thai AirAsia Co., Ltd (“TAA”) and Asia Aviation Public Company Limited (“AAV”), the parent company of TAA. Effective from 1 January 2023, the effective date specified in the SBLA, TAA has to comply with the branding and operation requirements and recommendations made by AAGL under the SBLA. Pursuant to this, AAGL has the power to direct the relevant activities of AAV and in accordance with MFRS 10, AAV, as a parent company of TAA, is therefore, deemed as a subsidiary of AAGL for accounting purpose effective from 1 June 2023.

The net assets recognised in the financial statements for the current financial year were based on provisional assessment of the fair values while the Group is finalising the independent valuation for the assets by AAV.

The gain on remeasurement of previously held interest in associate immediately before obtaining control are as follows:

	RM'000
Fair value of previously held interest	1,950,433
Less: Carrying amount of previously held interest	(505,000)
Gain on remeasurement of previously held interest	<u>1,445,433</u>

Capital A Berhad
(Incorporated in Malaysia)

13. Investment in subsidiaries (cont'd.)

Details of the deemed acquisition of AAV are as follows:

	Fair value recognised on acquisition RM'000	Carrying amount RM'000
Assets		
Non-current assets		
Property, plant and equipment	549,905	549,905
Investment property	67,700	67,700
Right of use assets	3,255,200	3,255,200
Intangible assets	1,971,900	3,143,000
Investment securities	2,300	2,300
Derivative assets	95	95
Deferred tax assets	652,400	652,400
	<u>6,499,500</u>	<u>7,670,600</u>
Current assets		
Inventories	36,100	36,100
Receivables and prepayments	630,700	630,700
Amounts due from related parties	378,000	378,000
Tax recoverable	32,100	32,100
Derivative assets	100	100
Deposits, bank and cash balances	228,400	228,400
	<u>1,305,400</u>	<u>1,305,400</u>
Total assets	<u>7,804,900</u>	<u>8,976,000</u>
Liabilities		
Non-current liabilities		
Borrowings	435,400	435,400
Long-term debentures - net of current portion	333,300	333,300
Lease liabilities	3,521,700	3,521,700
Derivative liabilities	11,100	11,100
Provision for retirement benefits	103,300	103,300
Deferred tax liabilities	394,300	394,300
	<u>4,799,100</u>	<u>4,799,100</u>

Capital A Berhad
(Incorporated in Malaysia)

13. Investment in subsidiaries (cont'd.)

Details of the deemed acquisition of AAV are as follows:

	Fair value recognised on acquisition RM'000	Carrying amount RM'000
Current liabilities		
Trade and other payables	1,121,100	1,121,100
Aircraft maintenance provisions and liabilities	340,400	340,400
Sales in advance	502,600	502,600
Borrowings	198,700	198,700
Current portion of long-term debentures	188,800	188,800
Short-term debentures	99,200	99,200
Derivative liabilities	200	200
Lease liabilities	779,900	779,900
	<u>3,230,900</u>	<u>3,230,900</u>
Total liabilities	<u>8,030,000</u>	<u>8,030,000</u>
Fair value of net identifiable liabilities		(225,100)
Less: Non-controlling interests' share of profit at 57%		128,333
Group's interest in fair value of net identifiable assets		<u>(96,767)</u>
Goodwill on acquisition		2,047,200
Deemed net assets acquired by the Group		<u>1,950,433</u>
		Group RM'000
Analysis of cash flows on acquisition		
Cost of acquisition		-
Less: Cash and cash equivalents of subsidiary acquired		(228,400)
Net cash inflow on deemed acquisition of a subsidiary		<u>(228,400)</u>

* The cost of acquisition is nil as this is a deemed acquisition of a subsidiary.

Capital A Berhad
(Incorporated in Malaysia)

13. Investment in subsidiaries (cont'd.)

Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name of entity	Country of incorporation	Effective non-controlling interests	
		2023 %	2022 %
IAA	Indonesia	52.57%	52.57%
PAA	Philippines	2.29%	60.00%
AAV	Thailand	59.29%	-
		Group	
		2023 RM'000	2022 RM'000
Accumulated balances of material non-controlling interests:			
IAA		(1,399,548)	(1,384,050)
PAA		(85,486)	(2,226,942)
AAV		36,015	-
Other individually immaterial subsidiaries		<u>(413,577)</u>	<u>(180,873)</u>
		<u>(1,862,596)</u>	<u>(3,791,865)</u>
Loss allocated to material non-controlling interests:			
IAA		(191,513)	(256,534)
PAA		(10,803)	(349,719)
AAV		16,147	-
Other individually immaterial subsidiaries		<u>(246,934)</u>	<u>(71,535)</u>
		<u>(433,103)</u>	<u>(677,788)</u>
Total comprehensive loss allocated to material non-controlling interests:			
IAA		(191,513)	(256,534)
PAA		(10,803)	(349,719)
AAV		16,147	-
Other individually immaterial subsidiaries		<u>(243,754)</u>	<u>(71,535)</u>
		<u>(429,923)</u>	<u>(677,788)</u>

Capital A Berhad
(Incorporated in Malaysia)

13. Investment in subsidiaries (cont'd.)

Material partly-owned subsidiaries (cont'd.)

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before intercompany eliminations.

Summarised income statements as at 31 December are as follows:

	2023			2022	
	IAA RM'000	PAA RM'000	AAV RM'000	IAA RM'000	PAA RM'000
Revenue	2,025,803	1,767,199	3,361,088	1,138,141	827,520
Depreciation and amortisation	(239,357)	(184,015)	(289,965)	(188,126)	(191,038)
Interest income	192	15	2,839	230	6
Interest expense	(108,689)	(101,539)	(192,613)	(97,235)	(86,070)
(Loss)/profit before taxation	(364,287)	(472,560)	23,210	(487,986)	(533,294)
Tax credit	-	-	4,023	-	-
Net (loss)/profit for financial year	(364,287)	(472,560)	27,233	(487,986)	(582,865)
Total comprehensive (loss)/profit	(364,287)	(472,560)	27,233	(487,986)	(582,865)
Attributable to non-controlling interests	(191,513)	(10,803)	16,147	(256,534)	(349,719)

Summarised statements of financial position as at 31 December are as follows:

	2023			2022	
	IAA RM'000	PAA RM'000	AAV RM'000	IAA RM'000	PAA RM'000
Non-current assets	1,627,381	908,863	8,094,574	1,409,615	709,801
Current assets	231,987	242,429	1,831,039	116,294	357,235
Non-current liabilities	(2,283,702)	(1,679,148)	(6,223,938)	(1,992,676)	(1,021,560)
Current liabilities	(1,965,010)	(3,205,168)	(2,573,670)	(1,458,377)	(3,100,251)
Net (liabilities)/assets	(2,389,344)	(3,733,024)	1,128,005	(1,925,144)	(3,054,775)

Summarised cash flow information for the year ended 31 December are as follows:

	2023			2022	
	IAA RM'000	PAA RM'000	AAV RM'000	IAA RM'000	PAA RM'000
Operating	31,254	50,481	827,642	142,011	190,370
Investing	(21,920)	(14,086)	(122,811)	(5,971)	198,369
Financing	-	(4,457)	(639,503)	(131,256)	(164,861)
Net increase in cash and cash equivalents	9,334	31,938	65,328	4,784	223,878

Capital A Berhad
(Incorporated in Malaysia)

14. Investment in a joint venture

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unquoted investments, at cost	2,025	2,025	-	-
Share of post-acquisition loss	(2,025)	(1,805)	-	-
	<u>-</u>	<u>220</u>	<u>-</u>	<u>-</u>

The joint venture listed below has share capital consisting solely of ordinary shares, which are indirectly held by the Group:

Name of entity	Principal place of business/ country of incorporation	Group's effective equity interest		Principal activities
		2023 %	2022 %	
Held by AA.Com				
RedRecords Sdn Bhd ^f	Malaysia	50	50	Music-based entertainment

^f Audited by a firm other than Ernst & Young.

The joint venture is not material to the Group. Accordingly, the disclosure requirements of MFRS 12, Disclosure of interests in Other Entities, are not presented.

Capital A Berhad
(Incorporated in Malaysia)

15. Investment in associates

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Quoted investment				
As at 1 January	866,790	-	-	-
Additions during the financial year	-	174,597	-	-
Reclass from prepayment	-	585,264	-	-
Reclass from unquoted investment	-	106,929	-	-
Disposal	(866,790)	-	-	-
As at 31 December	-	866,790	-	-
Unquoted investments				
As at 1 January	983,643	1,087,889	-	-
Reclassified to quoted investment	-	(106,929)	-	-
Reclassified from investment in securities	32,957	-	-	-
Additions during the financial year	-	2,683	-	-
Disposal	(409,236)	-	-	-
As at 31 December	607,364	983,643	-	-
Total investments	607,364	1,850,433	-	-
Share of post-acquisition loss	(112,332)	(866,849)	-	-
Impairment losses	(59,272)	(59,272)	-	-
As at 31 December	435,760	924,312	-	-
	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Share of fair value of investments in associates for which there is published price share	-	1,788,771	-	-

The fair value of the quoted investment in associate is categorised under Level 1 of the fair value hierarchy.

Capital A Berhad
(Incorporated in Malaysia)

15. Investment in associates (cont'd.)

During the financial year ended 31 December 2023:

- (a) AAGL had on 31 May 2023 entered into a Master Brand Licensing Agreement (“MBLA”) with AirAsia Berhad (“AAB”) and also a Brand Sub Licensing Agreement (“SBLA”) with Thai AirAsia Co., Ltd (“TAA”) and Asia Aviation Public Company Limited (“AAV”), the parent company of TAA. Effective from 1 Jan 2023, the effective date specified in the SBLA, TAA has to comply with the branding and operation requirements and recommendations made by AAGL under the SBLA. Pursuant to this, in accordance with MFRS 10, AAV, as a parent company of TAA, is therefore, deemed as a subsidiary of AAGL for accounting consolidation purpose effective from 1 June 2023.

During the financial year ended 31 December 2022:

- (a) As part of restructuring plan for Asia Aviation Public Limited (“AAV”) and Thai AirAsia Co. Ltd (“TAA”), AAAGL subscribed right issues of 773,473,814 shares of AAV during the current financial year at the price of THB 1.75 per share.

Pursuant to the restructuring of TAA, it resulted in the Group's investment to be in its holding company AAV. The completion of the restructuring was interconditional upon AAV raising rights issue and purchasing the remainder of TAA shares that they did not already own and the restructuring was completed during the current financial year. Accordingly, RM585 million is reclassified from non-current prepayment to an investment in associate.

- (b) On 31 March 2022, Teleport Commerce Thailand Co. Ltd, a subsidiary of Teleport Everywhere Pte Ltd has acquired shares of Triple I Logistics PCL at the cost of RM2,683,170.

The details of the associates are as follows:

Name of entity	Principal place of business/ country of incorporation	Group's effective equity interest		Principal activities
		2023 %	2022 %	
Held by AAB				
AirAsia Philippines Inc ^f	Philippines	39.9	39.9	Dormant
Ground Team Red Holdings Sdn Bhd (“GTRH”) ^f	Malaysia	50	50	Investment holding
Held by AAAGL				
Asia Aviation Public Limited (“AAV”) ⁺	Philippines	-	43	Investment holding

Capital A Berhad
(Incorporated in Malaysia)

15. Investment in associates (cont'd.)

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

Name of entity	Principal place of business/ country of incorporation	Group's effective equity interest		Principal activities
		2023 %	2022 %	
Held by GTRH				
Ground Team Red Sdn Bhd ("GTR") ^f	Malaysia	49	49	Ground handling services
GTRSG Pte Ltd ("GTRSG")	Singapore	40	40	Ground handling services
Held by AAV				
Thai AirAsia Co. Ltd ("TAA") ⁺	Thailand	-	43	Commercial air transport services
Held by TES				
Teleport (Thailand) Co Ltd ^{+ %}	Thailand	-	45.4	Logistics business
Teleport Commerce Philippines, Inc ^{f %}	Philippines	-	37.1	Logistics business
Held by TPSB				
Teleport Commerce (Thailand) Co, Ltd ⁺	Thailand	45.4	45.4	Online retail sales

⁺ Audited by a member of Ernst & Young Global.

^f Audited by a firm other than Ernst & Young.

[%] Reclass to Subsidiaries

All of the investment in associates are accounted for using the equity method.

**Capital A Berhad
(Incorporated in Malaysia)**

15. Investment in associates (cont'd.)

All of the associates have the same reporting period as the Group except for GTRH which is 31 March. For the purpose of applying the equity method of accounting for associates, the last audited financial statements available and the management financial statements as at end of the accounting period of the associate were used.

There are no contingent liabilities relating to the Group's interest in the associates.

Material associates

The directors consider AAV and GTRH as material associates to the Group. AAV's wholly owned subsidiary, TAA is an operator of commercial air transport services based in Thailand. This associate company is a strategic investment of the Company and form an essential part of the Company's growth strategy. TAA provides access to a wider geographical market and network coverage in the provision of air transport services across the Association of Southeast Asian Nations ("ASEAN") region. GTRH has investments in GTR and SGSS which provide ground handling services in Malaysia and Singapore respectively.

Summarised financial information for associates

The tables below provide summarised financial information for AAV and GTRH that is material to the Group. The information disclosed reflects the amounts presented in the financial statements of AAV and GTRH and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

201701030323 (1244493-V)

Capital A Berhad
(Incorporated in Malaysia)

15. Investment in associates (cont'd.)

Summarised statements of financial position

Summarised financial information for associates (cont'd.)

	GTRH		AAV	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Non-current assets	807,034	836,063	-	7,585,964
Current assets	4	3	-	668,179
Non-current liabilities	-	-	-	(4,445,470)
Current liabilities	(1,326)	(1,267)	-	(2,793,657)

Summarised statements of comprehensive income

	GTRH		AAV	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	-	2,300,406
Net loss for the financial period/year	(29,263)	(39,747)	-	(1,033,111)
Other comprehensive income	-	-	-	29,694
Total comprehensive loss	(29,263)	(39,747)	-	(1,003,417)

201701030323 (1244493-V)

Capital A Berhad
(Incorporated in Malaysia)

15. Investment in associates (cont'd.)

Reconciliations of summarised financial information:

	GTRH		AAV	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Opening net assets at 1 January	834,975	874,726	-	2,105,114
Loss for the financial year	(29,263)	(39,747)	-	(1,033,111)
Other comprehensive income	-	-	-	29,694
Foreign exchange differences	-	(4)	-	27,667
Issuance of new shares	-	-	-	382,812
Decrease of non controlling interest	-	-	-	(497,163)
Closing net assets at 31 December	<u>805,712</u>	<u>834,975</u>	<u>-</u>	<u>1,015,013</u>

	GTRH		AAV	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Group's interest in associates	50%	50%	-	43%
Interest in associates	402,856	417,488	-	436,456
Carrying value at 31 December	<u>402,856</u>	<u>417,488</u>	<u>-</u>	<u>436,456</u>

201701030323 (1244493-V)

Capital A Berhad
(Incorporated in Malaysia)

15. Investment in associates (cont'd.)

Individually immaterial associates

In addition to the interests in associates disclosed above, the Group also has interests in a number of individually immaterial associates that are accounted for using the equity method.

	Group	
	2023	2022
	RM'000	RM'000
Aggregate carrying amount of individually immaterial associates	1,136	1,822
Total comprehensive loss	(1,878)	(1,502)

Capital A Berhad
(Incorporated in Malaysia)

16. Investment securities

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<u>Listed equity securities</u>				
At 1 January	64,947	80,706	-	-
Fair value gain/(loss)				
- recognised in other comprehensive income	85,188	(15,759)	-	-
At 31 December	<u>150,135</u>	<u>64,947</u>	<u>-</u>	<u>-</u>
<u>Unlisted equity securities</u>				
At 1 January	43,570	118,976	-	-
Additions during the year	14,608	4,410	-	-
Acquisition of a subsidiary	2,300	-	-	-
Reclassified to investments in associates	(32,957)	-	-	-
Disposal during the year (i)	(327)	(83,040)	-	-
Exchange differences	3,089	3,224	-	-
At 31 December	<u>30,283</u>	<u>43,570</u>	<u>-</u>	<u>-</u>
<u>Unquoted debt securities</u>				
At 1 January	6,017	43,641	-	-
Additions during the year	3,549	-	-	-
Fair value changes during the year (Note 6)	-	(37,624)	-	-
At 31 December	<u>9,566</u>	<u>6,017</u>	<u>-</u>	<u>-</u>
Total	<u>189,984</u>	<u>114,534</u>	<u>-</u>	<u>-</u>

Financial assets at fair value through other comprehensive income comprise investments in entities of listed and non-listed companies which were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature. The Group holds non-controlling equity interests of up to 14% each in 2 (2022: 2) listed equity securities. In addition, the Group also holds non-controlling equity interest of up to 10% each in 4 (2022: 2%) unlisted equity security.

- (i) The Company disposed its investment in an unlisted equity securities at fair value. No gain or loss on the disposal as the Company has marked the interest in the investment to its fair value.

Capital A Berhad
(Incorporated in Malaysia)

17. Intangible assets

Group	Goodwill RM'000	Landing rights RM'000	Developed software RM'000	Total RM'000
Cost				
At 1 January 2023	361,280	443,900	41,530	846,710
Additions	-	-	1,966	1,966
Acquisition of a subsidiary	2,047,200	1,971,900	-	4,019,100
Exchange differences	8,986	15,040	510	24,536
At 31 December 2023	<u>2,417,466</u>	<u>2,430,840</u>	<u>44,006</u>	<u>4,892,312</u>
Accumulated amortisation				
At 1 January 2023	-	-	(10,546)	(10,546)
Amortisation expense	-	-	(8,113)	(8,113)
Exchange differences	-	-	(432)	(432)
At 31 December 2023	<u>-</u>	<u>-</u>	<u>(19,091)</u>	<u>(19,091)</u>
Accumulated impairment				
At 1 January 2023	(87,814)	-	-	(87,814)
Impairment loss (Note 6)	(160,893)	-	-	(160,893)
At 31 December 2023	<u>(248,707)</u>	<u>-</u>	<u>-</u>	<u>(248,707)</u>
Carrying amount as at 31 December 2023	<u>2,168,759</u>	<u>2,430,840</u>	<u>24,915</u>	<u>4,624,514</u>
Group				
Cost				
At 1 January 2022	360,034	443,900	37,538	841,472
Exchange differences	1,246	-	3,992	5,238
At 31 December 2022	<u>361,280</u>	<u>443,900</u>	<u>41,530</u>	<u>846,710</u>
Accumulated amortisation				
At 1 January 2022	-	-	(2,928)	(2,928)
Amortisation expense	-	-	(7,618)	(7,618)
At 31 December 2022	<u>-</u>	<u>-</u>	<u>(10,546)</u>	<u>(10,546)</u>
Accumulated impairment				
At 1 January 2022	(5,094)	-	-	(5,094)
Impairment loss (Note 6)	(82,720)	-	-	(82,720)
At 31 December 2022	<u>(87,814)</u>	<u>-</u>	<u>-</u>	<u>(87,814)</u>
Carrying amount as at 31 December 2022	<u>273,466</u>	<u>443,900</u>	<u>30,984</u>	<u>748,350</u>

Capital A Berhad
(Incorporated in Malaysia)

17. Intangible assets (cont'd.)

Landing rights

Landing rights relate to traffic rights and landing slots for destinations operated by IAA, AAV and PAA. As explained in Note 2.6.1(ii), the useful life of these landing rights is estimated to be indefinite.

Impairment testing for goodwill and landing rights

The carrying amounts of goodwill and landing rights allocated to the Group's cash generating units ("CGUs") are as follows:

	Goodwill		Landing rights	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CGU				
BIG	102,926	102,926	-	-
IAA	38,394	38,394	374,600	374,600
PAA	-	-	69,300	69,300
AAAGL	7,334	7,334	-	-
BigPay	5,275	5,275	-	-
AA.Com	9,804	9,804	-	-
Velox	109,733	109,733	-	-
AAV	1,895,293	-	1,986,940	-
	<u>2,168,759</u>	<u>273,466</u>	<u>2,430,840</u>	<u>443,900</u>

The recoverable amounts of the CGUs have been measured based on their value in use which is based on calculations using cash flow projections from financial budgets approved by the management covering a five-year period. The discount rates applied to the cash flow projections and the forecasted growth rates used to extrapolate the cash flows beyond the five-year period are as follows:

	Growth rates		Discount rates	
	2023	2022	2023	2022
CGU				
BIG	0%	0%	18%	18%
IAA	3%	0%	18%	20%
PAA	3%	0%	18%	19%
AAV	1%	-	13%	-
Velox	1%	2%	15%	15%

Capital A Berhad
(Incorporated in Malaysia)

17. Intangible assets (cont'd.)

Impairment testing for goodwill and landing rights (cont'd.)

The calculation of value in use for the CGUs are most sensitive to the following assumptions:

Growth rates:	The forecasted growth rate is based on published industry research and do not exceed the long term average growth rate for the industries relevant to the CGU.
Discount rates:	Discount rate reflects management's estimate of the risks specific to this entity. In determining appropriate discount rate, consideration has been given to the applicable weighted average cost of capital.

The recoverable amount of the IAA, PAA, TAA, BIG and Velox CGU is within level 3 of the fair value hierarchy. The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurement:

Description	Unobservable inputs*	Inputs	Relationship of unobservable inputs to fair value
IAA	Discount rate	18%	Increased discount rate of 1% would decrease fair value by RM54,000,000
	Long-term growth rate per annum	3%	Decreased long-term growth rate by 1% would decrease the fair value by RM24,000,000
Velox	Discount rate	15%	Increased discount rate of 1% would decrease fair value by RM5,000,000
	Long-term growth rate per annum	1%	Decreased long-term growth rate by 1% would decrease the fair value by RM3,000,000
AAV	Discount rate	13%	Increased discount rate of 1% would decrease fair value by RM290,000,000
	Long-term growth rate per annum	1%	Decreased long-term growth rate by 1% would decrease the fair value by RM164,000,000
PAA	Discount rate	18%	Increased discount rate of 1% would decrease fair value by RM41,000,000
	Long-term growth rate per annum	3%	Decreased long-term growth rate by 1% would decrease the fair value by RM17,000,000
BIG	Discount rate	18%	Increased discount rate of 1% would decrease fair value by RM9,000,000

Capital A Berhad
(Incorporated in Malaysia)

17. Intangible assets (cont'd.)

- * There were no significant inter-relationships between unobservable inputs that materially affect the fair value.

Based on the assessments performed, there is no impairment of goodwill landing rights attributable to the CGUs. The management believes that no reasonably possible change in the key assumptions disclosed above used to determine the CGUs' recoverable amounts, including goodwill, would cause its carrying amounts to materially exceed its recoverable amounts.

The calculation of recoverable amounts of the CGUs which have been measured based on their value in use as described above has been made based on conditions existing at 31 December 2023. There is a significant risk that the assumptions on revenue per passenger, load factor, discount rates and growth rate applied in the goodwill impairment assessment would need to be revised, depending on industry developments which may result in a material adjustment to the carrying amounts of the goodwill.

18. Deferred tax assets/(liabilities)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At beginning of year	584,333	569,283	(32,892)	(32,892)
Acquisition of a subsidiary	258,100	-	-	-
Recognised in profit or loss (Note 9)	7,688	15,064	-	-
Recognised in other comprehensive income	7,207	(14)	7,207	-
Exchange differences	2,726	-	-	-
At end of year	<u>860,054</u>	<u>584,333</u>	<u>(25,685)</u>	<u>(32,892)</u>

Presented after appropriate offsetting as follows:

Deferred tax assets	1,407,161	739,238	-	-
Deferred tax liabilities	(547,107)	(154,905)	(25,685)	(32,892)
	<u>860,054</u>	<u>584,333</u>	<u>(25,685)</u>	<u>(32,892)</u>

Capital A Berhad
(Incorporated in Malaysia)

18. Deferred tax assets/(liabilities) (cont'd.)

The movements in the deferred tax assets and liabilities of the Group during the financial year are as follows:

Deferred tax assets of the Group:

	Unabsorbed investment tax allowances RM'000	Unabsorbed capital allowances RM'000	Sales in advance RM'000	Derivatives RM'000	Unutilised tax losses RM'000	Provision for retirement benefits RM'000	Others RM'000	Total RM'000
At 1 January 2023	416,523	-	195,243	-	-	8,509	147,657	767,932
Acquisition of subsidiary	-	-	-	-	410,659	18,856	222,885	652,400
Recognised in profit or loss	-	-	-	-	1,084	(2,948)	(11,307)	(13,171)
At 31 December 2023	416,523	-	195,243	-	411,743	24,417	359,235	1,407,161
At 1 January 2022	625,529	73,587	137,155	12,648	59,288	9,899	(15,980)	902,126
Recognised in profit or loss	(209,006)	(73,587)	58,088	(12,648)	(59,288)	(1,120)	163,637	(133,924)
Recognised in other comprehensive income	-	-	-	-	-	(14)	-	(14)
Exchange differences	-	-	-	-	-	(256)	-	(256)
At 31 December 2022	416,523	-	195,243	-	-	8,509	147,657	767,932

Capital A Berhad
(Incorporated in Malaysia)

18. Deferred tax assets/(liabilities) (cont'd.)

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

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000	Fair value on intangible assets RM'000	Payables RM'000	Others RM'000	Total RM'000
At 1 January 2023	(43,011)	(108,902)	-	(31,686)	(183,599)
Acquisition of subsidiary	-	(394,300)	-	-	(394,300)
Recognised in profit or loss	2,487	-	-	18,372	20,859
Recognised in other comprehensive income	-	-	-	7,207	7,207
Exchange differences	-	2,726	-	-	2,726
At 31 December 2023	(40,524)	(500,476)	-	(6,107)	(547,107)
At 1 January 2022	(57,723)	(114,440)	(123,882)	(36,798)	(332,843)
Recognised in profit or loss	14,392	5,538	123,882	5,176	148,988
Issuance of RCUIDS	320	-	-	(64)	256
At 31 December 2022	(43,011)	(108,902)	-	(31,686)	(183,599)

Capital A Berhad
(Incorporated in Malaysia)

18. Deferred tax assets/(liabilities) (cont'd.)

Deferred tax has not been recognised for the following items:

	Group	
	2023 RM'000	2022 RM'000
Provisions and others	1,496,272	1,204,289
Unabsorbed capital allowances	303,083	1,854,357
Unutilised tax losses	4,730,386	4,440,909
Unutilised investment tax allowances	4,729,037	2,876,050
	11,258,778	10,375,605

The recognised deferred tax assets are able to be utilised against future taxable profits of the subsidiaries. The deferred tax assets in respect of the above items, which have not been recognised, arose from subsidiaries, as it is expected that it will not be utilised against future taxable profits.

As disclosed in Note 3.3 in respect of critical accounting estimates and judgments, the deferred tax assets are recognised on the basis of the Group's previous history of recording profits, and 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 fares, load factor, fuel price, maintenance costs and currency movements. These assumptions have been built based on expected future performance and taxable profits which have been adjusted for non-recurring circumstances and a reasonable growth rate.

19. Receivables and prepayments

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current:				
Other receivables	(a) 340,687	340,687	-	-
Less: Allowance for impairment	(340,687)	(340,687)	-	-
	-	-	-	-
Prepayments	(b) 3,404,624	2,853,422	-	-
Deposits	(c) 1,005,179	711,226	-	-
	4,409,803	3,564,648	-	-

Capital A Berhad
(Incorporated in Malaysia)

19. Receivables and prepayments (cont'd.)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current:				
Trade receivables	687,452	541,619	-	-
Less: Allowance for impairment	(144,794)	(207,386)	-	-
	<u>542,658</u>	<u>334,233</u>	<u>-</u>	<u>-</u>
Other receivables	408,888	168,386	3,166	294
Less: Allowance for impairment	(5,824)	(3,705)	-	-
	<u>403,064</u>	<u>164,681</u>	<u>3,166</u>	<u>294</u>
Prepayments	(b) 137,022	142,218	382	10
Deposits	(c) 183,921	9,840	85	-
	<u>1,266,665</u>	<u>650,972</u>	<u>3,633</u>	<u>304</u>

(a) Included in non-current other receivables is a receivable of IDR1,187 billion (equivalent to RM340.7 million) arising from the disposal of a perpetual capital security which has been fully impaired in prior year.

(b) Prepayments include advances for purchases of fuel and prepaid engine maintenance to the service provider.

(c) Deposits of the Group at the reporting date are with a number of external parties for which there is no expectation of default. The deposits include amount set aside for major aircraft components amounting to RM581 million (2022: RM286 million).

Credit terms of trade receivables range from 30 to 60 days (2022: 30 to 60 days).

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	344,392	344,526	-	-
Impairment	1,904	-	-	-
Reversal of impairment	-	(134)	-	-
Exchange difference	215	-	-	-
At 31 December	<u>346,511</u>	<u>344,392</u>	<u>-</u>	<u>-</u>

Capital A Berhad
(Incorporated in Malaysia)

19. Receivables and prepayments (cont'd.)

The ageing analysis of trade receivables is as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current	229,080	193,417	-	-
1 to 90 days	168,866	57,502	-	-
91 to 120 days	13,695	7,884	-	-
121 to 180 days	11,774	697	-	-
181 to 365 days	14,281	3,265	-	-
Over 365 days	104,962	71,468	-	-
	313,578	140,816	-	-
Impaired	144,794	207,386	-	-
	687,452	541,619	-	-

Credit terms of trade receivables range from 30 to 60 days (2022: 30 to 60 days).

(a) Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired of RM229.1 million (2022: RM193.4 million) are substantially due from companies with good collection track records with the Group.

(b) Trade receivables that are past due but not impaired

Trade receivables for the Group of RM313.6 million (2022: RM140.8 million) were past due but not impaired. These debts relate to a number of independent customers for whom there is no recent history of default.

(iii) Trade receivables that are impaired

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

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At 1 January	207,386	123,598	-	-
Impairment	11,310	83,788	-	-
Written off	(77,862)	-	-	-
Exchange difference	3,960	-	-	-
At 31 December	144,794	207,386	-	-

The individually impaired trade receivables are mainly related to disputed balances with customers or balances for which management is of the view that the amounts may not be recoverable.

Capital A Berhad
(Incorporated in Malaysia)

19. Receivables and prepayments (cont'd.)

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

The currency profile of receivables and deposits (excluding prepayments) is as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	215,914	200,168	3,251	294
US Dollar	1,151,956	781,379	-	-
Others	766,952	238,433	-	-
	<u>2,134,822</u>	<u>1,219,980</u>	<u>3,251</u>	<u>294</u>

20. Deposits on aircraft purchase

Deposits on aircraft purchases represent refundable deposits paid for aircraft to be delivered to the Group. These deposits are denominated in US Dollars.

21. Derivative financial instruments

	Group			
	2023	2022	2023	2022
	Assets	Liabilities	Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000
Non-current				
RCUIDS				
- early redemption option	<u>11,383</u>	<u>-</u>	<u>165,397</u>	<u>-</u>
Current				
Foreign exchange forward contracts	<u>-</u>	<u>(467)</u>	<u>-</u>	<u>-</u>
			Company	
			2023	2022
			RM'000	RM'000
Non-current asset				
RCUIDS				
- early redemption option			<u>11,383</u>	<u>165,397</u>

Capital A Berhad
(Incorporated in Malaysia)

21. Derivative financial instruments (cont'd.)

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months. Derivatives held for trading are those which do not qualify for hedge accounting.

(i) Early Redemption Option

The RCUIDS issued by the Group as disclosed in Note 29 below allows for an option of refinancing the debt at a price of 105% of the principal which will provide future savings to the Group.

(ii) Derivatives not designated as hedging instruments

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally 12 months.

22. Inventories

	Group	
	2023	2022
	RM'000	RM'000
At cost		
Consumables, in-flight merchandise and others	294,590	204,459

During the financial year, the amount of the inventories recognised in operating expenses of the Group was RM343 million (2022: RM127 million).

Capital A Berhad
(Incorporated in Malaysia)

23. Amounts due from/(to) subsidiaries

	Company	
	2023	2022
	RM'000	RM'000
Amounts due from subsidiaries		
- current	5,235,208	1,454,450
Amounts due to subsidiaries		
- current	(3,834,170)	(18,508)

The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

24. Amounts due from/(to) associates

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Amounts due from associates	77,377	215,519	-	10,722
Less: Allowance for impairment	(51,937)	(49,082)	-	-
	<u>25,440</u>	<u>166,437</u>	<u>-</u>	<u>10,722</u>
Amounts due to associates				
- current	(7,327)	(266,126)	-	-

The amounts due from/(to) associates are trade balances and are unsecured, interest free and repayable on demand except loan to an associate of RM10 million for 3 years at an interest of 5%, repayable in 8 quarterly installments commencing April 2022.

The amounts due from related parties that are assessed as not recoverable had been impaired accordingly.

Movements on allowance for impairment of amounts due from associates are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At 1 January	49,082	250,249	-	203,283
Write off	-	(203,749)	-	(194,543)
Exchange differences	2,855	2,582	-	(8,740)
At 31 December	<u>51,937</u>	<u>49,082</u>	<u>-</u>	<u>-</u>

Capital A Berhad
(Incorporated in Malaysia)

24. Amounts due from/(to) associates (cont'd.)

The maximum exposure to credit risk at the reporting date is the carrying value of the amounts due from associates mentioned above.

The currency profile of the amounts due from/(to) associates are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<u>Due from</u>				
US Dollar	13,418	98,950	-	10,468
Ringgit Malaysia	10,165	37,997	-	-
Others	1,857	29,490	-	254
	<u>25,440</u>	<u>166,437</u>	<u>-</u>	<u>10,722</u>
<u>Due to</u>				
US Dollar	-	(229,078)	-	-
Ringgit Malaysia	(7,290)	(10,453)	-	-
Others	(37)	(26,595)	-	-
	<u>(7,327)</u>	<u>(266,126)</u>	<u>-</u>	<u>-</u>

Capital A Berhad
(Incorporated in Malaysia)

25. Amounts due from/(to) related parties

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Amounts due from related parties	413,834	416,829	1,132	1,373
Less: Allowance for impairment	(259,194)	(261,908)	-	-
	<u>154,640</u>	<u>154,921</u>	<u>1,132</u>	<u>1,373</u>
Amounts due to related parties				
- current	<u>(570,557)</u>	<u>(230,291)</u>	<u>(1,010)</u>	<u>(202)</u>

The amounts due from/(to) related parties are trade balances and are unsecured, interest free and repayable on demand. The carrying amounts of amounts due from related parties approximate their fair values.

The amounts due from related parties that are assessed as not recoverable had been impaired accordingly.

Movements on allowance for impairment of amounts due from related parties are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	261,908	569,510	-	637
Write off	-	(313,173)	-	(637)
Exchange differences	(2,714)	5,571	-	-
At 31 December	<u>259,194</u>	<u>261,908</u>	<u>-</u>	<u>-</u>

Capital A Berhad
(Incorporated in Malaysia)

26. Deposits, cash and bank balances

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	59,603	15,580	100	100
Cash and bank balances	643,215	454,405	1,279	1,155
Deposits, cash and bank balances	702,818	469,985	1,379	1,255
Less: Deposits with licensed banks with maturity period of more than 3 months	(36,868)	(12,395)	-	-
Less: Deposits pledged as securities and restricted cash	(143,860)	(120,832)	-	-
Cash and cash equivalents	522,090	336,758	1,379	1,255

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

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	214,812	263,632	1,313	1,218
US Dollar	168,000	96,035	24	21
Chinese Renminbi	8,854	20,511	-	-
Others	311,152	89,807	42	16
	702,818	469,985	1,379	1,255

Short-term deposits are made for varying period of twelve months (2022: varying periods of twelve months) depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

The weighted average effective annual interest rates of deposits at the financial years ended are as follows:

	Group		Company	
	2023	2022	2023	2022
	%	%	%	%
Deposits with licensed banks	2.23	2.93	2.55	2.55

Capital A Berhad
(Incorporated in Malaysia)

27. Trade and other payables

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Non-current:				
Other payables	66,094	280,801	-	-
Current:				
Trade payables	1,445,820	1,242,877	179	805
Accrual for fuel	206,631	126,971	-	-
Other payables and accruals	2,553,813	1,508,714	3,739	2,138
	<u>4,206,264</u>	<u>2,878,562</u>	<u>3,918</u>	<u>2,943</u>
Total trade and other payables	<u>4,272,358</u>	<u>3,159,363</u>	<u>3,918</u>	<u>2,943</u>

The current other payables and accruals include accruals for operational expenses and passenger service charge payable to airport authorities.

The currency profile of trade and other payables are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	1,880,343	1,427,454	3,568	2,660
US Dollar	1,112,643	1,061,584	350	283
Others	1,279,372	670,325	-	-
	<u>4,272,358</u>	<u>3,159,363</u>	<u>3,918</u>	<u>2,943</u>

28. Aircraft maintenance provisions and liabilities

	Group	
	2023	2022
	RM'000	RM'000
Aircraft maintenance provisions (i)	4,135,429	4,148,800
Aircraft maintenance reserve fund (ii)	3,057,988	1,989,319
	<u>7,193,417</u>	<u>6,138,119</u>

Capital A Berhad
(Incorporated in Malaysia)

28. Aircraft maintenance provisions and liabilities (cont'd.)

	Group	
	2023	2022
	RM'000	RM'000
Disclosed as		
Non-current	5,410,700	5,538,224
Current	1,782,717	599,895
	<u>7,193,417</u>	<u>6,138,119</u>

- (i) Aircraft maintenance provisions relate to aircraft held under operating lease arrangements whereby, the Group is 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. Accordingly, the Group estimates the aircraft maintenance costs required to fulfil these obligations at the end of the lease period and recognise a provision for these costs at each reporting date.

The movements in the aircraft maintenance provisions of the Group during the financial year are as follows:

	Group	
	2023	2022
	RM'000	RM'000
At 1 January	4,148,800	3,982,214
Arose during the year	284,553	211,571
Utilised	(297,924)	(44,985)
At 31 December	<u>4,135,429</u>	<u>4,148,800</u>

- (ii) Aircraft maintenance reserve funds relate to payments made by the lessee for maintenance activities to be undertaken during the lease period. The Group will reimburse the lessee for agreed maintenance work done as and when incurred. The Group records the amounts received as maintenance reserve funds. At the expiry of the lease term, any excess maintenance reserve is recognised in the profit and loss account.

Capital A Berhad
(Incorporated in Malaysia)

29. Borrowings

		Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Current					
Term loans	(i)	579,181	233,564	-	-
Revolving credit	(i)	7,000	31,760	-	-
Convertible loan note	(ii)	276,127	265,634	-	-
		<u>862,308</u>	<u>530,958</u>	<u>-</u>	<u>-</u>
Non-current					
Term loans	(i)	2,282,067	1,302,468	-	-
Other facilities	(iii)	613,407	447,789	-	-
RCUIDS	(iv)	685,125	655,499	685,125	655,499
		<u>3,580,599</u>	<u>2,405,756</u>	<u>685,125</u>	<u>655,499</u>
Total borrowings		<u>4,442,907</u>	<u>2,936,714</u>	<u>685,125</u>	<u>655,499</u>

(i) Term loans and revolving credits

During the financial year, a subsidiary of the Group entered into a long-term agreement with a financial institution for a loan facility of THB1,000 million (equivalent to RM134 million).

As at 31 December 2023, the long-term borrowings are secured by the mortgages of the Group's land and buildings construed thereon, equipment, vehicle and pledges of the Group's aircraft and engines.

During the financial year, a subsidiary of the Group obtained a RM30 million short term-loan of 3 months from a financial institution.

On 4 October 2023, a wholly owned subsidiary of the Company obtained a USD131 million (equivalent to RM604 million) term loan from a financial institution.

In previous financial year, a subsidiary of the Group obtained a term loan facility amounting to USD75 million (equivalent to RM331 million) from a non-financial institution.

(ii) Convertible loan note

A subsidiary of the Group secured an investment of up to USD60 million (equivalent to RM276 million) convertible notes at a coupon rate of 6% per annum from SK Group, a South Korean conglomerate. The convertible loan notes will be converted into preference shares in a subsidiary within one year upon approval obtained from regulators.

**Capital A Berhad
(Incorporated in Malaysia)**

29. Borrowings (cont'd.)

(iii) Other facilities

During the financial year, a subsidiary of the Group secured a senior secured loan facility of USD100 million (equivalent to RM460 million) from a non-financial institution.

In the previous financial year, a subsidiary of the Group secured a Predelivery Payment ("PDP") financing at a net borrowing amount of USD102.5 million (equivalent to RM448 million) from a non-financial institution.

(iv) RCUIDS

In 2021, the Company completed the renounceable rights issue ("Rights Issue") of RM974,513,219 in nominal value of 7-year redeemable convertible unsecured islamic debt securities ("RCUIDS") at nominal value of RM0.75 each based on the Shariah principal of Murabahah (via "Tawarruq Arrangement") comprising 1,299,350,959 RCUIDS together with 649,675,479 free detachable warrants ("Warrants") on the basis of 2 RCUIDS with 1 warrant for every 6 ordinary shares in the Company following the listing and quotation on the Main Market of Bursa Securities. The Rights Issue is constituted by a trust deed dated 18 November 2021.

The salient features of the RCUIDS are as follows:

- (a) The profit rate for the RCUIDS is 8% per annum, computed based on the nominal value of the outstanding RCUIDS and payable quarterly in arrears;
- (b) The RCUIDS shall be convertible into new ordinary shares of the Company by surrendering for cancellation RM0.75 nominal value of one RCUIDS for one new ordinary share of the Company at any time on and after 31 December 2021 ("Issue Date") up to 31 December 2028 ("Maturity Date");
- (c) The new ordinary shares to be issued upon conversion of the RCUIDS shall, upon allotment and issuance, rank equally in all respects with the then existing ordinary shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions which the entitlement date precedes the allotment date of the new ordinary shares allotted pursuant to the conversion of the RCUIDS;
- (d) The Company shall redeem annually 25% of the outstanding RCUIDS, which have not been converted or redeemed, commencing on the 4th anniversary from the Issue Date and annually thereafter until the 7th anniversary.
- (e) The Company may make an early redemption of the outstanding RCUIDS in whole on the 4th anniversary of the Issue Date. The redemption amount shall be based on 105% of the nominal value of the RCUIDS (excluding the relevant annual redemption amount on the 4th anniversary of the Issue Date).

Capital A Berhad
(Incorporated in Malaysia)

29. Borrowings (cont'd.)

(iv) RCUIDS (cont'd.)

The salient features of the RCUIDS are as follows: (cont'd.)

The movement and liability component of the RCUIDS is as follows:

Group and Company

			2023	2022
			RM'000	RM'000
At 1 January			655,499	822,437
Interest amount			112,406	61,879
Payment of interest			(58,980)	(61,879)
Adjustment			56,702	-
Conversion of RCUIDS			(80,502)	(166,938)
At 31 December			<u>685,125</u>	<u>655,499</u>
	Group		Company	
	2023	2022	2023	2022
	%	%	%	%
Weighted average interest rate				
Term loans	8.49	8.43	-	-
Revolving credit	7.00	5.25	-	-
Convertible loan note	6.00	6.00	-	-
RCUIDS	8.00	8.00	8.00	8.00
Other facilities	11.06	10.47	-	-
	<u>11.06</u>	<u>10.47</u>	<u>-</u>	<u>-</u>

Capital A Berhad
(Incorporated in Malaysia)

29. Borrowings (cont'd.)

The borrowings are repayable as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Not later than 1 year	862,308	530,958	-	-
Later than 5 years	2,890,599	1,419,988	685,125	655,499
Later than 5 years	690,000	985,768	-	-
	<u>4,442,907</u>	<u>2,936,714</u>	<u>685,125</u>	<u>655,499</u>

The currency profile of borrowings is as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	1,494,072	901,794	685,125	655,499
US Dollar	2,056,529	1,735,146	-	-
Philippine Peso	77,280	83,096	-	-
Thai Baht	774,699	172,776	-	-
Indonesia Rupiah	40,327	43,902	-	-
	<u>4,442,907</u>	<u>2,936,714</u>	<u>685,125</u>	<u>655,499</u>

Total borrowings as at reporting date consist of the following banking facilities:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Fixed rate borrowings	2,578,435	2,242,774	685,125	655,499
Floating rate borrowings	1,864,472	693,940	-	-
	<u>4,442,907</u>	<u>2,936,714</u>	<u>685,125</u>	<u>655,499</u>

Capital A Berhad
(Incorporated in Malaysia)

29. Borrowings (cont'd.)

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

	Group			
	2023		2022	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Term loans	1,491,016	1,537,071	1,289,881	1,617,174
Revolving credit	7,000	7,000	31,760	31,760
Convertible loan note	276,127	276,127	265,634	265,634
Other facility	119,167	126,696	-	-
RCUIDS	685,125	699,950	655,499	699,037
	<u>2,578,435</u>	<u>2,646,844</u>	<u>2,242,774</u>	<u>2,613,605</u>

	Company			
	2023		2022	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
RCUIDS	<u>685,125</u>	<u>699,950</u>	<u>655,499</u>	<u>699,037</u>

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

The fair values of the fixed rate borrowings are based on cash flows discounted using borrowing rates that are reflective of the Group's credit risk at the balance sheet date, at 2.90% to 13.50% (2022: 5.52% to 11.75%) per annum. The fair values of fixed rate borrowings are within level 2 of the fair value hierarchy.

Capital A Berhad
(Incorporated in Malaysia)

30. Debentures

	2023 RM'000	2022 RM'000
Current portion of long-term debentures	191,410	-
Less: deferred front-end fee	(610)	-
Total current portion of long-term debentures - net	<u>190,800</u>	<u>-</u>
Long-term debentures - net of current portion	361,059	-
Less: deferred front-end fee	(3,549)	-
Total non-current portion of long-term debentures - net	<u>357,510</u>	<u>-</u>
Total long-term debentures	<u>548,310</u>	<u>-</u>

Long-term debentures are unsubordinated and secured by the Group in THB currency with fixed interest rates. Their fair value as at 31 December 2023 amounted to RM555 million.

The movements of debentures account of the Group during the financial year are summarised below.

	2023 RM'000	2022 RM'000
At 1 January	-	-
Acquisition of a subsidiary	621,300	-
Issuance during the period	160,465	-
Repayment of long-term debentures	(232,921)	-
Amortisation of front-end fee	(534)	-
At 31 December	<u>548,310</u>	<u>-</u>

Capital A Berhad
(Incorporated in Malaysia)

31. Leases

Group as a lessee

The Group leases various aircraft, spare engines and land and building. Leases of aircraft and spare engines have a lease term of 2 to 19 years (2022: 2 to 19 years) whilst land and building generally have a lease term of 2 to 20 years (2022: 2 to 20 years).

The Group also has certain leases of property, plant and equipment with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemption for these leases.

Set out below are the carrying amounts of ROU assets recognised and the movements during the year:

	Aircraft and spare engines RM'000	Land and building RM'000	Total RM'000
As at 1 January 2023	10,135,905	46,221	10,182,126
Deemed acquisition of a subsidiary	3,236,840	18,360	3,255,200
Additions	599,382	-	599,382
Modifications	(269,175)	-	(269,175)
Depreciation	(1,541,009)	(25,926)	(1,566,935)
Exchange movements	258,803	879	259,682
As at 31 December 2023	<u>12,420,746</u>	<u>39,534</u>	<u>12,460,280</u>
As at 1 January 2022	9,692,902	57,809	9,750,711
Additions	67,117	-	67,117
Modifications	939,804	-	939,804
Adjustments*	(11,469)	-	(11,469)
Depreciation	(1,297,945)	(11,588)	(1,309,533)
Reversal of impairment (Note 6)	552,290	-	552,290
Exchange movements	193,206	-	193,206
As at 31 December 2022	<u>10,135,905</u>	<u>46,221</u>	<u>10,182,126</u>

* The adjustment relates to recomputation of some of the leases originating from the airline operations in Indonesia.

Capital A Berhad
(Incorporated in Malaysia)

31. Leases (cont'd.)

Group as a lessee (cont'd.)

Set out below are the carrying amounts of lease liabilities recognised and the movements during the year:

	2023	2022
	RM'000	RM'000
At 1 January	15,057,880	14,295,294
Deemed acquisition of a subsidiary	4,301,600	-
Additions	599,382	67,117
Accretion of interest (Note 8(b))	852,954	705,152
Payments	(2,045,816)	(1,171,914)
Modifications	(241,836)	703,928
Exchange movements	664,616	458,303
At 31 December	<u>19,188,780</u>	<u>15,057,880</u>
	2023	2022
	RM'000	RM'000
Current	5,438,692	4,340,844
Non-current	13,750,088	10,717,036
	<u>19,188,780</u>	<u>15,057,880</u>

The maturity analysis of lease liabilities are disclosed in Note 41(c).

The following are the amounts recognised in profit or loss:

	2023	2022
	RM'000	RM'000
Depreciation of right-of-use assets	1,566,935	1,309,533
Interest expense on lease liabilities	852,954	705,152
Expense relating to short-term leases	25,549	27,922
Reversal of impairment of right-of-use assets	-	(552,290)
Reversal of impairment of finance lease receivables	-	(98,923)
Total amount recognised in profit or loss	<u>2,445,438</u>	<u>1,391,394</u>

The Group had total cash outflows for leases of RM2,045 million in 2023 (2022: RM1,200 million). The Group also had non-cash additions to ROU assets and lease liabilities of RM599 million (2022: RM67 million) and RM599 million (2022: RM67 million), respectively. Included in lease liabilities are lease rental payables amounting to approximately RM2,810 million (2022: RM2,282 million).

Capital A Berhad
(Incorporated in Malaysia)

31. Leases (cont'd.)

Group as a lessee (cont'd.)

In 2022, modifications represent change in lease terms and consideration of aircraft lease agreements from certain lessors. These modifications were negotiated by the Group to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

Reversal of impairment for right-of-use assets

In the previous financial year, the reversal of impairment loss amounting to RM552.3 million relates to certain right-of-use assets due to the recovery of the COVID-19 pandemic. This was recognised in the income statement as other operating income.

The recoverable amount of the ROU of RM12,383 million was derived using estimated value in use and determined at the level of the CGUs of the airline operating centres in the respective countries that the Group is operating in. The recoverable amounts of the CGUs 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 averaged from 13.5%. The assumptions used to determine the recoverable amounts include revenue per passenger, load factor, fuel cost, passengers charges and growth rate which may change significantly depending on the recovery of the aviation industry in the respective countries, regionally and internationally.

Group as a lessor - finance lease

The Group has classified most of its aircraft subleases as finance leases because the sublease is for the whole of the remaining term of the head lease. During the financial year, the movement on the finance lease receivables are as follows:

	2023	2022
	RM'000	RM'000
At 1 January	375,795	490,377
Modifications during the year	(188,615)	(235,876)
Lease payments received during the financial year	(37,672)	(13,283)
Finance income (Note 8(a))	5,886	18,064
Reversal of impairment loss (Note 6)	-	98,923
Exchange movements	2,606	17,590
At 31 December	<u>158,000</u>	<u>375,795</u>
Current	-	114,975
Non-current	158,000	260,820
	<u>158,000</u>	<u>375,795</u>

Capital A Berhad
(Incorporated in Malaysia)

31. Leases (cont'd.)

Group as a lessor - finance lease (cont'd.)

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

	2023	2022
	RM'000	RM'000
Within one year	21,252	156,427
After one year but not more than five years	85,008	171,434
More than five years	95,691	81,656
Total undiscounted lease payments receivable	<u>201,951</u>	<u>409,517</u>
Unearned finance income	<u>(43,951)</u>	<u>(33,722)</u>
Net investment in the lease	<u>158,000</u>	<u>375,795</u>

Group as a lessor - operating lease

Lease income from lease contracts in which the Group acts as a lessor:

	2023	2022
	RM'000	RM'000
Finance lease		
- Finance income on the finance lease receivables	<u>5,886</u>	<u>18,064</u>
Operating lease		
- Aircraft operating lease income	<u>61,655</u>	<u>63,632</u>

Capital A Berhad
(Incorporated in Malaysia)

32. Provision for retirement benefits

The Group has unfunded, non-contributory and actuarially computed retirement benefit plans which provide retirement benefits to employees who reach the mandatory retirement age under the provisions of labour laws in Indonesia, Philippines and Thailand.

The amounts recognised in the statements of financial position as at 31 December are as follows:

	Group	
	2023	2022
	RM'000	RM'000
Present value of defined benefit obligation	<u>199,719</u>	<u>69,742</u>

The movements in the present value of defined benefit obligation for the year ended 31 December are as follows:

	Group	
	2023	2022
	RM'000	RM'000
Defined benefit obligation at 1 January	69,742	81,084
Deemed acquisition of subsidiaries	103,300	-
Recognised in income statement:		
- Current service cost	19,909	9,894
- Interest cost	3,808	4,809
Benefits paid	(2,878)	(11,017)
Past service cost	56	(5,241)
Remeasurement loss recognised in profit or loss:		
- Changes in financial assumptions	34	-
- Experience adjustments	5,579	-
Remeasurement gain recognised in other comprehensive income:		
- Changes in financial assumptions	(2,571)	(3,256)
- Experience adjustments	(5,881)	(3,586)
Exchange differences	8,621	(2,945)
Defined benefit obligation at 31 December	<u>199,719</u>	<u>69,742</u>

The principal actuarial assumptions used for the year ended 31 December are as follows:

	2023	2022
Discount rate	2.94% - 6.96%	7.11% - 7.42%
Salary increase rate per annum	3.00% - 5.00%	5%
Average employee service life	5 - 21 years	5 - 19 years

Capital A Berhad
(Incorporated in Malaysia)

32. Provision for retirement benefits (cont'd.)

Sensitivity analysis

As at 31 December, the sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption RM'000	Decrease in assumption RM'000
<u>2023</u>			
Annual discount rate	+/- 1%	(61,575)	71,479
Future annual salary increase rate	+/- 1%	71,279	(60,042)
<u>2022</u>			
Annual discount rate	+/- 1%	(324)	1,353
Future annual salary increase rate	+/- 1%	1,105	(151)

33. Share capital

	No. of shares		Group/Company	
	2023 '000	2022 '000	2023 RM'000	2022 RM'000
Ordinary shares				
Issued and fully paid up:				
As at 1 January	4,161,793	3,898,053	8,654,977	8,457,172
Conversion of RCUIDS	92,784	263,740	56,760	197,805
Conversion of Warrants	5	-	5	-
As at 31 December	<u>4,254,582</u>	<u>4,161,793</u>	<u>8,711,742</u>	<u>8,654,977</u>

During the financial year, the issued and paid up share capital of the Company was increased from RM8,654,977,000 to RM8,711,742,000 via the conversion of 92,783,834 Redeemable Convertible Unsecured Islamic Debt Securities ("RCUIDS") into ordinary shares issued at RM0.75 per share and 5,331 Warrants into ordinary shares issued at RM1.00 per share. The new ordinary shares rank pari passu with the then existing shares of the company.

In the previous financial year, 263,740,340 RCUIDS were converted into ordinary shares issued at RM0.75 per share. The number of RCUIDS outstanding as at 31 December 2022 was 1,035,610,619 units.

Capital A Berhad
(Incorporated in Malaysia)

34. Share-based payments

Long Term Incentive Scheme ("LTIS")

On 2 August 2021, the Company implemented a LTIS comprising an Employee Share Option Scheme ("ESOS") and a Share Grant Scheme. The establishment of the LTIS, which involves up to 10% of the total number of issued shares of the Company at any point in time throughout the duration of the LTIS, is for the employees and directors of the Group who are eligible in accordance with the By-Laws governing the LTIS. The LTIS is administered by a committee appointed and duly authorised by the Board in accordance with the By-Laws.

The LTIS will be in force for a period of six (6) years commencing from 2 August 2021 and may be extended for a further period of up to 4 years immediately from the expiry of the first six years.

ESOS

On 3 August 2021, the Company granted 159,400,000 share options ("ESOS") pursuant to the LTIS to selected eligible employees and directors of the Group. The ESOS will be vested on a 3 year-cliff vesting, i.e. 100% will be vested on 31 August 2024, subject to the Company's share price performance. Employees must remain in service for a period of 3 years from the date of grant up to vesting date. The fair value of the ESOS is estimated at the date of grant using a Monte-Carlo simulation model blended with Black-Scholes model, taking into account the terms and conditions on which the ESOS were granted. The model simulates the share price and takes into account historical and expected dividends, risk-free rate, and the share price volatility of the Company so as to predict the share performance.

The exercise price of the ESOS is RM0.74 which is equal to the 5-day Volume-weighted average market price ("VWAP") of the shares immediately preceding the date of the ESOS award, with a discount of not more than ten per cent (10%). The vesting period and exercise period of the ESOS will be limited to the duration that the LTIS is in force. There is no cash settlement alternatives for the employees. The Group does not have a past practice of cash settlement for these awards.

The expense recognised for employee services received during the year are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Expense arising from equity-settled share-based payment transactions	<u>5,064</u>	<u>10,646</u>	<u>1,818</u>	<u>221</u>

There were no cancellations or modifications to the award in 2023.

Capital A Berhad
(Incorporated in Malaysia)

34. Share-based payments (cont'd.)

Movements during the year

The following table illustrates the number of, and movements in, ESOS during the year.

	2023 '000	2022 '000
Outstanding at 1 January	126,200	151,600
Forfeited during the year	<u>(27,300)</u>	<u>(25,400)</u>
Outstanding at 31 December	<u>98,900</u>	<u>126,200</u>

The fair value of options granted during the year was RM0.282. The exercise price for ESOS outstanding at the end of the financial year was RM0.7425.

The following table list the inputs to the model used for the ESOS for the financial year ended 31 December 2021:

	Share options granted on 3 Aug 2021
Fair value at the measurement date (RM)	0.282
Expected volatility (%)	53.874
Risk-free interest rate per annum (%)	2.242
Expected life of ESOS (years)	6
Model used	Monte-Carlo blended with Black-Scholes

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

35. Merger deficit

	Group	
	2023 RM'000	2022 RM'000
As at 1 January and 31 December	<u>(5,507,594)</u>	<u>(5,507,594)</u>

On 16 April 2018, the Company completed the internal reorganisation. Consequently, the merger deficit represents the difference between the purchase consideration to acquire AAB and the share capital of AAB.

Further, the Company has accounted for the acquisition of AAB Group as a continuation of the acquired entity. Therefore, the share capital of AAB is reflected as a merger reserve since the financial year ended 31 December 2017.

Capital A Berhad
(Incorporated in Malaysia)

36. Retained earnings and reserves

(a) Reserves

Group

	Remeasurement gain on employee benefits liability RM'000	Cash flow hedge reserve RM'000	Fair value reserve RM'000	Share option reserves RM'000 (Note 36.1)	RCUIDS reserves RM'000 (Note 36.2)	Warrant reserves RM'000 (Note 36.3)	Total RM'000
At 1 January 2023	(6,488)	-	(45,673)	16,614	126,831	112,736	204,020
Net change in fair value	8,452	(3,861)	85,188	-	-	-	89,779
Deferred tax recognised	-	-	-	-	7,207	-	7,207
Conversion of RCUIDS into ordinary share	-	-	-	-	(110,877)	(56,546)	(167,423)
Conversion of warrants into ordinary share	-	-	-	-	-	(5)	(5)
Share-based payment expensed	-	-	-	5,064	-	-	5,064
At 31 December 2023	1,964	(3,861)	39,515	21,678	23,161	56,185	138,642
At 1 January 2022	(13,330)	(68,499)	(29,914)	5,968	154,360	112,736	161,321
Net change in fair value	6,842	-	(15,759)	-	-	-	(8,917)
Share of other comprehensive income of an associate	-	68,499	-	-	-	-	68,499
Conversion of RCUIDS into ordinary share	-	-	-	-	(27,529)	-	(27,529)
Share-based payment expensed	-	-	-	10,646	-	-	10,646
At 31 December 2022	(6,488)	-	(45,673)	16,614	126,831	112,736	204,020

201701030323 (1244493-V)

Capital A Berhad
(Incorporated in Malaysia)

36. Retained earnings and reserves (cont'd.)

(a) Reserves (cont'd.)

Company

	Share option reserves RM'000 (Note 36.1)	RCUIDS reserves RM'000 (Note 36.2)	Warrant reserves RM'000 (Note 36.3)	Total RM'000
At 1 January 2023	16,079	126,831	112,736	255,646
Share-based payment expensed	1,818	-	-	1,818
Deferred tax recognised	-	7,207	-	7,207
Conversion of RCUIDS into ordinary share	-	(110,877)	(56,546)	(167,423)
Conversion of warrants into ordinary share	-	-	(5)	(5)
Deemed investment in subsidiaries	3,498	-	-	3,498
At 31 December 2023	21,395	23,161	56,185	100,741
At 1 January 2022	6,044	154,360	112,736	273,140
Share-based payment expensed	221	-	-	221
Conversion of RCUIDS into ordinary share	-	(27,529)	-	(27,529)
Deemed investment in subsidiaries	9,814	-	-	9,814
At 31 December 2022	16,079	126,831	112,736	255,646

**Capital A Berhad
(Incorporated in Malaysia)**

36. Retained earnings and reserves (cont'd.)

36.1 Share option reserves

The share option reserves is used to recognise the value of equity-settled share based payments provided to selected eligible employees and directors of the Group, as part of their remuneration. Refer to Note 34 for further details.

36.2 RCUIDS reserves

The RCUIDS reserves comprise the equity component of the RCUIDS. It represents the residual of the RCUIDS after deducting the fair value of the liability component and the embedded derivative component. The amount is presented net of transaction costs and deferred tax liabilities.

36.3 Warrant reserves

On 31 December 2021, the Company issued 649,675,479 warrants ("Warrants") pursuant to the Rights Issue of RCUIDS. The Warrants is constituted by a deed poll dated 18 November 2021. The warrant reserve comprises the fair value of the free detachable warrants arising from the Rights Issue.

The salient features of the Warrants are as follows:

- (a) Each Warrant entitles the registered holder to subscribe for one new ordinary share of the Company at an exercise price of RM1.00 per Warrant at any time during the period from 31 December 2021 up to expiry date of the Warrants on 31 December 2028;
- (b) The new ordinary shares to be issued upon the exercise of the Warrants shall, upon allotment and issuance, rank equally in all respects with the then existing ordinary shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions which the entitlement date precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the Warrants;
- (c) Any Warrants which have not been exercised at the expiry date of the Warrants on 31 December 2028 shall lapse and cease to be valid for any purposes.

As at 31 December 2023, 649,670,148 (2022: 649,675,479) Warrants remain unexercised.

Capital A Berhad
(Incorporated in Malaysia)

36. Retained earnings and reserves (cont'd.)

(b) Retained earnings

The retained earnings is available for distribution to the shareholders of the Company.

37. Commitments

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

	Group	
	2023	2022
	RM'000	RM'000
Property, plant and equipment:		
- Approved and contracted for	<u>107,089,417</u>	<u>102,608,980</u>

The approved and contracted for capital commitments for the Group are in respect of aircraft purchase. The future commitments of aircraft purchase are as follows:

	Group	
	2023	2022
	RM'000	RM'000
Not later than 1 year	1,035,921	-
Later than 1 year and not later than 5 years	19,216,705	12,908,493
Later than 5 years	86,836,791	89,700,487
	<u>107,089,417</u>	<u>102,608,980</u>

38. Segmental information

Operating segments are reported in a manner consistent with the internal management reporting provided to the Board of Directors. On 27 January 2022, the shareholders have approved the change of the Company name to Capital A Berhad. The change of name offers a better reflection of the Group's core business and its future undertakings in tandem with its rapid transformation as it has gone beyond its beginnings as an airline into a digital travel and lifestyle services group which continues to gain strong momentum. This structural change would help facilitate strong projected growth in the Group's portfolio businesses. It will also set the tone of the Group as it expands into new horizons and allay concerns of being a group that was intrinsically an airline.

Consequently, the segmental information provided to the Board of Directors of the Company had been improved to reflect the focus on portfolio of businesses. The comparative segmental information have been restated to reflect the current classification.

Capital A Berhad
(Incorporated in Malaysia)

38. Segmental information (cont'd.)

The segmental information provided to the Board of Directors for the reportable segments are as follows:

	Aviation	Engineering	Move	Teleport	BigPay	Santan	Others	Total	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	Segments	adjustments	RM'000
								RM'000	RM'000	RM'000
2023										
Revenue	13,616,656	573,996	683,441	731,905	45,300	133,600	214,750	15,999,648	(1,307,112)	14,692,536
Staff costs	(1,463,507)	(159,415)	(164,700)	(76,805)	(32,530)	(17,675)	(204,440)	(2,119,072)	(1,654)	(2,120,726)
Fuel costs	(5,813,251)	-	-	-	-	-	-	(5,813,251)	-	(5,813,251)
Maintenance and overhaul	(2,354,126)	(248,850)	(2,433)	(28,282)	-	(68)	(6)	(2,633,765)	957,383	(1,676,382)
User charges and other related expenses	(2,339,214)	(117)	(116,475)	(578,252)	2,267	(81,131)	(1,523)	(3,114,445)	478,726	(2,635,719)
Other operating expenses	(513,997)	(18,743)	(263,799)	(32,835)	(86,757)	(12,099)	(133,099)	(1,061,329)	163,720	(897,609)
Other income	380,365	(1,717)	1,781	2,468	621	541	46,622	430,681	(127,607)	303,074
EBITDA	1,512,926	145,154	137,815	18,199	(71,099)	23,168	(77,696)	1,688,467	163,456	1,851,923
Depreciation & amortisation										(1,706,612)
Finance costs										(1,339,680)
Finance income										38,804
Net fair value loss on derivatives										(13,254)
Gain on remeasurement of previously held interest in associate										1,445,433
Share of results of associates and a joint venture										(16,729)
Foreign exchange loss										(328,455)
Loss before tax										<u>(68,570)</u>

Capital A Berhad
(Incorporated in Malaysia)

38. Segmental information (cont'd.)

The segmental information provided to the Board of Directors for the reportable segments are as follows: (cont'd.)

	Aviation RM'000	Engineering RM'000	Move RM'000	Teleport RM'000	BigPay RM'000	Santan RM'000	Others RM'000	Total Segments RM'000	Elimination adjustments RM'000	Total RM'000
2023 (cont'd.)										
Segment assets	42,965,622	608,124	341,693	586,661	172,911	14,341	6,340,094	51,029,446	(23,021,438)	28,008,008
Unallocated corporate assets										11,383
Associates										435,760
Total assets										<u>28,455,151</u>
Segment liabilities	52,147,644	241,969	416,932	624,440	591,202	4,461	5,881,914	59,908,562	(20,828,674)	<u>39,079,888</u>

Capital A Berhad
(Incorporated in Malaysia)

38. Segmental information (cont'd.)

The segmental information provided to the Board of Directors for the reportable segments are as follows: (cont'd.)

	Aviation	Engineering	Move	Teleport	BigPay	Santan	Others	Total	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	Segments	adjustments	RM'000
								RM'000	RM'000	RM'000
2022 (Restated)										
Revenue	5,639,687	285,760	400,323	469,067	31,975	34,986	307,922	7,169,720	(732,652)	6,437,068
Staff costs	(619,195)	(112,161)	(158,512)	(52,736)	(60,669)	(7,399)	(219,548)	(1,230,220)	565	(1,229,655)
Fuel costs	(2,956,244)	-	-	-	-	-	-	(2,956,244)	-	(2,956,244)
Maintenance and overhaul	(1,040,503)	(79,819)	(1,804)	(222)	-	(3)	(1,745)	(1,124,096)	277,256	(846,840)
User charges and other related expenses	(943,323)	-	(97,540)	(419,194)	-	(24,811)	(3,715)	(1,488,583)	259,575	(1,229,008)
Other operating expenses	224,103	(32,358)	(134,750)	(23,838)	(98,124)	(3,019)	(221,108)	(289,094)	7,275	(281,819)
Other income	88,388	12	393	38	739	12	979	90,561	63,703	154,264
EBITDA	392,913	61,434	8,110	(26,885)	(126,079)	(234)	(137,215)	172,044	(124,278)	47,766
Depreciation & amortisation										(1,441,575)
Finance costs										(1,004,922)
Finance income										40,305
Net fair value gains on derivatives										45,021
Share of results of associates and a joint venture										(345,393)
Foreign exchange loss										(1,256,508)
Loss before tax										<u>(3,915,306)</u>

Capital A Berhad
(Incorporated in Malaysia)

38. Segmental information (cont'd.)

The segmental information provided to the Board of Directors for the reportable segments are as follows (cont'd.):

	Aviation RM'000	Engineering RM'000	Move RM'000	Teleport RM'000	BigPay RM'000	Santan RM'000	Others RM'000	Total Segments RM'000	Elimination adjustments RM'000	Total RM'000
2022 (cont'd.)										
Segment assets	33,926,508	318,395	544,720	172,110	207,585	1,065	1,831,310	37,001,693	(18,164,093)	18,837,600
Unallocated corporate assets										165,397
Associates										924,312
Joint ventures										220
Total assets										<u>19,927,529</u>
Segment total liabilities	40,844,355	39,533	679,519	221,899	511,995	4,300	1,347,209	43,648,810	(14,204,323)	<u>29,444,487</u>

Capital A Berhad
(Incorporated in Malaysia)

39. Significant related party transactions

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

Entities listed under investment in subsidiaries, associates and joint ventures are all considered related parties. Further, the following party with common shareholders and/or directors are also considered related parties for disclosure purposes.

- (i) AirAsia X Berhad
- (ii) Tune Insurance Malaysia Berhad
- (iii) Queens Park Rangers Holdings Ltd
- (iv) Thai AirAsia X Co. Ltd
- (v) PT Indonesia AirAsia Extra
- (vi) Tune Money International Sdn Bhd

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

Related party transactions also include transactions with entities that are controlled, jointly controlled or significantly influenced directly or indirectly by any key management personnel or their close family members, where applicable.

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
(a) Income:				
Maintenance reserve fund charged to				
- TAA	13,735	24,109	-	-
Sale of loyalty point from BIGLIFE Sdn Bhd				
- TAA	1,782	4,309	-	-
Turnaround charges and marketing funds charged by AGZ				
- AirAsia X Berhad	1,626	505	-	-
- Thai AirAsia X Co. Ltd	391	1,063	-	-
- TAA	2,360	-	-	-

Capital A Berhad
(Incorporated in Malaysia)

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

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
(a) Income (cont'd.):				
Commission from online travel and accommodation charged to				
- AirAsia X Berhad	61,545	6,864	-	-
- Thai AirAsia X Co. Ltd.	12,572	-	-	-
- TAA	64,766	-	-	-
Commission on travel insurance for passengers charged to Tune Insurance Malaysia Berhad	180	-	-	-
(b) Recharges:				
Recharges of expenses to				
- TAA	600,146	624,470	-	-
- AirAsia X Berhad	652,575	413,018	-	-
- AAI	3,307	2,414	-	-
- Thai AirAsia X Co. Ltd	381,809	60,585	-	-
(c) Other income/(expenses):				
Brand License Fees charged by AAB				
- AirAsia X Berhad	8,308	5,389	-	-
- Thai AirAsia X Co. Ltd	10,126	4,180	-	-
- TAA	22,598	-	-	-
Purchase of cargo transportation capacity				
- AirAsia X Berhad	(150,980)	51,249	-	-
- Thai AirAsia X Berhad	(82,691)	16,062	-	-
- TAA	(8,050)	7,821	-	-
Purchase of charter spaces				
- AirAsia X Berhad	-	142,053	-	-
- Thai AirAsia X Co. Ltd.	-	6,114	-	-
Loyalty point redemption				
- TAA	(2,282)	(3,891)	-	-

Capital A Berhad
(Incorporated in Malaysia)

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

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
(c) Other income/(expenses) (cont'd.):				
Management fees paid to AirAsia SEA Ltd	15,616	45,000	-	-
Management fees charged to associates and related parties	29,710	2,484	-	-
Management fees charged to subsidiary	-	-	5,000	-
	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>

40. Financial instruments

	Measured at amortised costs	Measured at FVTPL	Measured at FVOCI	Total
	RM'000	RM'000	RM'000	RM'000
Group				
31 December 2023				
Financial assets as per statements of financial position				
Investment securities (Note 16)	-	9,566	180,418	189,984
Receivables (excluding prepayments and deposits for aircraft)	1,553,822	-	-	1,553,822
Amounts due from associates (Note 24)	25,440	-	-	25,440
Amounts due from related parties (Note 25)	154,640	-	-	154,640
Derivative financial instruments (Note 21)	-	11,383	-	11,383
Deposits, cash and bank balances (Note 26)	702,818	-	-	702,818
Finance lease receivables (Note 31)	158,000	-	-	158,000
Total	<u>2,594,720</u>	<u>20,949</u>	<u>180,418</u>	<u>2,796,087</u>

Capital A Berhad
(Incorporated in Malaysia)

40. Financial instruments (cont'd.)

Group (cont'd.)	Liabilities at FVTPL RM'000	Other liabilities RM'000	Total RM'000
31 December 2023			
Financial liabilities as per statements of financial position			
Borrowings (Note 29)	-	4,442,907	4,442,907
Trade and other payables (Note 27)	-	4,272,358	4,272,358
Amounts due to associates (Note 24)	-	7,327	7,327
Amounts due to related parties (Note 25)	-	570,557	570,557
Lease liabilities (Note 31)	-	19,188,780	19,188,780
Derivative financial instruments (Note 21)	467	-	467
Total	467	28,482,396	28,482,863

	Measured at amortised costs RM'000	Measured at FVTPL RM'000	Measured at FVOCI RM'000	Total RM'000
31 December 2022				
Financial assets as per statements of financial position				
Investment securities (Note 15)	-	6,017	108,517	114,534
Receivables (excluding prepayments and deposits for aircraft)	933,980	-	-	816,741
Amounts due from associates (Note 24)	166,437	-	-	166,437
Amounts due from related parties (Note 25)	154,921	-	-	154,921
Derivative financial instruments (Note 21)	-	165,397	-	165,397
Deposits, cash and bank balances (Note 26)	469,985	-	-	469,985
Finance lease receivables (Note 31)	375,795	-	-	375,795
Total	1,983,879	171,414	108,517	2,263,810

Capital A Berhad
(Incorporated in Malaysia)

40. Financial instruments (cont'd.)

	Liabilities at FVTPL RM'000	Other financial liabilities RM'000	Total RM'000
Group (cont'd.)			
31 December 2022			
Financial liabilities as per statements of financial position			
Borrowings (Note 29)	-	2,936,714	2,936,714
Trade and other payables (Note 27)	-	3,159,363	3,159,363
Amounts due to associates (Note 24)	-	266,126	266,126
Amounts due to related parties (Note 25)	-	230,291	230,291
Lease liabilities (Note 31)	-	15,057,880	15,057,880
Total	-	<u>21,650,374</u>	<u>21,650,374</u>
	Measured at amortised costs RM'000	Measured at FVTPL RM'000	Total RM'000
Company			
31 December 2023			
Financial assets as per statements of financial position			
Receivables (excluding prepayments)	3,251	-	3,251
Amount due from subsidiaries (Note 23)	5,235,208	-	5,235,208
Amounts due from related parties (Note 25)	1,132	-	1,132
Deposits, cash and bank balances (Note 26)	1,379	-	1,379
Derivative financial instruments (Note 21)	-	11,383	11,383
	<u>5,240,970</u>	<u>11,383</u>	<u>5,252,353</u>

Capital A Berhad
(Incorporated in Malaysia)

40. Financial instruments (cont'd.)

Company				Measured at amortised costs RM'000
31 December 2023				
Financial liabilities as per statements of financial position				
Borrowings (Note 29)				685,125
Trade and other payables (Note 27)				3,918
Amounts due to subsidiaries (Note 23)				3,834,170
Amounts due to related parties (Note 25)				1,010
				<u>4,524,223</u>
	Measured at amortised costs RM'000	Measured at FVOCI RM'000		Total RM'000
31 December 2022				
Financial assets as per statements of financial position				
Receivables (excluding prepayments)	294	-		294
Amount due from a subsidiary (Note 23)	1,454,450	-		1,454,450
Amounts due from associates (Note 24)	10,722	-		10,722
Amounts due from related parties (Note 25)	1,373	-		1,373
Deposits, cash and bank balances (Note 26)	1,255	-		1,255
Derivative financial instruments (Note 21)	-	165,397		165,397
	<u>1,468,094</u>	<u>165,397</u>		<u>1,633,491</u>
				Other financial liabilities RM'000
Financial liabilities as per statements of financial position				
Borrowings (Note 29)				655,499
Trade and other payables (Note 27)				2,943
Amounts due to subsidiaries (Note 23)				18,508
Amounts due to related parties (Note 25)				202
				<u>677,152</u>

**Capital A Berhad
(Incorporated in Malaysia)**

41. Financial risk management policies

The Group is exposed to market risk (including fuel price risk, interest rate risk and foreign currency risk), credit risk and liquidity risk. The Group uses financial instruments such as fuel swaps, interest rate swaps and caps, and foreign currency forwards to mitigate its financial risks.

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

The Group also seeks to ensure that the financial resources that are available for the development of the Group's businesses are constantly monitored and managed vis-a-vis its ongoing exposure to fuel price, interest rate, foreign currency, credit, liquidity and cash flow risks.

The policies in respect of the major areas of treasury activities are as follows:

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, jet fuel prices and interest rates. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimising the return on risk.

(i) 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.

Interest rate exposure arises from the Group's floating rate borrowings and is managed by entering into derivative financial instruments. Derivative financial instruments are used, as far as possible and where appropriate, to generate the desired fixed interest rate profile. Surplus funds are placed with reputable financial institutions.

The Group manages its cash flow interest rate risk by entering into a number of immediate interest rate swap contracts and cross currency swap contracts that effectively converts its existing long-term floating rate debt facilities into fixed rate debt (Note 21). All swap positions were closed off by 31 December 2023.

Capital A Berhad
(Incorporated in Malaysia)

41. 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 (cont'd.)

If interest rate on borrowings at 31 December 2023 and 31 December 2022 had been 60 basis points higher or lower with all other variables held constant, the impact on the post-tax profits for the year and equity arising from the cash flow interest rate risk would be minimal when considered with the hedging of the floating rate loans (Note 21).

If interest rate on borrowings at 31 December 2023 and 31 December 2022 had been 60 basis points higher or lower with all other variables held constant, the impact on the post-tax profits for the financial year and equity, as a result of an increase or decrease in the interest expense on floating borrowings are tabulated below. The impact on post-tax loss are as follows:

	2023		2022	
	Impact on post-tax loss +60bps RM'000	Impact on post-tax loss -60bps RM'000	Impact on post-tax loss +60bps RM'000	Impact on post-tax loss -60bps RM'000
Increase/(decrease)	26,657	(26,657)	17,620	(17,620)

(ii) Foreign currency risk

The Group is exposed to foreign 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.

The Group is exposed mainly to fluctuation in USD as lease payments and fuel cost are denominated in USD. Increase in USD rate versus RM will result in lower profitability and cause corresponding impact in cashflows.

**Capital A Berhad
(Incorporated in Malaysia)**

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

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

(ii) Foreign currency risk (cont'd.)

As at 31 December 2023 and 2022, the Group has not hedged any of its USD denominated borrowings.

The Group's currency exposure profile of financial instruments denominated in currencies other than the functional currency is presented in the respective financial asset and financial liabilities notes.

(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 receivables from customers, cash and cash equivalents and other financial assets.

The Group's and the Company's exposure to credit risks or the risk of counterparties defaulting arises mainly from various deposits and bank balances, receivables, deposits for aircraft purchase and derivative financial instruments. As the Group and the Company do not hold collateral, the maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the balance sheet. Prepayment for engine maintenance to the service provider are also deemed by the Group as having credit risk in the event counterparties do not fulfill the obligation.

Credit risks are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised by monitoring receivables regularly. In addition, credit risks are also controlled as majority of the Group's deposits and bank balances and derivative financial instruments are placed or transacted 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.

The Group generally has no concentration of credit risk arising from trade receivables.

Capital A Berhad
(Incorporated in Malaysia)

41. 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

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 management will continue to monitor liquidity reserves and rolling cash flow forecasts throughout the year based on the measures put in place and also potential impact from events outside the Group's control.

The table below analyses the Group's payables, non-derivative financial liabilities, gross-settled and net-settled derivative financial liabilities and the Company's payables into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

Group	Less than 1 year RM'000	1-2 years RM'000	2-5 years RM'000	Over 5 years RM'000
At 31 December 2023				
Term loans	1,041,652	845,292	1,670,254	-
Revolving credit	7,000	-	-	-
RCUIDS	56,570	56,570	876,829	-
Other facilities	63,938	163,806	548,743	-
Trade and other payables (Note 27)	4,206,264	66,094	-	-
Lease liabilities	5,750,386	2,839,777	7,753,392	7,111,916
Amounts due to associates	7,327	-	-	-
Amounts due to related parties	570,557	-	-	-
	<u>11,703,694</u>	<u>3,971,539</u>	<u>10,849,218</u>	<u>7,111,916</u>

Capital A Berhad
(Incorporated in Malaysia)

41. 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)

Group	Less than 1 year RM'000	1-2 years RM'000	2-5 years RM'000	Over 5 years RM'000
At 31 December 2022				
Term loans	499,198	274,275	1,364,862	24,500
Revolving credit	31,760	-	-	-
RCUIDS	62,137	62,137	186,410	838,845
Other facilities	47,329	51,273	499,372	-
Trade and other payables (Note 27)	2,878,562	280,801	-	-
Lease liabilities	4,340,844	1,955,574	5,285,091	6,351,960
Amounts due to associates	266,126	-	-	-
Amounts due to related parties	230,291	-	-	-
	8,356,247	2,624,060	7,335,735	7,215,305
Company				
At 31 December 2023				
Borrowings	56,570	56,570	876,829	-
Trade and other payables	3,918	-	-	-
Amounts due to subsidiaries	3,834,170	-	-	-
Amounts due to related parties	1,010	-	-	-
	3,895,668	56,570	876,829	-
At 31 December 2022				
Borrowings	62,137	62,137	186,410	838,845
Trade and other payables	2,943	-	-	-
Amounts due to subsidiaries	18,508	-	-	-
Amounts due to related parties	202	-	-	-
	83,790	62,137	186,410	838,845

Capital A Berhad
(Incorporated in Malaysia)

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

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

(d) Capital risk management

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to provide returns for shareholders and benefits for other stakeholders.

In order to optimise the capital structure, or the capital allocation amongst the Group's and the Company's various businesses, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, take on new debts or sell assets to reduce debt.

The Group's and the Company's overall strategy remains unchanged from 2019.

Consistent with others in the industry, the Group and the Company monitors capital utilisation on the basis of the net gearing ratio. This net gearing ratio is calculated as net debts divided by total equity. Net debts are calculated as total borrowings (including "short-term and long-term borrowings" as shown in the Group's and the Company's balance sheet) add lease liabilities less deposit, cash and bank balances.

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
		Restated		
Total borrowings (Note 29)	4,442,907	2,936,714	685,125	655,499
Lease liabilities (Note 31)	19,188,780	15,057,880	-	-
Less: Deposit, cash and bank balances (Note 26)	(702,818)	(469,985)	(1,379)	(1,255)
Net debts	<u>22,928,869</u>	<u>17,524,609</u>	<u>683,746</u>	<u>654,244</u>
Total equity	<u>(10,624,737)</u>	<u>(9,516,958)</u>	<u>7,423,311</u>	<u>9,481,652</u>
Net Gearing Ratio (times)	N/A	N/A	N/A	N/A

The Group has been relying on debt compared to its equity to finance the Group's operations which resulted in a negative net gearing ratio.

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 December 2023 and 31 December 2022.

Capital A Berhad
(Incorporated in Malaysia)

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

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

(e) Fair value measurement

The carrying amounts of cash and cash equivalents, trade and other current assets, and trade and other 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 financial instruments are measured in the statement of financial position at fair value. Disclosure of fair value measurements are by level of the following fair value measurement hierarchy:

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

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

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Group				
31 December 2023				
Assets				
Financial assets at fair value through profit or loss				
- Early redemption option	-	11,383	-	11,383
Investment securities	150,135	9,566	30,283	189,984
	<u>150,135</u>	<u>20,949</u>	<u>30,283</u>	<u>201,367</u>

Capital A Berhad
(Incorporated in Malaysia)

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

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

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

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

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Group				
31 December 2022				
Assets				
Financial assets at fair value through profit or loss				
- Early redemption option	-	165,397	-	165,397
Investment securities	64,947	6,017	43,570	114,534
	<u>64,947</u>	<u>171,414</u>	<u>43,570</u>	<u>279,931</u>
Liabilities				
Financial liabilities at fair value through profit or loss				
- Trading derivatives	-	32,785	-	32,785
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Company				
31 December 2023				
Assets				
Financial assets at fair value through profit or loss				
- Early redemption option	-	11,383	-	11,383
31 December 2022				
Assets				
- Early redemption option	-	165,397	-	165,397

**Capital A Berhad
(Incorporated in Malaysia)**

41. 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.)

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices are readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities and actively exchange-traded derivatives.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and Company then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include certain bonds, government bonds, corporate debt securities, repurchase and reverse purchase agreements, loans, credit derivatives, certain issued notes and the Group's and Company's over the counter ("OTC") derivatives. Specific valuation techniques used to value financial instruments include:

- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- The fair value of fuel swap contracts is determined using forward fuel price at the balance sheet date, with the resulting value discounted back to present value.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques, including discounted cash flow projections.

Capital A Berhad
(Incorporated in Malaysia)

42. Unconsolidated structured entities

The Group has set up Merah entities, special purpose companies (“SPC”) pursuant to aircraft related borrowings obtained from various financial institutions. Under the arrangement, the Group enters into an Aircraft Instalment Sale Agreement with the SPC, permitting the Group to possess and operate each of the Airbus A320 aircraft financed under the facility.

The SPC are orphan trust companies in which the Group has no equity interest. The SPC do not incur any losses or earn any income during the financial year ended 31 December 2023. The aircraft and the corresponding term loans and finance costs associated with the SPC have been recognised by the Group upon the purchase of the aircraft.

The Group does not provide any financial support to the SPC or have any contractual obligation to make good the losses, if any.

The details of the Merah entities are as follows:

Name	Incorporation	Purpose
Merah Satu Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 2 August 2022)
Merah Lima Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 26 May 2022)
Merah Enam Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 2 July 2022)
Merah Sebelas Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 11 May 2022)
Merah Duabelas Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 14 August 2022)
Merah Tigabelas Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 31 August 2022)

Capital A Berhad
(Incorporated in Malaysia)

42. Unconsolidated structured entities (cont'd)

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

Name	Incorporation	Purpose
Merah Empatbelas Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 13 February 2023)
Merah Enambelas Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 28 July 2022)
Merah Duapuluh Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 26 July 2022)
Merah Duapuluhtujuh Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 6 July 2022)
Merah Tigapuluhsatu Limited	Labuan, Malaysia	Aircraft financing special purpose company (Struck-off on 5 August 2022)

Capital A Berhad
(Incorporated in Malaysia)

43. Reconciliation of liabilities arising from financing activities

	Cashflows					Non-cash movement					At 31.12.2023 RM'000
	At 1.1.2023 RM'000	Drawdown RM'000	Net proceeds from issuance of RCUIDS RM'000	Repayments RM'000	Conversion of RCUIDS RM'000	Deemed acquisition of a subsidiary RM'000	Finance costs RM'000	Lease movement RM'000	Foreign exchange movement RM'000		
Group											
Borrowings	2,936,714	1,273,030	-	(396,936)	-	634,100	-	-	(4,015)	4,442,907	
Lease liabilities	15,057,880	-	-	(2,045,816)	-	4,301,600	852,954	357,546	664,616	19,188,780	
Company											
Borrowings	593,618	-	-	(59,887)	(22,894)	-	112,410	-	-	685,125	

	Cashflows					Non-cash movement					At 31.12.2022 RM'000
	At 1.1.2022 RM'000	Drawdown RM'000	Net proceeds from issuance of RCUIDS RM'000	Repayments RM'000	Conversion of RCUIDS RM'000	Deemed acquisition of a subsidiary RM'000	Finance costs RM'000	Lease movement RM'000	Foreign exchange movement RM'000		
Group											
Borrowings	2,309,889	1,167,698	-	(309,485)	(166,938)	-	-	-	(64,450)	2,936,714	
Lease liabilities	14,295,294	-	-	(1,171,914)	-	-	705,152	769,688	459,660	15,057,880	
Company											
Borrowings	822,437	-	-	(61,881)	(166,938)	-	-	-	-	593,618	

Capital A Berhad
(Incorporated in Malaysia)

44. Other matters

Litigation involving AirAsia Digital Sdn Bhd, AirAsia Berhad, Big Pay Pte Ltd.

On 18 November 2021, arbitration proceedings were commenced against AAB and AAD in the Singapore International Arbitration Centre. The claimants are seeking for a buyout of their shares in Big Pay Pte. Ltd. for an amount to be determined. The arbitration proceedings remain pending. The evidentiary hearing concluded on 13 October 2023, and an award is expected to be issued sometime in 2024. The solicitors are of the view that AAD and AAB have reasonable prospects of successfully defending the claim.

45. Significant events

(i) Setting up Airasia Cambodia

On 9 December 2022, the Group announced that AirAsia Aviation Group Limited (“AAGL”), the aviation arm of the Group, signed a Joint Venture (“JV”) agreement with Sivilai Asia to establish AirAsia Cambodia. On 3 April 2023, AIRASIA (CAMBODIA) CO., LTD. was incorporated with 500,000 ordinary shares with par value of USD1 per share. AAGL has subscribed for 255,000 paid-up share capital with consideration of USD0.25 million, representing 51% of the total paid-up capital.

(ii) Acquiring the remaining minority shares of Phillipine Airasia, Inc.

On 16 May 2023, AA Com Travel Philippines, Inc (“ACTP”) a subsidiary of the Group, entered into a Share Sale and Purchase Agreement (“SPA”) with F&S Holdings, Inc. to acquire the remaining 3,585,063 shares of AirAsia, Inc. (“AAI”), the parent company of Phillipine Airasia, Inc. (“PAA”), representing 60% of the total outstanding shares, for a consideration of USD16 million. Effectively, AAI and PAA became wholly owned subsidiaries of the Group. The effect of the acquisition is reflected in Note 13 and in the statement of changes in equity.

(iii) Deemed acquisition of Asia Aviation Public Company Limited

On 31 May 2023, AAGL entered into a Master Brand Licensing Agreement (“MBLA”) with AirAsia Berhad (“AAB”) and also a Brand Sub Licensing Agreement (“SBLA”) with Thai AirAsia Co., Ltd (“TAA”) and Asia Aviation Public Company Limited (“AAV”), the parent company of TAA. Effective from 1 Jan 2023, the effective date specified in the SBLA, TAA has to comply with the branding and operation requirements and recommendations made by AAGL under the SBLA. Pursuant to this, in accordance with MFRS 10, AAV, as a parent company of TAA, is therefore, deemed as a subsidiary of AAGL for accounting consolidation purpose effective from 1 June 2023.

**Capital A Berhad
(Incorporated in Malaysia)**

45. Significant events (cont'd.)

(iv) Setting up ADE Cambodia

On 20 September 2023, Asia Digital Engineering Sdn Bhd (“ADE”), wholly-owned subsidiary of the Group, has entered into a Shareholders Agreement (“SHA”) with Sivilai Asia Co., Ltd (“Sivilai Asia”) for the subscription of 60% of the issued and paid-up capital of a Cambodian joint venture company incorporated under the name “ADE (Cambodia) Co., Ltd” (“ADE Cambodia”) to establish a Maintenance Repair And Overhaul (“MRO”) business in Cambodia. The SHA also records the rights and obligations of each party relating to the operation and management as well as their shareholding in ADE Cambodia.

46. Subsequent events

- (i) The Company had on 25 April 2024 entered into the following:
- (a) a conditional share sale and purchase agreement with AirAsia Group Sdn Bhd (formerly known as AirAsia Aviation Group Sdn Bhd) (“AAG”) for its 100% equity interest in AirAsia Aviation Group Limited, a wholly-owned subsidiary of the Company for a disposal consideration of RM3,000,000,000 (“Proposed AAGL Disposal”) to be satisfied entirely via new AAG Shares; and
 - (b) a conditional share sale and purchase agreement with AAG for the its 100% equity interest in AirAsia Berhad, a wholly-owned subsidiary of the Company for a disposal consideration of RM3,800,000,000.
- (ii) Proposed distribution of new ordinary shares in AAG to be received as consideration shares for the Proposed AAAGL Disposal of approximately RM2,200.0 million in value, to the entitled shareholders of the Company based on their respective shareholdings in the Company on an entitlement date to be determined later by way of distribution-in-specie via a reduction and repayment of the Company’s share capital pursuant to Section 116 of the Companies Act 2016.

The Proposed Distribution will be undertaken as part of the Proposed AAAGL Disposal’s completion process.

Capital A Berhad
(Incorporated in Malaysia)

47. Prior year adjustment

The following error affecting the financial position and results of the prior year has been adjusted retrospectively in accordance with the requirements of MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors.

In prior financial years, the Group had accounted for certain foreign exchange gains or losses arising from intra-group transactions in the statement of other comprehensive income, rather than in the statement of profit or loss.

The financial effects of the abovementioned prior year adjustment and the change in certain comparative amounts to conform to the current year's financial statements presentation of the Group are as follows:

Statement of Financial Position
As at 1 January 2022

	As previously stated RM'000	Adjustment RM'000	As restated RM'000
Capital and reserve			
Foreign exchange reserve	(118,439)	719,933	601,494
Accumulated losses	(6,374,760)	(719,933)	(7,094,693)

Statement of Financial Position
As at 31 December 2022

	As previously stated RM'000	Adjustment RM'000	As restated RM'000
Capital and reserve			
Foreign exchange reserve	(153,308)	1,331,581	1,178,273
Accumulated losses	(8,923,188)	(1,331,581)	(10,254,769)

Capital A Berhad
(Incorporated in Malaysia)

47. Prior year adjustment (cont'd.)

Statement of Comprehensive income
For the financial year ended 31 December 2022

	As previously stated RM'000	Adjustment RM'000	As restated RM'000
Foreign exchange loss	(644,860)	(611,648)	(1,256,508)
Loss before tax	(3,303,658)	(611,648)	(3,915,306)
Taxation	(511)	-	(511)
Loss for the year	<u>(3,304,169)</u>	<u>(611,648)</u>	<u>(3,915,817)</u>
Other comprehensive loss			
Foreign currency translation reserve	<u>(34,869)</u>	611,648	576,779
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<u>(34,869)</u>	611,648	576,779

Statement of Cash Flows
For the financial year ended 31 December 2022

	As previously stated RM'000	Adjustment RM'000	As restated RM'000
Cash flows from operating activities			
Loss before taxation	<u>(3,303,658)</u>	(611,648)	(3,915,306)
Adjustment for: Net unrealised foreign exchange loss	<u>545,316</u>	611,648	1,156,964

These adjustments do not have an effect on the statement of financial position, statement of comprehensive income and statement of cashflows of the Company.