201701030323 (1244493-V)

Capital A Berhad
(Incorporated in Malaysia)

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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 2022.

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 12 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)/profit net of tax	(3,304,169)	1,991
(Loss)/profit net of tax attributable to:		
Owners of the Company	(2,626,381)	1,991
Non-controlling interests	(677,788)	-
	(3,304,169)	1,991

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, with exception to the socioeconomic effects of the COVID-19 pandemic which impacted the financial circumstances of the Group and of the Company, 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.

Dividends

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

Share Capital

During the financial year, the issued and paid up share capital of the Company was increased from RM8,457,172,000 to RM8,654,977,000 via the conversion of 263,740,000 Redeemable Convertible Unsecured Islamic Debt Securities ("RCUIDS") into ordinary shares issued at RM0.75 per share. The new ordinary shares rank pari passu with the then existing shares of the company.

RCUIDS and Warrants

Number of RCUIDS convertible into ordinary shares of the Company as at 31 December 2022 are as follows:

Expiry date	Exercise price (RM)	Units of RCUIDS
1 August 2027	0.75	1,035,610,619

Salient terms of the RCUIDS are disclosed in Note 28 to the financial statements.

Number of warrants with options to subscribe for ordinary shares of the Company as at 31 December 2022 are as follows:

Expiry date	Exercise price (RM)	Units of warrants
31 December 2028	1.00	649,675,479

Salient terms of the warrants are disclosed in Note 34 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 *(Appointed on 31 January 2022)*

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

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
Adam Nicholas James Rhodes
Agnes Maranan
Aireen Omar
Ams Cosec Services Sdn.Bhd.
Anajuk Chareonwongsak
Anita Ler
Anthony Chai Kwok Seng
Arifin Eko Prasetyo
Augustus Ralph Marshall
Bawornpak Siripanich
Benyamin Bin Ismail
Carlo Emmanuel M/ Locsin
Chan Ka Yan Karen
Chandran s/o Urath Sankaran Nair
Cheah Yoke Yin
Chi Cheng Bock
Christie Dana G Tan
Colin Melville Kennedy Currie
Craig Charles Kostelic
Craig Matthews
Dato' Hisham Bin Othman
Dato' Sreesanthan A/L Eliathamby
Dato' Sri Mohd Khairi bin Mat Jahya
Datuk Captain Chester Voo Chee Soon
Desiree Maxino Bandal
Devender Bhola
Dinesh Kumar M K R Nambiar
Dr. Chang Soonyoung
Ernest D. Bernal
Farhan Firdaus Bin Zainul Kamar
Francis Anthony
Francisco Edralin Lim
Frederich M. Arejola
Goh Hui Loon
Hanim Hamzah
Harbick Stephen Paul
John Cheing Wai Choy @ Cheing Wai Choy
John Paul V. De Leon
Joseph Omar A. Castillo
Jusuf Saherman
Karena Fernandes
Kartina Binti Mohd Tahir
Keith Lingam a/l Mahalingam
Kenneth Leong Yu Ming
Kerry Cheng Davis
Khoo Gaik Bee
Lalitha Sivanaser
Lam Lo Sho Rose
Lee Teck Loong
Leo Francis F. Abot
Leon Ruben
Leong Shir Mein
Lim Hock Thye
Lim Serh Ghee
Ling Liong Tien
Loh Jin Yong
Lui Yew Lee Dennis Paul
Magandra Dass Haridas
Mahesh Kumar a/l Jaya Kumar
Mahisa Adhitya Rachman
Manolito Alvarez Manolo
Mark Xavier D. Oyales
Mihai-Gabriel Simionescu
Mitherpal Singh Sidhu
Mohd Arfasya bin Dahalan
Muhammad Hafiz Bin Khairudin
Nadda Baranasiri
Nadia Manzoor
Natacha Sabrina Kong Hung Cheong
Natasha binti Kamaluddin
Nguyen Thi Bich Lien
Nipun Anand
Noor Azita Abul'as binti Mohammed Nazrene
Nuttawut Phowborom
Olivier Petra
Omar Salim-Dhanani
Ong Chun Eng
Rahul Agarwal
Rajiv S/O Ramanathan
Ras Adiba Binti Mohd Radzi
Rashed Mahmud
Reza Viryawan
Riad Asmat
Ricardo P. Isla
Richard Montgomery Beattie
Roisin Dixon
Ronald D. Policarpio
Rozman Bin Omar
Rudy Efendi Daulay
Sabam Hutajulu
Sami Joseph El Hadery
Santisuk Klongchaiya
Seah Kok Khong
Severino Miguel. B Sanchez
Shyamshankar Krishnamurthy
Sim Siew Shan
Sio Wun Lao
Sirot Setabandhu
Subashini a/p Silvadas @ Silvadar
Suvabha Charoenying
Tan Sri Jamaludin Bin Ibrahim
Tanarat Wachirakul
Tassapon Bijleveld
Teh Mun Hui
Teoh Hooi Ling
Thandalam Veeravalli Thirumala
Tharumalingam A/L Kanagalingam
Tommy Lo Seen Chong
Tran Thi My Hanh
V Loganathan S/O Velaitham
Veerayooth Bodharamik
Veranita Yosephine Sinaga
Vichate Tantivanich
Wang Wenju
Wee Choo Peng
Wong Ying Chong
Woo Wai Han
Wuri Septiawan
Yacoob Bin Ahmed Piperdi

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: (cont'd.)

Hee Joon Kim	Pablo Sanz Salcedo	Ybhg Tan Sri Dato' Sri (Dr.) Mohamad Norza Bin Zakaria
Ibnu Tryono	Patria Bayuaji	Yon See Ting
Ikhlas Bin Kamarudin	Pattra Boosarawongse	Yuthaphong Ma
Irwan Eka Sudarman	Phairat Pornpathananangoon	
Jasmindar Kaur A/P Sarban Singh	Priyanka Jain	
	Racquel Victoria D. Tenorio	
Joanna Binti Ibrahim	Raden Achmad Sadikin	

Directors' benefits

During and at the end of the financial year ended 31 December 2022, 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 and officers of the Group and of the Company are covered under a Directors' and Officers' Liability Insurance up to an aggregate limit of RM20,000,000 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.

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Directors' interests

	Number of ordinary shares			
	At 1.1.2022	**Acquired**	**Disposed**	**At 31.12.2022**
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’ Abdel Aziz @ Abdul Aziz bin Abu Bakar	989,500	-	989,500	-
Dato' Mohamed Khadar bin Merican	250,000	-	150,000	100,000
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

	Number of redeemable convertible unsecured islamic debt securities ("RCUIDS")			
	At 1.1.2022	**Acquired**	**Disposed**	**At 31.12.2022**
Direct interests				
Dato’ Abdel Aziz @ Abdul Aziz bin Abu Bakar	329,833	-	329,833	-
Dato' Mohamed Khadar bin Merican	100,000	150,000	-	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

Directors' interests (cont'd.)

	Number of Warrants			
	At 1.1.2022	Acquired	Disposed	At 31.12.2022
Direct interests				
Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	164,916	-	164,916	-
Dato' Mohamed Khadar bin Merican	50,000	-	50,000	-
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

[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 32 to the financial statements.

Directors' interests (cont'd.)

Details of the options to subscribe for ordinary shares of the Company pursuant to the ESOS as at 31 December 2022 are as follows:

Expiry date	Exercise price (RM)	Number of options
31 August 2024	0.7425	126,200,000

Details of ESOS are disclosed in Note 32 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 provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision 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 provision 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 aware of the COVID-19 pandemic, which may have an impact on certain values attributed to current assets and valuation methods adopted by the Group and the Company.

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

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 which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) with exception of the socioeconomic effects of the COVID-19 pandemic which impacted the financial circumstances of the Group and of the Company, the results 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.

(g) Note 41 to the financial statements discussed management's steps to address the current impact of the COVID-19 pandemic. 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 events

Details of significant events are disclosed in Note 43 to the financial statements.

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Auditors

Auditors' remuneration are disclosed in Note 6 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been 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 28 April 2023.

Datuk Kamarudin bin Meranun	Tan Sri Anthony Francis Fernandes

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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 23 to 191 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 2022 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 28 April 2023.

Datuk Kamarudin bin Meranun

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 23 to 191 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 28 April 2023

Before me,

Commissioner for Oaths
Kuala Lumpur

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Independent auditors' report to the members of Capital A Berhad

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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 2022 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 a summary of significant accounting policies, as set out on pages 23 to 191.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial 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 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.

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

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 RM3,304 million whilst the Company reported a profit for the year of RM2 million, for the financial year ended 31 December 2022. The Group and the Company reported net operating cash outflows of RM282 million and RM495 million respectively. As at 31 December 2022, the Group's current liabilities exceeded its current assets by RM8,509 million. In addition, as at 31 December 2022, the Group reported a negative shareholders' funds of RM5,725 million.

Independent auditors' report to the members of Capital A Berhad (cont'd.)
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Key Audit Matters (cont'd.)

<u>**Going Concern Assessment (cont'd.)**</u>

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 continuous support from the Group's aircraft 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 had discussions with the Directors to understand their business plans to respond to the evolving business environment;

> We evaluated the estimates made by the Directors in respect of the revenue forecasts against the historical trend, latest quoted prevailing 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

Impairment assessment of non-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 29 to the financial statements.

At 31 December 2022, the carrying amount of ROU and PPE of the Group are RM10,182 million and RM883 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 ROU of RM552 million during the financial year.

Due to the significant amount of reversal and high degress 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 16 to the financial statements.

As at 31 December 2022, the Group's intangible assets included an aggregate goodwill of RM273 million relating to several subsidiaries, namely, PT Indonesia AirAsia ("IAA") and Velox Technology (Thailand) Company Limited ("Velox"). Intangible assets also included landing rights of IAA and Philippines AirAsia Inc. of RM444 million.

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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 inflows and outflows that will be derived from the CGUs, and discounting them at an appropriate rate. Arising from the impairment review, the Group impaired goodwill of RM83 million relating to Velox and Delivereat.

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.

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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 2022, revenue from passenger seat sales accounted for 72% of the Group's total revenue, as compared to 39% for the financial year ended 31 December 2021. 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.

- 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.

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Key Audit Matters (cont'd.)

Aircraft maintenance provisions and liabilities

Refer to Note 3.4 and Note 27 to the financial statements.

As at 31 December 2022, the Group's aircraft maintenance provisions and liabilities amounted to RM6,138 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, 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.

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Key Audit Matters (cont'd.)

<u>**Cybersecurity**</u>

Refer to Note 43(iii) the financial statements.

On 12 November 2022, the Group discovered a cybersecurity breach incident whereby certain of their non-critical servers were compromised and encrypted by a ransomware. A third-party consultant was engaged by the Group to assess the nature and extent of the cybersecurity breach.

As the Group relies on its integrated information technology system to process data from its operations, there may be a risk that the cybersecurity breach incident could have affected the data used in the preparation of the financial statements. Accordingly, we have identified this as an area of audit focus.

In addressing this area of audit focus, our audit procedures included, amongst others:

- Obtained an understanding of the nature and extent of the cybersecurity incident and assessed its impact to the Group's financial reporting systems;
- Evaluated competence, capabilities and objectivity of the third-party consultant. We also assessed the procedures and findings by the third-party consultant and conducted interviews with the third-party consultant. We have included our internal specialist team in this assessment;
- Assessed procedures performed by management in their evaluation of the impact of the cybersecurity breach to those systems whose data were used in the preparation of the Group's financial statements;
- Performed additional audit procedures to assess the completeness and accuracy of data on suspected compromised systems; These procedures include among others, the following:
    - Performed data analytics on revenue, receivables and cash to identify any unusual transactions;
    - Tested additional samples of the hours flown from the manually kept flight log to the data recorded in the system; and
    - Matched samples of the source data in the employee files to the payroll summary report;
- Assessed the third-party consultant's recommendations and measures put in place to mitigate this risk; and
- Evaluated the appropriateness of related disclosures made in the financial statements.

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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 2022 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.

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

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.

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.

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

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

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

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

Independent auditors' report to the members of 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 12 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
28 April 2023

Capital A Berhad
(Incorporated in Malaysia)

Income statements
For the financial year ended 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000 Restated	Company 2022 RM'000	Company 2021 RM'000
Revenue	4(a)	6,437,068	1,682,896	-	-
Other income	4(b)	154,264	264,994	976	92
Operating expenses					
- Staff costs	5(a)	(1,229,655)	(795,638)	(26,515)	(35,847)
- Depreciation of property, plant and equipment	11	(132,042)	(164,685)	-	-
- Depreciation of right-of-use assets	29	(1,309,533)	(1,655,887)	-	-
- Aircraft fuel expenses	7(a)	(2,956,244)	(393,941)	-	-
- Maintenance and overhaul	7(b)	(846,840)	(480,619)	-	-
- User charges	7(c)	(1,229,008)	(760,537)	-	-
- Other operating expenses	6	(281,819)	(542,192)	(28,095)	(22,946)
Operating loss		(1,393,809)	(2,845,609)	(53,634)	(58,701)
Finance income	8(a)	40,305	35,314	84,396	40
Finance costs	8(b)	(1,004,922)	(679,807)	(61,881)	(1)
Net operating loss		(2,358,426)	(3,490,102)	(31,119)	(58,662)
Foreign exchange (loss)/ gain	8(c)	(644,860)	(71,084)	33,110	(5,186)
Net fair value gain on derivatives	8(d)	45,021	31,377	-	-
Share of results of joint ventures		(658)	(453)	-	-
Share of results of associates		(344,735)	(44,774)	-	-
(Loss)/profit before taxation		(3,303,658)	(3,575,036)	1,991	(63,848)

Capital A Berhad
(Incorporated in Malaysia)

Income statements
For the financial year ended 31 December 2022 (cont'd.)

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
(Loss)/profit before taxation brought forward		(3,303,658)	(3,575,036)	1,991	(63,848)
Taxation					
- Current taxation	9	(15,575)	(4,974)	-	150
- Deferred taxation	9	15,064	(140,765)	-	-
		(511)	(145,739)	-	150
Net (loss)/profit for the financial year		(3,304,169)	(3,720,775)	1,991	(63,698)
Net loss for the financial year attributable to:					
- Owners of the Company		(2,626,381)	(2,991,075)		
- Non-controlling interests		(677,788)	(729,700)		
		(3,304,169)	(3,720,775)		
Loss per share attributable to owners of the Company (sen)					
- Basic	10	(64.8)	(79.0)		

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 2022

		Group		Company	
	Note	**2022**	**2021**	**2022**	**2021**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Net (loss)/profit for the financial year		(3,304,169)	(3,720,775)	1,991	(63,698)
Other comprehensive (loss)/income					
Items that may be subsequently reclassified to profit or loss					
Cash flow hedges		-	42,009	-	-
Foreign currency translation differences		(34,869)	(61,061)	-	-
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		(34,869)	(19,052)	-	-
Items that will not be subsequently reclassified to profit or loss					
Remeasurement gain on employee benefits liability, net of tax		6,842	12,776	-	-
Net movement on investment securities	15	(15,759)	102,805	-	109,114
Net other comprehensive (loss)/income that may not be reclassified to profit or loss in subsequent periods		(8,917)	115,581	-	109,114
Other comprehensive (loss)/ income for the financial year, net of tax		(43,786)	96,529	-	109,114
Total comprehensive (loss)/ income for the financial year		(3,347,955)	(3,624,246)	1,991	45,416

Capital A Berhad
(Incorporated in Malaysia)

Statements of comprehensive income
For the financial year ended 31 December 2022 (cont'd.)

	Note	Group 2022 RM'000	Group 2021 RM'000
Total comprehensive loss attributable to:			
- Owners of the Company		(2,670,167)	(2,911,298)
- Non-controlling interests		(677,788)	(712,948)
		(3,347,955)	(3,624,246)

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 2022

	Note	Group 2022 RM'000	Group 2021 RM'000
Non-current assets			
Property, plant and equipment	11	882,893	933,474
Right-of-use assets	29	10,182,126	9,750,711
Finance lease receivables	29	260,820	266,233
Investment in a joint venture	13	220	878
Investment in associates	14	924,312	438,004
Investment securities	15	114,534	243,323
Intangible assets	16	748,350	833,450
Deferred tax assets	17	739,238	738,760
Receivables and prepayments	18	3,564,648	3,599,414
Deposits on aircraft purchase	19	576,034	610,489
Derivative financial instruments	20	165,397	165,397
		18,158,572	17,580,133
Current assets			
Inventories	21	204,459	153,600
Receivables and prepayments	18	650,972	608,405
Finance lease receivables	29	114,975	224,144
Amounts due from associates	23	166,437	67,285
Amounts due from related parties	24	154,921	134,153
Tax recoverable		7,208	5,408
Deposits, cash and bank balances	25	469,985	1,256,753
		1,768,957	2,449,748

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Capital A Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2022 (cont'd.)

	Note	Group 2022 RM'000	Group 2021 RM'000
Less: Current liabilities			
Trade and other payables	26	2,878,562	2,308,897
Aircraft maintenance provisions and liabilities	27	599,895	976,633
Sales in advance	2.23.1	1,428,011	930,510
Amounts due to associates	23	266,126	43,297
Amounts due to related parties	24	230,291	129,717
Borrowings	28	530,958	887,228
Lease liabilities	29	4,340,844	3,905,769
Tax payables		3,336	21,873
		10,278,023	9,203,924
Net current liabilities		(8,509,066)	(6,754,176)
Non-current liabilities			
Other payables	26	280,801	292,691
Aircraft maintenance provisions and liabilities	27	5,538,224	4,860,637
Deferred tax liabilities	17	154,905	169,477
Borrowings	28	2,405,756	1,422,661
Lease liabilities	29	10,717,036	10,389,525
Derivative financial instruments	20	-	32,785
Provision for retirement benefits	30	69,742	81,084
		19,166,464	17,248,860
		(9,516,958)	(6,422,903)

Capital A Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2022 (cont'd.)

	Note	Group 2022 RM'000	Group 2021 RM'000
Capital and reserves			
Share capital	31	8,654,977	8,457,172
Merger deficit	33	(5,507,594)	(5,507,594)
Foreign exchange reserve		(153,308)	(118,439)
Accumulated losses		(8,923,188)	(6,374,760)
Reserves	34(b)	204,020	161,321
Total shareholders' deficit		(5,725,093)	(3,382,300)
Non-controlling interests	12	(3,791,865)	(3,040,603)
Total deficit		(9,516,958)	(6,422,903)

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

201701030323 (1244493-V)

Capital A Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2022

	Note	Company 2022 RM'000	Company 2021 RM'000
Non-current assets			
Investment in subsidiaries	12	8,558,045	8,544,641
Derivative financial instruments	20	165,397	165,397
		8,723,442	8,710,038
Current assets			
Receivables and prepayments	18	304	80
Amount due from subsidiaries	22	1,454,450	1,091,879
Amounts due from associates	23	10,722	10,260
Amounts due from related parties	24	1,373	1,150
Tax recoverable		150	150
Deposits, cash and bank balances	25	1,255	561,887
		1,468,254	1,665,406
Less: Current liabilities			
Trade and other payables	26	2,943	7,666
Amounts due to subsidiaries	22	18,508	213,099
Amounts due to related parties	24	202	-
		21,653	220,765
Net current assets		1,446,601	1,444,641
Non-current liabilities			
Deferred tax liabilities	17	32,892	32,892
Borrowings	28	655,499	822,437
		688,391	855,329
		9,481,652	9,299,350

Capital A Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2022

	Note	Company 2022 RM'000	Company 2021 RM'000
Capital and reserves			
Share capital	31	8,654,977	8,457,172
Retained earnings	34(a)	571,029	569,038
Reserves	34(b)	255,646	273,140
Total equity		9,481,652	9,299,350

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 2022

	<------------------ Attributable to owners of the Company ------------------>											
			<------------- Non-distributable ------------->									
	Number of shares '000	**Share capital RM'000 (Note 31)**	**Merger deficit RM'000 (Note 33)**	**Foreign exchange reserve RM'000**	**Share option reserves RM'000 (Note 34(b))**	**RCUIDS reserves RM'000 (Note 34(b))**	**Warrants reserves RM'000 (Note 34(b))**	**Other reserves RM'000 (Note 34(b))**	**Accumulated losses RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
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)
Net loss for the financial year	-	-	-	-	-	-	-	-	(2,626,381)	(2,626,381)	(677,788)	(3,304,169)
Other comprehensive loss	-	-	-	(34,869)	-	-	-	(8,917)	-	(43,786)	-	(43,786)
Total comprehensive loss	-	-	-	(34,869)	-	-	-	(8,917)	(2,626,381)	(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	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)

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Capital A Berhad
(Incorporated in Malaysia)

Consolidated statement of changes in equity
For the financial year ended 31 December 2022 (cont'd.)

	Number of shares '000	Share capital RM'000 (Note 31)	Merger deficit RM'000 (Note 33)	Foreign exchange reserve RM'000	Share option reserves RM'000 (Note 34(b))	RCUIDS reserves RM'000 (Note 34(b))	Warrants reserves RM'000 (Note 34(b))	Other reserves RM'000 (Note 34(b))	Retained earnings/ Non-distributable accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	<--- Attributable to owners of the Company								--->			
	<--- Non-distributable							--->	Distributable			
At 1 January 2021	3,341,974	8,023,268	(5,507,594)	(57,378)	-	-	-	(225,368)	(3,447,215)	(1,214,287)	(2,355,507)	(3,569,794)
Net loss for the financial year	-	-	-	-	-	-	-	-	(2,991,075)	(2,991,075)	(729,700)	(3,720,775)
Other comprehensive (loss)/income	-	-	-	(61,061)	-	-	-	140,838	-	79,777	16,752	96,529
Total comprehensive (loss)/ income	-	-	-	(61,061)	-	-	-	140,838	(2,991,075)	(2,911,298)	(712,948)	(3,624,246)
Issuance of shares	556,079	433,904	-	-	-	-	-		-	433,904	-	433,904
Issuance of RCUIDS	-	-	-	-	-	154,360	112,736	-	-	267,096	-	267,096
Dilution of interest in subsidiaries	-	-	-	-	-	-	-	-	145,008	145,008	22,199	167,207
Acquisition of non-controlling										-		-
interest in a subsidiary	-	-	-	-	-	-	-	-	(108,691)	(108,691)	5,653	(103,038)
Transfer of fair value reserve of disposed investment securities to retained earnings	-	-	-	-	-	-	-	(27,213)	27,213	-	-	-
Share-based payments	-	-	-	-	5,968	-	-	-	-	5,968	-	5,968
At 31 December 2021	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)

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

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Capital A Berhad
(Incorporated in Malaysia)

Statement of changes in equity
For the financial year ended 31 December 2022

		<---- Non-distributable				---->	Distributable	
	Number of shares '000	**Share capital RM'000 (Note 31)**	**Share option reserves RM'000 (Note 34(b))**	**RCUIDS reserves RM'000 (Note 34(b))**	**Warrants reserves RM'000 (Note 34(b))**	**Fair value reserve RM'000 (Note 34(b))**	**Retained earnings RM'000 (Note 34(a))**	**Total equity RM'000**
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

Capital A Berhad
(Incorporated in Malaysia)

Statement of changes in equity
For the financial year ended 31 December 2022 (cont'd.)

		<------------------------- Non-distributable			------------------------->		Distributable	
	Number of shares '000	**Share capital RM'000 (Note 31)**	**Share option reserves RM'000 (Note 34(b))**	**RCUIDS reserves RM'000 (Note 34(b))**	**Warrants reserves RM'000 (Note 34(b))**	**Fair value reserve RM'000 (Note 34(b))**	**Retained earnings RM'000 (Note 34(a))**	**Total equity RM'000**
At 1 January 2021	3,341,974	8,023,268	-	-	-	(81,901)	605,523	8,546,890
Net loss for the financial year	-	-	-	-	-	-	(63,698)	(63,698)
Other comprehensive income	-	-	-	-	-	109,114	-	109,114
Total comprehensive income/(loss)	-	-	-	-	-	109,114	(63,698)	45,416
Transfer of fair value reserve of disposed investment securities to retained earnings	-	-	-	-	-	(27,213)	27,213	-
Issuance of shares	556,079	433,904	-	-	-	-	-	433,904
Issuance of RCUIDS	-	-	-	154,360	112,736	-	-	267,096
Share-based payments	-	-	6,044	-	-	-	-	6,044
At 31 December 2021	3,898,053	8,457,172	6,044	154,360	112,736	-	569,038	9,299,350

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 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows from operating activities					
Loss before taxation		(3,303,658)	(3,575,036)	1,991	(63,848)
Adjustments for:					
Property, plant and equipment:					
- Depreciation	11	132,042	164,685	-	-
- Gain on disposals	4(b)	(7,339)	(32,921)	-	-
- Write off	11	140	313	-	-
- Impairment	11	(17,185)	-	-	-
Right-of-use assets:					
- Depreciation	29	1,309,533	1,655,887	-	-
- Adjustment	29	11,469	-	-	-
Loss on recognition of finance lease receivables	29	-	41,187	-	-
Amortisation of intangible assets	16	7,618	975	-	-
Fair value changes in investment securities	15	37,624	-	-	-
Impairment/(reversal of impairment) on:					
- trade and other receivables	6	83,654	3,081	-	-
- amounts due from associates	6	-	(4,898)	-	(269)
- amounts due from related parties	6	-	14,293	-	637
- right-of-use assets	6	(552,290)	-	-	-
- finance lease receivables	29	(98,923)	2,856	-	-
- intangible assets	16	82,720	5,094	-	-
Share-based payments	32	10,646	5,968	221	38
Share of results of:					
- joint ventures		658	453	-	-
- associates		344,735	44,774	-	-
Provision/(reversal) for retirement benefits		4,653	(3,429)	-	-
Aircraft maintenance provisions	27	300,849	237,397	-	-
Net fair value gain on derivatives	8(d)	-	(31,377)	-	-
Gain on termination of hedging contract	8(d)	(45,021)	-	-	-
Operating loss carried forward		(1,698,075)	(1,470,698)	2,212	(63,442)

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Capital A Berhad
(Incorporated in Malaysia)

Statements of cash flow
For the financial year ended 31 December 2022 (cont'd.)

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows from operating activities (cont'd.)					
Operating loss brought forward		(1,698,075)	(1,470,698)	2,212	(63,442)
Net unrealised foreign exchange loss/(gain)	8(c)	545,316	49,996	(56,783)	7,184
Interest expense	8(b)	299,770	179,763	61,881	1
Interest expense - Lease liabilities	8(b)	705,152	500,044	-	-
Interest income	8(a)	(22,241)	(19,171)	(84,396)	(40)
Interest income - Finance lease receivables	8(a)	(18,064)	(16,143)	-	-
		(188,142)	(776,209)	(77,086)	(56,297)
Changes in working capital:					
Inventories		(50,859)	(12,179)	-	-
Receivables and prepayments		(738,963)	11,352	3,789	(21)
Payables and provisions		261,126	(154,047)	(4,944)	471
Sales in advance		497,501	(2,897)	-	-
Amounts due from/to subsidiaries, associates, joint venture and related parties		215,139	356,595	(416,920)	(908,788)
Cash used in operations		(4,198)	(577,385)	(495,161)	(964,635)
Interest paid		(233,082)	(93,917)	-	-
Interest received		2,053	1,456	-	-
Taxes paid		(35,898)	(4,580)	-	(1,627)
Retirement benefits paid		(11,017)	(3,273)	-	-
Net cash used in operating activities		(282,142)	(677,699)	(495,161)	(966,262)
Cash flows from investing activities					
Property, plant and equipment					
- Additions		(89,333)	(47,804)	-	-
- Proceeds from disposals		7,765	81,209	-	-
Addition in right-of-use asset		(1,357)	-	-	-
Addition in intangible assets	16	-	(2,327)	-	-
Net cash from investing activities carried forward		(82,925)	31,078	-	-

Capital A Berhad
(Incorporated in Malaysia)

Statements of cash flow
For the financial year ended 31 December 2022 (cont'd.)

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows from investing activities (cont'd.)					
Net cash from investing activities brought forward		(82,925)	31,078	-	-
Proceeds from disposal of:					
- a subsidiary	12	-	-	4,410	-
- an investment security	15	83,040	239,979	-	239,979
- a derivative		12,236	-	-	-
Net changes:					
- Deposits pledged as securities and restricted cash		(11,318)	(11,440)	-	-
- Deposits with licensed banks with maturity period of more than 3 months		(43,087)	(9)	-	-
- Investment securities		-	49,587	-	-
Acquisition of:					
- subsidiaries net of cash acquired	12	-	(22,598)	-	-
Additional subscription of shares in					
- subsidiaries	12	-	-	(8,000)	(322)
- an associate	14	(177,280)	-	-	-
- other investment	15	(4,410)	-	-	-
Receipt of finance lease receivables		13,283	102,440	-	-
Net cash (used in)/generated from investing activities		(210,461)	389,037	(3,590)	239,657

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Capital A Berhad
(Incorporated in Malaysia)

Statements of cash flow
For the financial year ended 31 December 2022 (cont'd.)

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows from financing activities					
Proceeds from issuance of shares		-	336,464	-	336,464
Proceeds from issuance of RCUIDS		-	974,513	-	974,513
Proceeds from borrowings		1,167,698	771,334	-	-
Repayment of borrowings		(309,485)	(565,102)	(61,881)	-
Payment of lease liabilities		(1,171,914)	(423,777)	-	-
Transaction costs on issuance of shares and RCUIDS		-	(23,084)	-	(23,084)
Net cash (used in)/generated from financing activities		(313,701)	1,070,348	(61,881)	1,287,893
Net (decrease)/increase for the financial year		(806,304)	781,686	(560,632)	561,288
Currency translation differences		(34,869)	(69,660)	-	(260)
Cash and cash equivalents at beginning of the financial year		1,177,931	465,905	561,887	859
Cash and cash equivalents at end of the financial year		336,758	1,177,931	1,255	561,887

Statements of cash flow
For the financial year ended 31 December 2022 (cont'd.)

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

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash and cash equivalents at end of the financial year		336,758	1,177,931	1,255	561,887
Add:					
Deposits pledged as securities and restricted cash		120,832	77,745	-	-
Deposits with licensed banks with maturity period of more than 3 months		12,395	1,077	-	-
Deposits, cash and bank balances at the end of the financial year	25	469,985	1,256,753	1,255	561,887

The deposits and restricted cash amounting to RM120.8 million (2021: RM77.7 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.

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 12. There were no significant changes in the nature of these activities during the financial year.

On 27 January 2022, the shareholders of the Company approved the change of name from AirAsia Group Berhad to Capital A Berhad.

The financial statements were authorised for issue by the board of directors in accordance with resolution of the directors on 28 April 2023.

2. Summary of significant accounting policies

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, except as 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.

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

2.1 Basis of preparation (cont'd.)

The Group and the Company reported loss for the year of RM3,304 million and profit for the year of RM2 million respectively for the financial year ended 31 December 2022, as well as net operating cash outflow of RM282 million and RM495 million respectively. As at 31 December 2022, the Group's current liabilities exceeded the current assets by RM8,509 million. In addition, as at 31 December 2022, the Group reported negative shareholders' funds of RM5,725 million.

These conditions may affect the ability of the Group to meet its financial obligations as and when they fall due. The Group has undertaken several actions to mitigate this risk as disclosed in Note 41.

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. Whilst the successful renegotiation of terms with major lessors, as further disclosed in Note 41, have significantly improved the cost and cash flow management of the Group, the Group requires the continuous support from its lessors to allow flexibility in terms of payments of lease rentals until such time the Group reaches a tenable level of operations. To this end, the lessors have been very supportive of the Group since the onset of the COVID-19 pandemic. The Directors believe that the Group will continue to receive support from its lessors.

Based on the cash flow forecast which incorporates the actions taken to date in response to the negative effects of COVID-19 and the expectations of continuous support from the aircraft lessors, 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.

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

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 2022:

Amendments to MFRS 116: Property, Plant and Equipment:
- Property, Plant and Equipment - Proceeds before intended use

Amendments to MFRS 137: Onerous Contracts
- Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018-2020
- Amendments to MFRS 1: First-time Adoption of International Financial Reporting Standards
  - Subsidiary of a First-time Adopter
- Amendments to MFRS 9: Financial Instruments
  - Fees in the '10 Percent' Test for Derecognition of Financial Liabilities
- Amendments to MFRS 141: Agriculture
  - Taxation in Fair Value Measurements

Amendments to MFRS 3 Business Combinations: Reference to the Conceptual Framework

Amendments to MFRS 137: Onerous Contracts
- Costs of Fulfilling a Contract

Amendment to MFRS 16: Covid-19-Related Rent Concessions Beyond 30 June 2022 (effective 1 April 2022)

The application of these amended MFRSs has had no impact on the disclosures and the amounts recognised in the financial statements of the Group and of the Company.

2.3 Standards issued but not yet effective

The 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 standards, if applicable, when they become effective.

Description	**Effective for annual periods beginning on or after**
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17 Insurance Contracts: Initial Application of MFRS 17 and MFRS 9—Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023

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

2.3 Standards issued but not yet effective (cont'd.)

Description	Effective for annual periods beginning on or after
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 16: Lease liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Non-current liabilities with Covenants	1 January 2024
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors expect that the adoption of the above 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

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

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

2. Summary of significant accounting policies (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 applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

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

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

2.4 Basis of consolidation (cont'd.)

2.4.1 Subsidiaries (cont'd.)

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

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

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.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest, and

(ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary’s cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition of the

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

2.4 Basis of consolidation (cont'd.)

2.4.2 Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

2.4.3 Joint arrangements

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

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

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

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

2.4 Basis of consolidation (cont'd.)

2.4.4 Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted using the equity method of accounting together with any long-term interests that, in substance, form part of the Group's net investment in the associate. In this regard, a receivable for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, an extension of the Group's investment in that associate.

This does not include receivables for which adequate collateral exists. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

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

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

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

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

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

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

2.4 Basis of consolidation (cont'd.)

2.4.5 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.

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

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 2.20 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.

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

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

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

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. For the current financial year ended 31 December 2022, the estimated residual value for aircraft airframes and engines excluding service potential is 10% of their cost (2021: 10% of their cost).

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

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

2.6 Intangible assets

2.6.1 Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in profit or loss.

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at operating segment level.

The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.6.2 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.

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

2.6 Intangible assets (cont'd.)

2.6.2 Other intangible assets (cont'd.)

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.

(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.

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

2.6 Intangible assets (cont'd.)

2.6.2 Other intangible assets (cont'd.)

(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.

2.7 Investments in subsidiaries, joint venture and associates

In the Company’s separate financial statements, investments in subsidiaries is stated at cost less accumulated impairment losses.

Amounts due from associates of which the Company does not expect repayment in the foreseeable future are treated as part of the parent's net investment in associates. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount (see Note 2.8). On disposal of investments in subsidiaries, joint venture and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

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.

2. Summary of significant accounting policies (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 includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. 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

2. Summary of significant accounting policies (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.

2. Summary of significant accounting policies (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.

2. Summary of significant accounting policies (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.

Sale and leaseback transactions

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

- Derecognise the underlying asset; and

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

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

2. Summary of significant accounting policies (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 Classification

The Group and the Company classify their financial assets in the following categories; fair value through profit or loss, fair value through other comprehensive income and amortised cost.

Financial assets at fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described below are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument (see Note 2.15). On initial recognition, the Group and the Company may irrevocably designate a financial asset which may otherwise have met requirements of amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are equity securities which are not held for trading but more for strategic investments or debt securities where contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets. The classification as financial assets at fair value through other comprehensive income is an irrevocable election made on initial recognition.

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

2.12 Financial assets (cont'd.)

2.12.1 Classification (cont'd.)

The Group and the Company classify their financial assets in the following categories; fair value through profit or loss, fair value through other comprehensive income and amortised cost. (cont'd.)

Amortised costs

Financial assets classified as amortised costs are assets with contractual cash flows and contractual terms to give rise to the cashflows that are solely payments of principal and interest on principal outstanding. They were included in current assets, except for maturities greater than 12 months after the end of the reporting period. These were classified as non-current assets. The Group's financial assets at amortised costs comprise 'receivables', 'amounts due from associates and related parties', 'deposits on aircraft purchase' and 'deposits, cash and bank balances' in the statements of financial position.

2.12.2 Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company become a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

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

2.12 Financial assets (cont'd.)

2.12.3 Subsequent measurement - gains and losses

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets.

(i) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised costs using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(ii) Fair value through other comprehensive income

(a) Debt instruments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt instruments, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The debt instrument is not designated as at fair value through profit or loss. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

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

2.12 Financial assets (cont'd.)

2.12.3 Subsequent measurement - gains and losses (cont'd.)

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets. (cont'd.)

(ii) Fair value through other comprehensive income (cont'd.)

(b) Equity investment

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment by investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(iii) Fair value through profit or loss

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains and losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (Note 2.12.4).

2.12.4 Subsequent measurement - impairment of financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

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

2.12 Financial assets (cont'd.)

2.12.4 Subsequent measurement - impairment of financial assets (cont'd.)

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balances and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12 month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12 month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

2.12 Financial assets (cont'd.)

2.12.4 Subsequent measurement - impairment of financial assets (cont'd.)

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

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.

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

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.

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.

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

2.15 Derivatives and hedge accounting (cont'd.)

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 20. 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 gains on derivatives’ (Note 8(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 gains 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. Summary of significant accounting policies (cont'd.)

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.

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 Share capital

2.18.1 Classification

Ordinary shares with discretionary dividends are classified as equity.

2.18.2 Share issue costs

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

2.18.3 Dividends distribution

Distributions to holders of an equity instrument is debited directly to equity, net of any related income tax benefit and the corresponding liability is recognised in the period in which the dividends are approved.

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

2.19 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.

2.20 Borrowings and borrowing costs

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

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

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

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

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

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

2.20 Borrowings and borrowing costs (cont'd.)

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

2.21 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.

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.

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

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

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.

2.22 Employee benefits

2.22.1 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.

2.22.2 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.

2.22.3 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.

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

2.22 Employee benefits (cont'd.)

2.22.3 Defined benefit plan (cont'd.)

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
- Net interest expense or income

2.22.4 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.

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

2.23 Revenue and other income (cont'd.)

An entity transfers control of a good or service over time and, therefore satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;

(b) The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time in accordance with MFRS 15, an entity satisfies the performance at a point in time.

2.23.1 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 the initial application of MFRS 15. Passenger revenue is recorded when the air transportation service is provided (i.e. recognised at a point in time).

2.23.2 Aircraft operating leases

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

2.23.3 Freight services

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

2.23.4 Rental income and brand license

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

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

2.23 Revenue and other income (cont'd.)

2.23.5 Interest income

Interest income is recognised using the effective interest method.

2.23.6 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.

2.24 Foreign currencies

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

2.24 Foreign currencies (cont'd.)

2.24.2 Transactions and balances

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

Foreign exchange gains and losses arising from operations, borrowings (after effects of effective hedges) and amount due from associates and joint ventures are presented in aggregate after net operating profit in the income statements.

Changes in the fair value of monetary securities denominated in foreign currency classified as investment securities are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as investment securities, are included in other comprehensive income.

2.24.3 Group companies

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

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

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

- all resulting exchange differences are recognised as a separate component of other comprehensive income.

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

2.24 Foreign currencies (cont'd.)

2.24.3 Group companies (cont'd.)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group’s entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences relating to that foreign operation recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss as part of the gain or loss on disposal. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group’s ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.25 Trade payables

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

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

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

2.26 Contingent assets and liabilities

The Group does not recognise contingent assets and liabilities other than those arising from business combinations, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts. A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

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

Subsequent to the initial recognition, the Group measures the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with the provisions of MFRS 137 ‘Provisions, Contingent Liabilities and Contingent Assets’ and the amount initially recognised less, when appropriate, cumulative amortisation recognised.

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

2.27 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.

2.28 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.

2.29 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 Group classifies all other liabilities as non-current.

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

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

2.30 Fair value measurement

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

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

(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 observable
(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.

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 29.

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.

Key assumptions and estimates concerning the future used to estimate the future taxable profits have considered the effects of the COVID-19 pandemic as disclosed in Note 41.

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.

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 16.

Key assumptions and estimates concerning the future used to compute the value in use of assets have considered the effects of the COVID-19 pandemic as disclosed in Note 41.

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.

Key assumptions and estimates concerning the future used to compute the value in use of assets have considered the effects of the COVID-19 pandemic as disclosed in Note 41.

4. Revenue and other income

(a) Revenue

	Group 2022 RM'000	Group 2021 RM'000 Restated*	Company 2022 RM'000	Company 2021 RM'000
Aviation				
- passenger seat sales	4,662,953	655,823	-	-
- other passenger revenue	897,198	252,840	-	-
- other aviation revenue	4,516	2,145	-	-
Logistics and freight services ("Teleport")	469,067	551,231	-	-
Online travel and e-commerce platform ("airasia Super App")	238,577	123,664	-	-
Financial and other related services ("BigPay")	31,975	21,615	-	-
Others	132,782	75,578	-	-
	6,437,068	1,682,896	-	-

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.

*Amounts generated from aircraft operating lease has been reclassified to other income to match current year classifications. Further information has been disclosed in Note 45.

Revenue by reportable geographical segment is as follows:

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Malaysia	4,077,726	840,132	-	-
Philippines	835,522	195,957	-	-
Indonesia	1,172,428	212,333	-	-
Others	351,392	434,474	-	-
	6,437,068	1,682,896	-	-

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

(b) Other income

	Group		Company	
	2022 RM'000	2021 RM'000 Restated*	2022 RM'000	2021 RM'000
Gain on disposal of property, plant and equipment	7,339	32,921	-	-
Fees charged to related parties providing commercial air transport services	9,568	-	-	-
Aircraft operating lease income				
- Thai AirAsia Co. Ltd	24,109	124,989		
- Third-parties	39,523	28,301		
Others	73,725	78,783	976	92
	154,264	264,994	976	92

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

*Amounts generated from aircraft operating lease has been reclassified to other income to match current year classifications. Further information has been disclosed in Note 45.

5. Staff costs and directors' remuneration

(a) Staff costs

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Salaries, bonus, allowances and other employee benefits	1,108,200	723,878	23,699	31,998
Defined contribution retirement plan	100,915	59,520	2,595	3,811
Defined benefit plan	9,894	6,272	-	-
Share based payments	10,646	5,968	221	38
	1,229,655	795,638	26,515	35,847

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

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

(b) Directors' remuneration

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Executive Directors				
- salaries, bonus, allowances and other employee benefits	14,679	29,124	14,679	29,124
- defined contribution plan	1,761	3,495	1,761	3,495
	16,440	32,619	16,440	32,619
Non-Executive Directors				
- fees	1,819	967	1,819	700
	18,259	33,586	18,259	33,319

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

	Executive 2022	Executive 2021	Non-executive 2022	Non-executive 2021
Range of remuneration (RM)				
0 to 50,000	-	-	-	-
150,001 to 200,000	-	-	-	1
200,001 to 250,000	-	-	-	1
250,001 to 300,000	-	-	-	2
301,000 to 350,000	-	-	1	-
400,001 to 450,000	-	-	-	-
450,001 to 500,000	-	-	2	-
500,001 to 550,000	-	-	1	-
4,950,001 to 5,000,000	-	-	-	-
5,400,001 to 5,450,000	-	-	-	-
5,500,001 to 15,550,000	2	-	-	-
15,550,001 to 15,600,000	-	-	-	-
15,700,001 to 15,750,000	-	1	-	-
15,850,001 to 15,900,000	-	-	-	-
16,850,001 to 16,900,000	-	1	-	-
18,950,001 to 19,000,000	-	-	-	-
19,350,001 to 19,400,000	-	-	-	-

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 the Company.

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Salaries, bonus, allowances and other employee benefits	21,398	34,376	21,398	29,124
Defined contribution plan	2,144	4,036	2,144	3,495
	23,542	38,412	23,542	32,619

Included in the key management compensation is Executive Directors' remuneration for the financial year 2022 (2021: 2 Executive Directors') which is 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Impairment losses on:				
- Intangible assets (Note 16)	82,720	5,094	-	-
- Trade and other receivables (Note 18)	83,654	3,081	-	-
- Amount due from associates (Note 23)	-	15	-	-
- Amount due from related parties (Note 24)	-	14,293	-	637
- Finance lease receivables (Note 29)	-	2,856	-	-
Reversal of impairment of:				
- Amount due from associates (Note 23)	-	(4,898)	-	(269)
- Finance lease receivables (Note 29)	(98,923)	-	-	-
- Property, plant and equipment (Note 11)	(17,185)	-	-	-
- Right-of-use assets (Note 29)	(552,290)	-	-	-
Fair value changes in investment in securities (Note 15)	37,624	-	-	-
Rental of buildings	26,994	10,914	79	-
Intangible assets				
- Amortisation expense (Note 16)	7,618	975	-	-
Auditors' remuneration				
- audit fees	3,241	2,648	317	200
- non-audit fees	-	90	-	-
Rental of equipment	928	278	2	-
Advertising costs	68,294	15,928	5	133

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. In the previous financial year, the Group suffered fuel swap losses of RM30 million.

(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.

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

(a) Finance income

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest income from:				
- deposits, cash and bank balances with licensed banks	2,053	1,169	66	24
- amounts due from associates	9,074	12,851	-	-
- finance lease receivables	18,064	16,143	-	-
- amounts due from subsidiaries	-	-	83,942	
Impact of discounting				-
effect on financial instruments	10,434	4,760	-	-
Others	680	391	388	16
	40,305	35,314	84,396	40

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

(b) Finance costs

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest expense				
- bank borrowings	(210,224)	(101,584)	-	-
- lease liabilities	(705,152)	(500,044)	-	-
- provision of retirement benefits	(4,809)	(5,350)		
Impact of discounting effect on financial instruments	-	(70,101)	-	-
RCUIDS profit payment	(61,879)	-	(61,879)	-
Others	(22,858)	(2,728)	(2)	(1)
	(1,004,922)	(679,807)	(61,881)	(1)

(c) Foreign exchange (losses)/gains

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Realised	(99,544)	(21,088)	(23,673)	1,998
Unrealised	(545,316)	(49,996)	56,783	(7,184)
	(644,860)	(71,084)	33,110	(5,186)

(d) Net fair value gains on derivatives

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Fair value gain from interest rate hedging contracts	-	31,377	-	-
Gain on termination of hedging contracts	45,021	-	-	-

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

(d) Net fair value gains on derivatives (cont'd.)

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current taxation				
- Malaysian tax	12,224	4,143	-	(150)
- foreign tax	3,351	831	-	-
Deferred taxation (Note 17)	(15,064)	140,765	-	-
	511	145,739	-	(150)
Current taxation				
- current financial year	13,751	1,884	-	-
- underprovision of income tax in respect of previous years	1,824	3,090	-	(150)
	15,575	4,974	-	(150)
Deferred taxation				
- origination and reversal of temporary differences	(7,369)	97,007	-	-
- (over)/underprovision of deferred tax in respect of previous years	(7,695)	43,758	-	-
	(15,064)	140,765	-	-
	511	145,739	-	(150)

9. Taxation (cont'd.)

The explanation of the relationship between taxation and loss before taxation is as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Loss/(profit) before taxation	(3,303,658)	(3,575,036)	1,991	(63,848)
Tax calculated at Malaysian tax rate of 24% (2021: 24%)	(792,878)	(858,009)	478	(15,324)
Tax effects of:				
- expenses not deductible for tax purposes	853,321	327,107	-	16,197
- income not subject to tax	(30,423)	(8,706)	(478)	(873)
- associates' results reported net of tax	(82,736)	(10,746)	-	-
- joint venture's result reported net of tax	(158)	(109)	-	-
- under/(over)provision of income tax in respect of previous years	1,824	3,090	-	(150)
- deferred tax assets not recognised	59,256	649,354	-	-
- (over)/underprovision of deferred tax in respect of previous years	(7,695)	43,758	-	-
Taxation	511	145,739	-	(150)

10. Loss per share

Basic loss per share

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

	Group	
	2022	2021
Net loss for the financial year attributable to owners of the Company (RM'000)	(2,626,381)	(2,991,075)
Weighted average number of ordinary shares in issue ('000)	4,053,123	3,785,670
Basic loss per share (sen)	(64.8)	(79.0)

Diluted loss per share

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.

11. Property, plant and equipment

	At 1 January 2022 RM'000	Additions RM'000	Disposals RM'000	Write off RM'000	Reclassi-fication RM'000	De-preciation charge RM'000	Reversal of Impairment loss RM'000 (Note 6(a))	Exchange differences RM'000	At 31 December 2022 RM'000
Group									
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
	933,474	89,333	(426)	(140)	-	(132,042)	17,185	(24,491)	882,893

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

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
	1,832,043	(897,725)	(51,425)	882,893

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

Group (cont'd.)	At 1 January 2021 RM'000	Additions[2] RM'000	Acquisition of subsidiaries RM'000	Disposals RM'000	Write off RM'000	Reclassi-fication[1] RM'000	De-preciation charge RM'000	Exchange differences RM'000	At 31 December 2021 RM'000
Carrying amount									
Aircraft engines, airframes and service potential	244,887	13,750	-	(33,331)	-	-	(33,473)	22,742	214,575
Aircraft spares	173,195	7,824	-	(2)	-	-	(38,094)	4,109	147,032
Aircraft fixtures and fittings	45,802	121	-	(8,689)	-	-	(16,425)	(13,778)	7,031
Freehold land	50,659	-	-	-	-	-	-	(1,227)	49,432
Buildings	300,563	2,450	-	(1,633)	-	39	(11,674)	(178)	289,567
Motor vehicles	7,883	851	-	(95)	-	-	(2,997)	(384)	5,258
Office equipment, furniture and fittings	76,129	16,618	1,107	(883)	(66)	-	(45,750)	(425)	46,730
Office renovation	22,505	865	1,326	(3,341)	(228)	-	(9,896)	2,716	13,947
Simulator equipment	264	-	-	-	-	-	(39)	-	225
Operating plant and ground equipment	15,751	5,296	-	(314)	-	-	(5,875)	(2,504)	12,354
In-flight equipment	1,260	-	-	-	-	-	(462)	-	798
Training equipment	1	-	-	-	-	-	-	-	1
Work in progress[1]	146,740	29	-	-	(19)	(39)	-	(187)	146,524
	1,085,639	47,804	2,433	(48,288)	(313)	-	(164,685)	10,884	933,474

[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.

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 2021				
Aircraft engines, airframes and service potential	436,708	(213,301)	(8,832)	214,575
Aircraft spares	292,831	(119,474)	(26,325)	147,032
Aircraft fixtures and fittings	145,989	(130,445)	(8,513)	7,031
Freehold land	49,432	-	-	49,432
Buildings	332,142	(42,575)	-	289,567
Motor vehicles	25,533	(20,275)	-	5,258
Office equipment, furniture and fittings	280,850	(209,180)	(24,940)	46,730
Office renovation	67,099	(53,152)	-	13,947
Simulator equipment	323	(98)	-	225
Operating plant and ground equipment	39,996	(27,642)	-	12,354
In-flight equipment	5,082	(4,284)	-	798
Training equipment	5,210	(5,209)	-	1
Work in progress	146,524	-	-	146,524
	1,827,719	(825,635)	(68,610)	933,474

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

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

	Group	
	2022 RM'000	2021 RM'000
Aircraft pledged as security for borrowings	4,420	97,524
Freehold land and building pledged as security for borrowings	137,462	145,905
Total property, plant and equipment pledged as security for borrowings	141,882	243,429

The beneficial ownership and operational control of aircraft pledged as security for borrowings rests 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 in subsidiaries

	Company	
	2022 RM'000	2021 RM'000
Unquoted investments, at cost		
At 1 January	8,544,641	8,295,541
Additions during the year (a)	8,000	243,094
Derecognition	(4,410)	-
Deemed investment (b)	9,814	6,006
At 31 December	8,558,045	8,544,641

As at 31 December 2022, shares in subsidiaries with a carrying amount of RM9.9 million are pledged as a security for borrowings secured.

Additional investments during the financial year ended 31 December 2022

(a) During the 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.

(b) The Company issued ESOS as disclosed in Note 32 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.

12. Investment in subsidiaries (cont'd.)

Additional investments in prior year

(a) In the previous year, the Company acquired Santan Restaurant Sdn Bhd ("STR") from Santan Food Sdn Bhd ("STF") for a total consideration amounting to RM322,000 in exchange for 3,000,002 ordinary shares of RM1 per share.

(b) In the previous financial year, the Company capitalised RM242.8 million due from Asia Digital Engineering Sdn Bhd ("ADE") in return for 242.8 million ordinary shares of RM1 per share issued by ADE to the Company.

(c) In the previous financial year, the Company incorporated AirAsia Consulting Sdn Bhd ("ACS") with 1 ordinary share of RM1 per share.

(d) In the previous financial year, the Company incorporated AirAsia Data Holdings Inc ("ADH") with 2 ordinary shares at USD100 (equivalent to RM418) per share.

Disposal of investments during the financial year ended 31 December 2022

(a) During the year, the Company disposed AirAsia (Guangzhou) Aviation Services Limited Company ("AGZ") to AAAGL for a total consideration amounting to RM4,410,000 in exchange for 1,000 ordinary shares of RM1 per share.

(b) During the year, the Company disposed AirAsia Consulting Sdn Bhd ("ACS") to AAAGL for a total consideration amounting to RM2 in exchange for 1 ordinary share of RM1 per share.

(c) During the financial year, the Company disposed 100 shares in AirAsia Europe Limited to AAAGL, a subsidiary of the Company for a total consideration amounting to Great Britain Pounds ("GBP") 100 in exchange for 1 ordinary share of GBP1 per share.

(d) On 11 January 2022, AAAGL, a subsidiary of the Company disposed of 320,625,000 shares of PT AirAsia Indonesia TBK ("AAID") at IDR 3,526,875,000 (equivalent to RM1 million), which is equivalent 3% of total share capital of AAID. The consideration for the sale was partly received in cash of IDR 455,287,500 (equivalent to RM0.1 million) with the remainder as a receivable.

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Group's effective equity interest 2022 %	2021 %	Principal activities
Directly held by the Company				
AirAsia Berhad ("AAB")	Malaysia	100	100	Commercial air transport services

12. Investment in subsidiaries (cont'd.)

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Group's effective equity interest 2022 %	Group's effective equity interest 2021 %	Principal activities
Directly held by the Company (cont'd.)				
AirAsia Digital Sdn Bhd ("AAD")	Malaysia	100	100	Investment holding
AirAsia SEA Ltd[+]	Thailand	100	100	Management services
AAAGL	Malaysia	100	100	Investment holding
AGZ	China	-*	100	Aviation and commercial services
ADE	Malaysia	100	100	Providing engineering services
ACS	Malaysia	-*	100	Providing consulting services
ADH	British Virgin Islands	100	100	Investment holding
STR	Malaysia	100	100	Food and beverages
AirAsia Europe Ltd (formerly known as Santan Restaurant Ltd)	United Kingdom	-*	100	Food and beverages
AASEA	Malaysia	100*	-	Provision of shared services and outsourcing for its affiiliates

12. Investment in subsidiaries (cont'd.)

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Group's effective equity interest 2022 %	2021 %	Principal activities
Held by AAB				
AirAsia Aviation Management Sdn Bhd (formerly known as AirAsia Go Holiday Sdn Bhd ("AGH")	Malaysia	100	100	Tour operating business
AirAsia (Mauritius) Limited[f]	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 providers
AirAsia Drone Sdn Bhd	Malaysia	100	100	Providing training and drone services
AASEA	Malaysia	-*	100	Provision of shared services and outsourcing for its affiliates
Asia Aviation Capital Limited ("AAC")	Malaysia	100	100	Providing aircraft leasing facilities
MadCience Consulting Sdn Bhd	Malaysia	-	100	Liquidated on 29 June 2022
AirAsia Technology Centre India Private Limited ("AATCIPL")	India	-*	100	Consultancy and services in the areas of information, technology design, development and implementation

12. Investment in subsidiaries (cont'd.)

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Group's effective equity interest 2022 %	2021 %	Principal activities
Held by AAD				
Big Pay Pte Ltd ("BPPL")+	Singapore	99.56	99.56	Investment holding
RedTix Sdn Bhd ("RedTix")f	Malaysia	75	75	Event ticketing business
RedBeat Ventures Inc	United States	100	100	Dormant
RedBeat Capital 1, LLC	United States	100	100	Dormant
Teleport Everywhere Pte Ltd ("TES")	Singapore	92.66	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	100	Providing training
Red Aviation Services Sdn Bhd (formerly known as BigPay Holdings Sdn Bhd)	Malaysia	100	100	Investment holding

12. Investment in subsidiaries (cont'd.)

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Group's effective equity interest 2022 %	2021 %	Principal activities
Held by AAD (cont'd.)				
Brand AA Sdn Bhd (formerly known as AAD Data Sdn Bhd)	Malaysia	-*	100	Brand management
AirAsia SuperApp Sdn Bhd	Malaysia	96.19	96.19	Investment holding
Ikhlas Com Travel Sdn Bhd	Malaysia	60	60	Trading of muslim-centric products and services
Held by AAGL				
AirAsia Inc ("PAA")[f]	Philippines	40	40	Commercial air transport services
AAID[+] ^	Indonesia	46.25	49.30	Investment holding
AGZ	China	100*	-	Aviation and commercial services
ACS	Malaysia	100*	-	Providing consulting services
AirAsia Europe Ltd (formerly known as Santan Restaurant Ltd)	United Kingdom	100*	-	Food and beverages

12. Investment in subsidiaries (cont'd.)

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Group's effective equity interest 2022 %	2021 %	Principal activities
Held by PAA				
Philippines AirAsia Inc ("PAAI")[f]	Philippines	39.50	39.50	Commercial air transport services
Asiawide Airways Inc[f]	Philippines	40	40	Dormant
Held by AAID				
PT Indonesia AirAsia ("IAA")[+]	Indonesia	47.43	49.10	Commercial air transport services
Held by IAA				
PT Garda Tawang Reksa Indonesia ("GTRI")[f]	Indonesia	31.80	32.90	Provision of airport related 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

12. Investment in subsidiaries (cont'd.)

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Group's effective equity interest 2022 %	2021 %	Principal activities
Held by SuperApp (cont'd.)				
Velox Technology (Thailand) Company Limited ("Velox")+	Thailand	96.19	96.19	Provision of mobile application services
AATCIPL	India	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*	-	Brand management
AirAsia SuperApp LLC	Korea	96.19	-	Provision of tourism information
Held by STF				
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	100	Providing supporting services to air transport

12. Investment in subsidiaries (cont'd.)

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Group's effective equity interest 2022 %	2021 %	Principal activities
Held by AACPL (cont'd.)				
AAC3 Pte Ltd ("AAC3")+	Singapore	100	100	Dormant
AAC4 Pte Ltd ("AAC4")+	Singapore	100	100	Dormant
Held by AACIL				
Clifden Aviation 1 Limited ("CA1")	Ireland	100	100	Process of dissolution
Clifden Aviation 2 Limited ("CA2")	Ireland	100	100	Process of dissolution
Clifden Aviation 3 Limited ("CA3")	Ireland	100	100	Process of dissolution
Clifden Aviation 4 Limited ("CA4")	Ireland	100	100	Process of dissolution
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

12. Investment in subsidiaries (cont'd.)

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Group's effective equity interest 2022 %	2021 %	Principal activities
Held by BIG (cont'd.)				
BIGLIFE Loyalty India Pvt Ltd	India	96.19	96.19	Marketing and distribution of loyalty programme
BIGLIFE Guangzhou Co Ltd[f]	China	96.19	96.19	Marketing and distribution of loyalty programme
BIGLIFE Philippines Inc[f]	Philippines	96.19	96.19	Marketing and distribution of loyalty programme
BIGLIFE Digital Sdn Bhd	Malaysia	96.19	96.19	Dormant
BIGLIFE Japan Co., Ltd[f]	Japan	-	96.19	Marketing and distribution of loyalty programme
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 and other related services
BigPay (Thailand) Ltd[+]	Thailand	99.56	99.56	Provision of financial and other related services

12. Investment in subsidiaries (cont'd.)

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Group's effective equity interest 2022 %	2021 %	Principal activities
Held by BPPL (cont'd.)				
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
Held by Redtix				
Rokki Media Holdings Sdn Bhd	Malaysia	75	75	Dormant
Held by TES				
Teleport Commerce Malaysia Sdn Bhd ("TCM")	Malaysia	92.66	92.66	Logistics business
Teleport Commerce In Private Limited	India	62.08	62.08	Logistics business
PT Teleportasi Bisnis Indonesia	Indonesia	62.08	62.08	Logistics business
Freightchains Technologies Pte Ltd+	Singapore	83.39	74.13	Research and development arm of TCM
Delivereat Sdn Bhd ("DeliverEat")	Malaysia	92.66	92.66	Online food ordering and delivery services
Teleport Holdings Sdn Bhd	Malaysia	92.66	92.66	Investment management, cargo, logistics and delivery services

12. Investment in subsidiaries (cont'd.)

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Group's effective equity interest 2022 %	2021 %	Principal activities
Held by TCM				
Teleport Platform Sdn Bhd ("TPSB")	Malaysia	92.66	92.66	Facilitation of logistics and payment services for cross border e-commerce
Held by TPSB				
Teleport Platforms Pte Ltd+	Singapore	92.66	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 SuperApp Indonesia (formerly known as 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
AirAsia Ride Pte Ltd (formerly known as AirAsia Com (Singapore) Pte Ltd)	Singapore	96.19	96.19	Tour and travel services

12. Investment in subsidiaries (cont'd.)

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Group's effective equity interest 2022 %	2021 %	Principal activities
Held by AA.Com (cont'd.)				
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
AirAsia Com (Vietnam) Company Ltd	Vietnam	96.19	-	Tour and travel services
AirAsia SuperApp Taiwan Ltd	Taiwan	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

+ Audited by a member of Ernst & Young Global.
f Audited by a firm other than Ernst & Young.
^ Listed on the Indonesia Stock Exchange.
* Transferred within the Group.

12. Investment in subsidiaries (cont'd.)

Incorporation of subsidiaries

During the financial year, the Group incorporated the following subsidiaries with a total paid up ordinary share capital of RM873,705:

	2022 RM
AirAsia Com (Vietnam) Company Ltd	403,420
AirAsia SuperApp LLC	324,840
AirAsia Superapp Taiwan Limited	145,445
	873,705

In the prior year, the Group incorporated the following subsidiaries for a total paid up ordinary share capital of RM600,839:

	2021 RM
AirAsia Consulting Sdn Bhd	1
AirAsia Data Holdings Inc	834
AAD Data Sdn Bhd	2
AirAsia Ride Sdn Bhd	100,000
BPB Technologies Sdn Bhd	1
BigPay Capital Sdn Bhd	500,000
Teleport Holdings Sdn Bhd	1
	600,839

Acquisition of subsidiaries in prior financial year

(a) On 7 July 2021, the Company announced that its subsidiaries, SuperApp and AAD will acquire 100% equity interest in Velox and Velox Fintech Co. Ltd for a purchase consideration of USD40 million (equivalent to RM167 million) and USD10 million (equivalent to RM42 million) respectively. The above shall be satisfied by issuance of 3.81% and 0.95% respectively of shares in SuperApp. On 27 July 2021, the acquisition of Velox had been completed. The acquisition resulted in a goodwill of RM160.7 million and subsequently an amount of RM51.0 million was impaired in the current financial year.

On 7 October 2021, AAD terminated the proposed acquisition of Velox Fintech Co. Ltd.

(b) On 18 August 2021, TES, a subsidiary of AAD signed an agreement to acquire 100% of the equity interest in DeliverEat, a local Malaysia food delivery platform, valued at RM40.9 million. The said acquisition was completed on 4 November 2021. A goodwill of RM31.7 million was recognised and subsequently was fully impaired in current financial year.

12. Investment in subsidiaries (cont'd.)

Acquisition of subsidiaries in prior financial year (cont'd.)

Details of the assets, liabilities and net cashflow arising from the acquisitions are as follows:

	Fair value recognised on acquisition RM'000	Carrying amount RM'000
Assets		
Property, plant and equipment (Note 11)	2,433	2,433
Intangible assets (Note 16)	5,714	5,714
Cash and bank balances	27,154	27,154
Receivables and prepayments	8,823	8,823
Total assets	44,124	44,124
Liabilities		
Payables	4,196	4,196
Sales in advance	31	31
	4,227	4,227
Fair value of net identifiable assets		39,897
Goodwill on acquisition (Note 16)		191,207
Purchase consideration transferred		231,104

	Group RM'000
Purchase consideration	
Shares of subsidiaries issued, at fair value	181,352
Cash paid	49,752
Total consideration	231,104
Analysis of cash flows on acquisition	
Net cash acquired with the subsidiaries	27,154
Cash paid	(49,752)
Net cash flow on acquisition	(22,598)

Accretion of additional interest in a subsidiary in prior financial year

On 21 June 2021, the Company acquired the remaining 20% equity interest in BIG from Aimia Holdings UK II Limited for RM103 million (approximately USD25 million) satisfied by the issuance of 85,864,583 ordinary shares in the Company allotted at an issue price of RM1.20 per share. Following the acquisition, BIG became a wholly owned subsidiary of the Group. The effect of the acquisition is reflected in the statement of changes in equity.

12. Investment in subsidiaries (cont'd.)

Accretion of additional interest in a subsidiary in prior financial year (cont'd.)

	Group RM'000
Non-controlling interest measured at cost	5,653
Purchase consideration satisfied via issuance of shares of the Company	103,038
Loss on accretion of interest in a subsidiary recognised statement of changes in equity	108,691

Dilution of interest in subsidiaries in prior financial year

(a) On 26 July 2021, the Company alloted additional shares of 1,200,000 to Ikhlas Kamarudin as partial settlement of its investment in mobile applications and website development costs in Ikhlas Com Travel Sdn Bhd of RM1.2 million. Arising from the allotment of shares, the Company diluted its shareholding from 100% to 60%. The effect of the dilution of RM1.2 million is as disclosed in the statement of changes in equity.

(b) Pursuant to the Group's acquisition of Velox in the previous financial year, the Group's interest in the SuperApp diluted from 100% to 96% and the financial effects of this transaction amounting to RM145 million is credit to the accumulated losses as diclosed in the consolidated statement of changes in equity.

The effect of dilution of interest in these subsidiaries is disclosed in the statement of changes in equity.

<u>Material partly-owned subsidiaries</u>

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	Group's effective equity interest 2022 %	2021 %
PT Indonesia AirAsia ("IAA")	Indonesia	47.43	49.10
Philippines Airasia Inc. ("PAA")	Philippines	40.00	40.00

12. Investment in subsidiaries (cont'd.)

Material partly-owned subsidiaries (cont'd.)

	Group 2022 RM'000	Group 2021 RM'000
Accumulated balances of material non-controlling interests:		
IAA	(1,384,050)	(1,127,516)
PAA	(2,226,942)	(1,877,223)
Other individually immaterial subsidiaries	(180,873)	(35,864)
	(3,791,865)	(3,040,603)

	Group 2022 RM'000	Group 2021 RM'000
Loss allocated to material non-controlling interests:		
IAA	(256,534)	(344,971)
PAA	(349,719)	(328,360)
Other individually immaterial subsidiaries	(71,535)	(56,369)
	(677,788)	(729,700)

	Group 2022 RM'000	Group 2021 RM'000
Total comprehensive loss attributable to NCI income for the financial year		
IAA	(256,534)	(346,101)
PAA	(349,719)	(338,723)
Other individually immaterial subsidiaries	(71,535)	(28,124)
	(677,788)	(712,948)

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

12. Investment in subsidiaries (cont'd.)

Material partly-owned subsidiaries (cont'd.)

Summarised income statements as at 31 December are as follows:

	2022		2021	
	IAA	PAA	IAA	PAA
	RM'000	RM'000	RM'000	RM'000
Revenue	1,138,141	827,520	181,476	176,024
Depreciation and amortisation	(188,126)	(191,038)	(294,173)	(245,893)
Interest income	230	6	34	9
Interest expense	(97,235)	(89,848)	(76,129)	(51,318)
Loss before taxation	(487,986)	(582,865)	(559,884)	(547,267)
Tax expense	-	-	(117,859)	-
Net loss for the financial year	(487,986)	(582,865)	(677,743)	(547,267)
Other comprehensive loss	-	-	(2,219)	(17,272)
Total comprehensive loss	(487,986)	(582,865)	(679,962)	(564,539)
Attributable to non-controlling interests	(256,534)	(349,719)	(346,101)	(338,723)

	2022		2021	
	IAA	PAA	IAA	PAA
	RM'000	RM'000	RM'000	RM'000
Non-current assets	1,409,615	709,801	1,458,047	721,811
Current assets	116,294	357,235	48,434	217,288
Non-current liabilities	(1,992,676)	(1,021,560)	(1,097,859)	(706,530)
Current liabilities	(1,458,377)	(3,100,251)	(1,931,484)	(2,805,644)
Net liabilities	(1,925,144)	(3,054,775)	(1,522,862)	(2,573,075)

	2022		2021	
	IAA	PAA	IAA	PAA
	RM'000	RM'000	RM'000	RM'000
Operating	142,011	190,370	9,186	504,576
Investing	(5,971)	198,369	(2,777)	(11,044)
Financing	(131,256)	(164,861)	(4,503)	(418,022)
Net increase cash and cash equivalents	4,784	223,878	1,906	75,510

13. Investment in a joint venture

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unquoted investments, at cost	2,025	2,025	-	-
Share of post-acquisition loss	(1,805)	(1,147)	-	-
	220	878	-	-

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 2022 %	Group's effective equity interest 2021 %	Principal activities
Held by AA.Com				
RedRecords Sdn Bhd[f]	Malaysia	50	50	Music-based entertain-ment

[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.

14. Investment in associates

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Quoted investment				
Additions during the financial year	174,597	-	-	-
Reclass from prepayment	585,264	-	-	-
Reclass from unquoted investment	106,929	-	-	-
	866,790	-	-	-
Unquoted investments				
As at 1 January	1,087,889	1,087,889	-	-
Reclassified to quoted investment	(106,929)	-	-	-
Additions during the financial year	2,683	-	-	-
	983,643	1,087,889	-	-
Total investments	1,850,433	1,087,889	-	-
Share of post-acquisition loss	(866,849)	(522,114)	-	-
Share of post-acquisition reserves	-	(68,499)	-	-
Impairment losses	(59,272)	(59,272)	-	-
As at 31 December	924,312	438,004	-	-

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 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.

Acquisition of associate during the financial year ended 31 December 2022

(a) As part of restructuring plan for AirAsia 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.

14. Investment in associates (cont'd.)

Acquisition of associate during the financial year ended 31 December 2022 (cont'd.)

(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 2022 %	2021 %	Principal activities
Held by AAB				
AirAsia Philippines Inc	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
Thai AirAsia Co. Ltd ("TAA")[+]	Thailand	-	45	Commercial air transport services
AirAsia Japan Co., Ltd ("AAJ")[+^]	Japan	66.9[#]	66.9[#]	Under bankruptcy
Held by GTRH				
Ground Team Red Sdn Bhd ("GTR")[f]	Malaysia	49	49	Ground handling services

14. 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 2022 %	2021 %	Principal activities
Held by GTRH (cont'd.)				
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	45.4	Logistics business
Teleport Commerce Philippines, Inc	Philippines	37.1	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.

^ These investees are deemed to be the associates of the Group as the Group has significant influence and not control over the relevant activities.

Equity interest of 66.91% comprise both voting and non-voting shares in AAJ. AAAGL holds 33% of the voting shares and 67% of the non-voting shares.

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

14. 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.

14. Investment in associates (cont'd.)

Summarised statements of financial position

Summarised financial information for associates (cont'd.)

	GTRH		AAV		TAA	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current assets	836,063	875,951	7,585,964	-	-	5,315,013
Current assets	3	3	668,179	-	-	377,676
Non-current liabilities	-	-	(4,445,470)	-	-	(4,564,294)
Current liabilities	(1,267)	(1,228)	(2,793,657)	-	-	(2,498,761)

Summarised statements of comprehensive income

	GTRH		AAV		TAA	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	-	-	2,300,406	-	-	563,845
Net loss for the financial year	(39,927)	(88,280)	(1,033,111)	-	-	(1,474,275)
Other comprehensive income	-	-	29,694	-	-	53,342
Total comprehensive loss	(39,927)	(88,280)	(1,003,417)	-	-	(1,420,933)

14. Investment in associates (cont'd.)

Reconciliations of summarised financial information:

	GTRH		AAV		TAA	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Opening net assets at 1 January	874,726	1,081,550	2,105,114	-	-	-
Impairment loss	-	(118,544)	-	-	-	-
Loss for the financial year	(39,927)	(88,280)	(1,033,111)	-	-	(1,474,275)
Other comprehensive income	-	-	29,694	-	-	53,342
Foreign exchange differences	(4)	-	27,667	-	-	-
Issuance of new shares	-	-	382,812	-	-	-
Decrease of non controlling interest	-	-	(497,163)	-	-	-
Cumulative share of unrecognised losses	-	-	-	-	-	1,420,933
Closing net assets at 31 December	834,795	874,726	1,015,013	-	-	-

	GTRH		AAV		TAA	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Group's interest in associates	50%	50%	43%	43%	45%	45%
Interest in associates	417,397	437,363	436,456	-	-	-
Carrying value at 31 December	417,397	437,363	436,456	-	-	-

14. 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	
	2022	**2021**
	RM'000	**RM'000**
Aggregate carrying amount of individually immaterial associates	1,822	641
Total comprehensive loss	(1,502)	(634)

15. Investment securities

		Group		Company	
		2022	**2021**	**2022**	**2021**
		RM'000	**RM'000**	**RM'000**	**RM'000**
<u>Listed equity securities</u>					
At 1 January		80,706	220,054	-	132,614
Fair value (loss)/gain					
- recognised in other comprehensive income		(15,759)	100,631	-	107,365
Disposal during the year	(ii)	-	(239,979)	-	(239,979)
At 31 December		64,947	80,706	-	-
<u>Unlisted equity securities</u>					
At 1 January		118,976	159,437	-	42,677
Additions during the year		4,410	-	-	-
Disposal during the year	(i)	(83,040)	(44,426)	-	(44,426)
Fair value gain					
- recognised in other comprehensive income		-	2,174	-	1,749
Exchange differences		3,224	1,791	-	-
At 31 December		43,570	118,976	-	-
<u>Unquoted debt securities</u>					
At 1 January		43,641	93,228	-	-
Additions during the year		-	3	-	-
Redemption during the year		-	(49,590)	-	-
Fair value changes during the year (Note 6)		(37,624)	-	-	-
At 31 December		6,017	43,641	-	-
Total		114,534	243,323	-	-

Financial assets at fair value through other comprehensive income comprise investments in equity securities 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 (2021: 2) listed equity securities. In addition, the Group also holds non-controlling equity interest of 2% in an unlisted equity security.

(i) During the financial year, 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.

(ii) In the previous financial year, on 5 August 2021, the Company completed its divestment of 3,333,333 common shares, representing 10.94% of the outstanding shareholding of Fly Leasing to Carlyle Aviation Elevate Ltd for USD56.8 million (equivalent to RM240 million).

16. Intangible assets

	Goodwill RM'000	Landing rights RM'000	Developed software RM'000	Total RM'000
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	361,280	443,900	41,530	846,710
Accumulated amortisation				
At 1 January 2022	-	-	(2,928)	(2,928)
Amortisation expense	-	-	(7,618)	(7,618)
At 31 December 2022	-	-	(10,546)	(10,546)
Accumulated impairment				
At 1 January 2022	(5,094)	-	-	(5,094)
Impairment loss (Note 6)	(82,720)	-	-	(82,720)
At 31 December 2022	(87,814)	-	-	(87,814)
Carrying amount as at 31 December 2022	273,466	443,900	30,984	748,350
Group				
Cost				
At 1 January 2021	168,827	443,900	29,779	642,506
Additions	-	-	2,327	2,327
Acquisition of a subsidiary	191,207	-	5,714	196,921
Exchange differences	-	-	(282)	(282)
At 31 December 2021	360,034	443,900	37,538	841,472
Accumulated amortisation				
At 1 January 2021	-	-	(1,953)	(1,953)
Amortisation expense	-	-	(975)	(975)
At 31 December 2021	-	-	(2,928)	(2,928)
Accumulated impairment				
At 1 January 2021	-	-	-	-
Impairment loss (Note 6)	(5,094)	-	-	(5,094)
At 31 December 2021	(5,094)	-	-	(5,094)
Carrying amount as at 31 December 2021	354,940	443,900	34,610	833,450

16. Intangible assets (cont'd.)

Landing rights

Landing rights relate to traffic rights and landing slots for destinations operated by IAA and PAA. As explained in Note 2.6.2(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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 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	160,733	-	-
DeliverEat	-	31,720	-	-
Exchange differences	-	(1,246)	-	-
	273,466	354,940	443,900	443,900

During the financial year, the Group fully impaired the carrying amount of goodwill in relation to DeliverEat of RM 31.7 million and partially impaired the carrying amount of goodwill in Velox of RM51.0 million. In prior financial year, the Group fully impaired the carrying amount of goodwill in relation to Rokki.

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	
	2022	2021	2022	2021
CGU				
BIG	0%	0%	18%	20%
IAA	0%	0%	20%	15%
PAA	0%	2%	19%	11%
Velox	2%	2%	15%	25%
DeliverEat	2%	5%	15%	12%

16. 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, 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	20%	Increased discount rate of 1% would decrease fair value by RM98,000,000
BIG	Discount rate	18%	Increased discount rate of 1% would decrease fair value by RM9,000,000
Velox	Discount rate	15%	Increased discount rate of 1% would decrease fair value by RM13,000,000
	Long-term growth rate per annum	2%	Decreased long-term growth rate by 1% would decrease the fair value by RM9,000,000

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

16. Intangible assets (cont'd.)

Based on the assessments performed, there is impairment of goodwill but no impairment of 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 2022. 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.

17. 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	
	2022	**2021**
	RM'000	**RM'000**
At beginning of year	569,283	756,023
Recognised in profit or loss (Note 9)	15,064	(140,765)
Recognised in other comprehensive income	(14)	(11,955)
Issuance of RCUIDS (Note 28)	-	(32,892)
Exchange differences	-	(1,128)
At end of year	584,333	569,283
Presented after appropriate offsetting as follows:		
Deferred tax assets	739,238	738,760
Deferred tax liabilities	(154,905)	(169,477)
	584,333	569,283

	Company	
	2022	**2021**
	RM'000	**RM'000**
At beginning of year	(32,892)	-
Issuance of RCUIDS (Note 28)	-	(32,892)
At end of year	(32,892)	(32,892)
Deferred tax liability	(32,892)	(32,892)

17. 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 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
At 1 January 2021	625,529	69,011	137,155	24,656	137,905	13,652	16,290	1,024,198
Recognised in profit or loss	-	4,576	-	-	(78,617)	(3,806)	(31,142)	(108,989)
Recognised in other comprehensive income	-	-	-	(12,008)	-	53	-	(11,955)
Exchange differences	-	-	-	-	-	-	(1,128)	(1,128)
At 31 December 2021	625,529	73,587	137,155	12,648	59,288	9,899	(15,980)	902,126

17. 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 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
Exchange differences	320	-	-	(64)	256
At 31 December 2022	(43,011)	(108,902)	-	(31,686)	(183,599)
At 1 January 2021	(25,947)	(114,440)	(123,882)	(3,906)	(268,175)
Recognised in profit or loss	(31,776)	-	-	-	(31,776)
Issuance of RCUIDS	-	-	-	(32,892)	(32,892)
At 31 December 2021	(57,723)	(114,440)	(123,882)	(36,798)	(332,843)

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

Deferred tax has not been recognised for the following items:

	Group 2022 RM'000	Group 2021 RM'000
Provisions and others	599,644	455,502
Unabsorbed capital allowances	-	86,183
Unutilised tax losses	3,561,818	2,941,721
Unutilised investment tax allowances	4,297,883	4,729,037
	8,459,345	8,212,443

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.

18. Receivables and prepayments

		Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Non-current:					
Other receivables	(a)	340,687	340,687	-	-
Less: Allowance for impairment		(340,687)	(340,687)	-	-
		-	-	-	-
Prepayments	(b)	2,853,422	3,185,181	-	-
Deposits	(c)	711,226	414,233	-	-
		3,564,648	3,599,414	-	-

18. Receivables and prepayments (cont'd.)

		Group		Company	
		2022	**2021**	**2022**	**2021**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Current:					
Trade receivables		541,619	431,269	-	-
Less: Allowance for impairment		(207,386)	(123,598)	-	-
		334,233	307,671	-	-
Other receivables		168,386	134,780	294	-
Less: Allowance for impairment		(3,705)	(3,839)	-	-
		164,681	130,941	294	-
Prepayments	(b)	142,218	54,541	10	80
Deposits	(c)	9,840	115,252	-	-
		650,972	608,405	304	80

(a) Included in non-current other receivable 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 years.

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

(c) Deposits of the Group at the balance sheet date are with a number of external parties for which there is no expectation of default. The deposits include amount set aside for aircraft maintenance of major components amounting to RM286 million (2021: RM198 million).

Credit terms of trade receivables range from 30 to 60 days (2021: 30 to 60 days).

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	344,526	344,420	-	-
Net (reversal)/impairment (Note 6)	(134)	106	-	-
At 31 December	344,392	344,526	-	-

18. Receivables and prepayments (cont'd.)

The ageing analysis of trade receivables is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current	193,417	77,914	-	-
1 to 90 days	57,502	33,760	-	-
91 to 120 days	7,884	3,124	-	-
121 to 180 days	697	5,716	-	-
181 to 365 days	3,265	14,575	-	-
Over 365 days	71,468	172,582	-	-
	140,816	229,757	-	-
Impaired	207,386	123,598	-	-
	541,619	431,269	-	-

Credit terms of trade receivables range from 30 to 60 days (2021: 30 to 60 days).

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

Trade receivables that are neither past due nor impaired of RM193.4 million (2021: RM77.9 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 RM141 million (2021: RM230 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	123,598	120,623	-	-
Impairment (Note 6)	83,788	2,975	-	-
At 31 December	207,386	123,598	-	-

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.

18. 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Ringgit Malaysia	200,168	237,448	294	-
US Dollar	781,379	546,254	-	-
Others	238,433	184,395	-	-
	1,219,980	968,097	294	-

19. 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.

20. Derivative financial instruments

	Group			
	2022		2021	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Non-current				
Interest rate swaps				
- held for trading	-	-	-	(32,785)
RCUIDS				
- early redemption option	165,397	-	165,397	-
Total	165,397	-	165,397	(32,785)

	Company	
	2022 RM'000	2021 RM'000
Non-current asset		
RCUIDS		
- early redemption option	165,397	165,397

20. 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.

The Group recognised a loss of RM88.9 million in the previous financial year arising from fair value changes of derivative financial instruments. The fair value changes are attributable to changes in foreign exchange spot and forward rate, changes in yield curve and changes in market price of fuel. The method and assumptions applied in determining the fair value of derivatives are disclosed in Note 39(e).

	Group			
	2022		2021	
	Notional amount RM'000	Fair value RM'000	Notional amount RM'000	Fair value RM'000
Interest rate swaps	-	-	688,280	(32,785)

(i) Interest rate contracts

In the previous financial year, the notional principal amounts of the outstanding interest rate contracts as at the reporting date was RM688 million.

(ii) RCUIDS

The RCUIDS issued by the Group as disclosed in Note 28 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.

21. Inventories

	Group	
	2022 RM'000	2021 RM'000
At cost		
Consumables, in-flight merchandise and others	204,459	153,600

During the year, the amount of the inventories recognised in operating expenses of the Group was RM127 million (2021: RM22 million).

22. Amounts due from/(to) subsidiaries

	Company 2022 RM'000	Company 2021 RM'000
Amounts due from subsidiaries		
- current	1,454,450	1,091,879
Amounts due to subsidiaries		
- current	(18,508)	(213,099)

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

The details of the receivables and payables from/(to) subsidiaries are as follows:

	Company 2022 RM'000	Company 2021 RM'000
Receivables:		
- AAAGL	648,146	617,948
- AAD	519,590	458,326
- AAB	149,866	-
- AA.Com	95,343	16
- Others	41,505	15,589
	1,454,450	1,091,879
Payables:		
- AAB	-	(201,956)
- AASEA	(15,942)	-
- Others	(2,566)	(11,143)
	(18,508)	(213,099)

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

	Company 2022 RM'000	Company 2021 RM'000
Due from		
Ringgit Malaysia	830,562	496,228
US Dollar	623,656	595,651
Japanese Yen	232	-
	1,454,450	1,091,879
Due to		
Ringgit Malaysia	(16,009)	(201,958)
US Dollar	(455)	(9,140)
Thai Baht	(2,044)	(2,001)
	(18,508)	(213,099)

23. Amounts due from/(to) associates

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM’000	**RM’000**	**RM’000**	**RM’000**
Amounts due from associates	215,519	317,534	10,722	213,543
Less: Allowance for impairment	(49,082)	(250,249)	-	(203,283)
	166,437	67,285	10,722	10,260
Amounts due to associates - current	(266,126)	(43,297)	-	-

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.

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

Amounts due from associates that are neither past due nor impaired of the Group amounted to RM49 million (2021: RM30 million).

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

Amounts due from associates that are past due and not impaired of the Group amounted to RM118 million (2021: RM37 million).

(iii) Financial assets that are impaired

Amounts due from associates that are past due and impaired amounted to RM49 million (2021: RM250 million).

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	250,249	264,071	203,283	213,710
Allowance for impairment (Note 6)	-	15	-	-
Reversal (Note 6)	-	(4,898)	-	(269)
Write off	(203,749)	-	(194,543)	-
Exchange differences	2,582	(8,939)	(8,740)	(10,158)
At 31 December	49,082	250,249	-	203,283

23. 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 details of the receivables from associates are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Receivables:				
- TAA	113,030	44,773	10,722	10,260
- Others	53,407	22,512	-	-
	166,437	67,285	10,722	10,260

The details of the payables to associates are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Payables:				
- TAA	(257,923)	(35,499)	-	-
- AAJ	-	(744)	-	-
- GTR	(8,109)	(6,589)	-	-
- Others	(94)	(465)	-	-
	(266,126)	(43,297)	-	-

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

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Due from				
US Dollar	98,950	45,418	10,468	10,260
Ringgit Malaysia	37,997	7,117	-	-
Others	29,490	14,750	254	-
	166,437	67,285	10,722	10,260
Due to				
US Dollar	(229,078)	(36,243)	-	-
Ringgit Malaysia	(10,453)	(7,054)	-	-
Others	(26,595)	-	-	-
	(266,126)	(43,297)	-	-

24. Amounts due from/(to) related parties

	Group		Company	
	2022	2021	2022	2021
	RM’000	RM’000	RM’000	RM’000
Amounts due from related parties	416,829	703,663	1,373	1,787
Less: Allowance for impairment	(261,908)	(569,510)	-	(637)
	154,921	134,153	1,373	1,150
Amounts due to related parties - current	(230,291)	(129,717)	(202)	-

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	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
At 1 January	569,510	643,321	637	-
Allowance for impairment (Note 6)	-	14,293	-	637
Write off	(313,173)	(89,128)	(637)	-
Exchange differences	5,571	1,024	-	-
At 31 December	261,908	569,510	-	637

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

The details of the receivables and payables due from/(to) related parties (net of impairment) are as follows:

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Receivables:				
- AirAsia X Berhad	15,904	18,262	241	18
- PT Indonesia AirAsia Extra	103,278	101,898	-	-
- AirAsia India ("AAI")*	3,792	10,085	1,132	1,132
- Thai AirAsia X Co. Ltd	27,298	3,882		-
- Others	4,649	26	-	-
	154,921	134,153	1,373	1,150
Payables:				
- AirAsia X Berhad	(134,906)	(9,516)	-	-
- Thai AirAsia X Co. Ltd	(60,345)	(944)	(202)	-
- PT Indonesia AirAsia Extra	(29,211)	(118,056)	-	-
- AAI*	(929)	(844)	-	-
- Others	(4,900)	(357)	-	-
	(230,291)	(129,717)	(202)	-

* AAI was a related party until it was disposed off in December 2022. As such, it is continued to be disclosed under related party balances at the reporting date.

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Due from				
Ringgit Malaysia	14,663	18,281	289	18
US Dollar	134,823	115,872	1,084	1,132
Others	5,435	-	-	-
	154,921	134,153	1,373	1,150
Due to				
Ringgit Malaysia	(83,442)	-	-	-
Indonesian Rupiah	(31,579)	(125,103)	-	-
US Dollar	(98,416)	(4,614)	(202)	-
Others	(16,854)	-	-	-
	(230,291)	(129,717)	(202)	-

25. Deposits, cash and bank balances

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits with licensed banks	15,580	9,344	100	100
Cash and bank balances	454,405	1,247,409	1,155	561,787
Deposits, cash and bank balances	469,985	1,256,753	1,255	561,887
Deposits with licensed banks with maturity period of more than 3 months	(12,395)	(1,077)	-	-
Deposits pledged as securities and restricted cash	(120,832)	(77,745)	-	-
Cash and cash equivalents	336,758	1,177,931	1,255	561,887

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Ringgit Malaysia	263,632	1,198,396	1,218	561,814
US Dollar	96,035	23,290	21	57
Chinese Renminbi	20,511	5,840	-	-
Others	89,807	29,227	16	16
	469,985	1,256,753	1,255	561,887

Short-term deposits are made for varying period of twelve months (2021: 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 balance sheet dates are as follows:

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Deposits with licensed banks	2.93	1.83	-	-

26. Trade and other payables

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current:				
Other payables	280,801	292,691	-	-
Current:				
Trade payables	1,242,877	1,306,412	805	146
Accrual for fuel	126,971	77,236	-	-
Other payables and accruals	1,508,714	925,249	2,138	7,520
	2,878,562	2,308,897	2,943	7,666
Total trade and other payables	3,159,363	2,601,588	2,943	7,666

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Ringgit Malaysia	1,427,454	819,583	2,660	7,300
US Dollar	1,061,584	797,871	283	166
Others	670,325	984,134	-	200
	3,159,363	2,601,588	2,943	7,666

27. Aircraft maintenance provisions and liabilities

	Group	
	2022 RM'000	2021 RM'000
Aircraft maintenance provisions (i)	4,148,800	3,982,214
Aircraft maintenance reserve fund (ii)	1,989,319	1,855,056
	6,138,119	5,837,270

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

	Group	
	2022	2021
	RM'000	RM'000
Disclosed as		
Non-current	5,538,224	4,860,637
Current	599,895	976,633
	6,138,119	5,837,270

(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	
	2022	2021
	RM'000	RM'000
At 1 January	3,982,214	3,744,817
Arose during the year	211,571	357,734
Utilised	(44,985)	(120,337)
At 31 December	4,148,800	3,982,214

(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.

28. Borrowings

		Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current					
Term loans	(i)	233,564	332,262	-	-
Revolving credit	(i)	31,760	85,010	-	-
Swap creditors loan and deferral		-	219,896	-	-
Convertible loan note	(ii)	265,634	250,060	-	-
		530,958	887,228	-	-
Non-current					
Term loans	(i)	1,302,468	600,224	-	-
Other facilities	(iii)	447,789	-	-	-
RCUIDS	(iv)	655,499	822,437	655,499	822,437
		2,405,756	1,422,661	655,499	822,437
Total borrowings		2,936,714	2,309,889	655,499	822,437

(i) Term loans and revolving credits

During the 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.

In the previous financial year, a subsidiary of the Group obtained a working capital loan from a non-financial institution amounting to USD150 million (equivalent to RM623 million) of which the loan has been fully drawn as at 31 December 2022. The working capital loan has a bullet repayment due 60 months after the first drawdown and interests are payable quarterly.

(ii) Convertible loan note

In the previous financial year, a subsidiary of the Group secured an investment of up to USD100 million (equivalent to RM415 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.

(iii) Other facilities

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

28. Borrowings (cont'd.)

(iv) RCUIDS

In the previous financial year, 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).

28. Borrowings (cont'd.)

(iv) RCUIDS (cont'd.)

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

The liability component of the RCUIDS is recognised in the statements of financial position as follows:

Group and Company

	2022 RM'000	2021 RM'000
At 1 January	822,437	-
Interest amount	61,879	-
Payment of interest	(61,879)	-
Conversion of RCUIDS	(166,938)	-
Proceeds from issuance of RCUIDS and free warrant	-	974,513
Amount classified as equity:		
RCUIDS reserves (Note 34)	-	(154,360)
Warrant reserves (Note 34)	-	(112,736)
Amount classified as deferred tax liabilities (Note 17)	-	(32,892)
Amount classified as derivative financial assets (Note 20)	-	165,397
Transaction costs	-	(17,485)
At 31 December	655,499	822,437

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Weighted average interest rate				
Term loans	8.43	6.26	-	-
Revolving credit	5.25	5.92	-	-
Swap creditors loan	-	5.39	-	-
Convertible loan note	6.00	6.00	-	-
RCUIDS	8.00	8.00	8.00	8.00

28. Borrowings (cont'd.)

The borrowings are repayable as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Not later than 1 year	530,958	887,228	-	-
Later than 1 year and not later than 5 years	1,419,988	963,986	655,499	822,437
Later than 5 years	985,768	458,675	-	-
	2,936,714	2,309,889	655,499	822,437

The currency profile of borrowings is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Ringgit Malaysia	901,794	1,063,082	655,499	822,437
US Dollar	1,735,146	1,120,232	-	-
Philippine Peso	83,096	79,763	-	-
Thai Baht	172,776	-	-	-
Indonesia Rupiah	43,902	46,812	-	-
	2,936,714	2,309,889	655,499	822,437

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fixed rate borrowings	2,242,774	2,130,121	655,499	822,437
Floating rate borrowings	693,940	179,768	-	-
	2,936,714	2,309,889	655,499	822,437

28. Borrowings (cont'd.)

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

	Group			
	2022		2021	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Term loans	1,289,881	1,617,174	752,718	790,308
Revolving credit	31,760	31,760	85,010	85,010
Swap creditors loan	-	-	219,896	219,896
Convertible loan note	265,634	265,634	250,060	250,060
RCUIDS	655,499	699,037	822,437	843,045
	2,242,774	2,613,605	2,130,121	2,188,319

	Company			
	2022		2021	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
RCUIDS	655,499	699,037	822,437	843,045

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 5.52% to 11.75% (2021: 2.76% to 11.75%) per annum. The fair values of fixed rate borrowings are within level 2 of the fair value hierarchy.

29. 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 (2021: 2 to 19 years) whilst land and building generally have a lease term of 2 to 20 years (2021: 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 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	10,135,905	46,221	10,182,126
As at 1 January 2021	9,403,629	41,317	9,444,946
Additions	623,872	31,848	655,720
Modifications	1,066,377	-	1,066,377
Depreciation	(1,640,531)	(15,356)	(1,655,887)
Exchange movements	239,555	-	239,555
As at 31 December 2021	9,692,902	57,809	9,750,711

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

29. 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:

	2022 RM'000	2021 RM'000
At 1 January	14,295,294	12,435,240
Additions	65,760	277,359
Accretion of interest (Note 8(b))	705,152	500,044
Payments	(1,171,914)	(423,777)
Modifications	703,928	1,170,803
Exchange movements	459,660	335,625
At 31 December	15,057,880	14,295,294

	2022 RM'000	2021 RM'000
Current	4,340,844	3,905,769
Non-current	10,717,036	10,389,525
	15,057,880	14,295,294

The maturity analysis of lease liabilities are disclosed in Note 39(c).

The following are the amounts recognised in profit or loss:

	2022 RM'000	2021 RM'000
Depreciation of right-of-use assets	1,309,533	1,655,887
Interest expense on lease liabilities	705,152	500,044
Expense relating to short-term leases	27,922	11,192
Reversal of impairment of right-of-use assets	(552,290)	-
(Reversal)/impairment of finance lease receivables	(98,923)	2,856
Loss on recognition of finance lease receivables	-	41,187
Total amount recognised in profit or loss	1,391,394	2,211,166

The Group had total cash outflows for leases of RM1,200 million in 2022 (2021: RM435 million). The Group also had non-cash additions to ROU assets and lease liabilities of RM67 million (2021: RM656 million) and RM66 million (2021: RM277 million), respectively. Included in lease liabilities are lease rental payables amounting to approximately RM2,282 million (2021: RM2,212 million).

29. 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

During the 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:

	2022 RM'000	2021 RM'000
At 1 January	490,377	938,165
Modifications during the year	(235,876)	(377,343)
Lease payments received during the financial year	(13,283)	(102,440)
Finance income (Note 8(a))	18,064	16,143
Reversal/(impairment loss) (Note 6)	98,923	(2,856)
Exchange movements	17,590	18,708
At 31 December	375,795	490,377
Current	114,975	224,144
Non-current	260,820	266,233
	375,795	490,377

29. Leases (cont'd.)

Group as a lessee (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:

	2022 RM'000	2021 RM'000
Within one year	156,427	238,046
After one year but not more than five years	171,434	209,293
More than five years	81,656	117,619
Total undiscounted lease payments receivable	409,517	564,958
Unearned finance income	(33,722)	(74,581)
Net investment in the lease	375,795	490,377

Group as a lessor - operating lease

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

	2022 RM'000	2021 RM'000
Finance lease		
- Finance income on the finance lease receivables	18,064	16,143
Operating lease		
- Aircraft operating lease income	63,632	153,290

30. 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 and the Philippines.

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

	Group	
	2022	**2021**
	RM'000	**RM'000**
Present value of defined benefit obligation	69,742	81,084

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

	Group	
	2022	**2021**
	RM'000	**RM'000**
Defined benefit obligation at 1 January	81,084	97,667
Recognised in income statement		
- Current service cost	9,894	6,272
- Interest cost	4,809	5,350
Benefits paid	(11,017)	(3,273)
Past service cost	(5,241)	(15,051)
Remeasurement gain recognised in other comprehensive income		
- Changes in financial assumptions	(3,256)	(12,152)
- Experience adjustments	(3,586)	(571)
Exchange differences	(2,945)	2,842
Defined benefit obligation at 31 December	69,742	81,084

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

	2022	**2021**
Discount rate	7.11% - 7.42%	4.99% - 7.49%
Salary increase rate per annum	5%	5%
Average employee service life	5 - 19 years	19 - 25 years

30. 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
2022			
Annual discount rate	+/- 1%	(324)	1,353
Future annual salary increase rate	+/- 1%	1,105	(151)
2021			
Annual discount rate	+/- 1%	(737)	2,331
Future annual salary increase rate	+/- 1%	2,042	(634)

31. Share capital

	No. of shares		Group/Company	
	2022 '000	2021 '000	2022 RM'000	2021 RM'000
Ordinary shares				
Issued and fully paid up:				
As at 1 January	3,898,053	3,341,974	8,457,172	8,023,268
Issued during the year				
- Private placement	-	470,214	-	336,464
- Acquisition of non-controlling interest in a subsidiary	-	85,865	-	103,037
- Conversion of RCUIDS	263,740	-	197,805	-
Less: transactional cost	-	-	-	(5,597)
As at 31 December	4,161,793	3,898,053	8,654,977	8,457,172

31. Share capital (cont'd.)

(i) Private placement

On 21 January 2021, the Company announced that it proposed to undertake a private placement of up to 20% of the total number of issued shares of the Company or 668,394,816 shares ("Placement shares") ("Private Placement"). The Private Placement will be undertaken in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 and the "Additional Temporary Relief Measures to Listed Issuers" announced by Bursa Malaysia Securities Berhad ("Bursa") on 16 April 2020 which increased the prescribed limit under Paragraph 6.03 of the Main Market Listing Requirements from 10% to 20%. The Company has obtained approval from its shareholders for the 20% General Mandate at its Annual General Meeting held on 28 September 2020.

On 10 February 2021, the Company announced that the first tranche of placement shares of 369,846,852 was price fixed at RM0.675 per share. On 9 March 2021, the Company announced that the second tranche of placement shares of 100,367,362 was price fixed at RM0.865 per share. The above two tranches raised a total of RM336.46 million.

(ii) Acquisition of a subsidiary

On 22 March 2021, the Company entered into a Memorandum of Understanding with Aimia Holdings UK II Limited in relation to the acquisition of the remaining 20% equity interest in BIG satisfied by the issuance of 85,864,583 ordinary shares in the Company and allotted at an issue price of RM1.20 per share amounting to RM103 million (approximately USD25 million). On 21 June 2021 at the Extraordinary General Meeting, the acquisition was approved and BIG. became a wholly owned subsidiary of the Group. The effect of the acquisition is reflected in the statement of changes in equity.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

(iii) Conversion of RCUIDS

During the 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.

32. 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Expense arising from equity-settled share-based payment transactions	10,646	5,968	221	38

There were no cancellations or modifications to the award in 2022.

32. Share-based payments (cotn'd.)

Movements during the year

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

	2022 ’000	2021 ’000
Outstanding at 1 January	151,600	-
Granted during the year	-	159,400
Forfeited during the year	(25,400)	(7,800)
Outstanding at 31 December	126,200	151,600

The fair value of options granted during the year was RM0.282.

The exercise price for ESOS outstanding at the end of the year was RM0.7425.

The following table list the inputs to the model used for the ESOS for the 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.

33. Merger deficit

	Group	
	2022 RM’000	2021 RM’000
As at 1 January and 31 December	(5,507,594)	(5,507,594)

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.

33. Merger deficit (cont'd.)

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.

34. Retained earnings and reserves

(a) Retained earnings

The Company has retained earnings amounting to RM571 million (2021: RM569 million) which is available for distribution for the shareholders of the Company.

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

(b) 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 34.1)	RCUIDS reserves RM'000 (Note 34.2)	Warrant reserves RM'000 (Note 34.3)	Total RM'000
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

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

(b) Reserves (cont'd.)

Group (cont'd.)

	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 34.1)	RCUIDS reserves RM'000 (Note 34.2)	Warrant reserves RM'000 (Note 34.3)	Total RM'000
At 1 January 2021	(18,640)	(101,222)	(105,506)	-	-	-	(225,368)
Net change in fair value	5,284	43,248	102,805	-	-	-	151,337
Deferred tax recognised in other comprehensive income	26	(10,525)	-	-	-	-	(10,499)
Issuance of RCUIDS	-	-	-	-	154,360	112,736	267,096
Share-based payment expensed	-	-	-	5,968	-	-	5,968
Transfer of fair value reserve of disposed investment securities to retained earnings	-	-	(27,213)	-	-	-	(27,213)
At 31 December 2021	(13,330)	(68,499)	(29,914)	5,968	154,360	112,736	161,321

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

(b) Reserves (cont'd.)

Company

	Fair value reserve RM'000	Share option reserves RM'000 (Note 34.1)	RCUIDS reserves RM'000 (Note 34.2)	Warrant reserves RM'000 (Note 34.3)	Total RM'000
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
At 1 January 2021	(81,901)	-	-	-	(81,901)
Net change in fair value	109,114	-	-	-	109,114
Share-based payment expensed	-	38	-	-	38
Issuance of RCUIDS	-	-	154,360	112,736	267,096
Deemed investment in subsidiaries	-	6,006	-	-	6,006
Transfer of fair value reserve of disposed investment securities to retained earnings	(27,213)	-	-	-	(27,213)
At 31 December 2021	-	6,044	154,360	112,736	273,140

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

34.1 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 32 for further details of this plan.

34.2 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.

During the financial year, 263,740,340 units of RCUIDS were converted into ordinary shares. The number of RCUIDS outstanding as at 31 December 2022 was 1,035,610,619.

34.3 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 2022, 649,675,479 (2021: 649,675,479) Warrants remain unexercised.

35. Commitments

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

	Group 2022 RM'000	Group 2021 RM'000
Property, plant and equipment:		
- Approved and contracted for	102,608,980	97,163,376

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 2022 RM'000	Group 2021 RM'000
Later than 1 year and not later than 5 years	12,908,493	7,688,395
Later than 5 years	89,700,487	89,474,981
	102,608,980	97,163,376

36. 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.

36. Segmental information (cont'd.)

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

	Aviation RM'000	Engineering RM'000	airasia Super App RM'000	Teleport RM'000	BigPay RM'000	Others RM'000	Total Segments RM'000	Elimination adjustments RM'000	Total RM'000
2022									
Revenue	5,639,687	285,760	400,323	469,067	31,975	342,908	7,169,720	(732,652)	6,437,068
Staff costs	(619,195)	(112,161)	(158,512)	(52,736)	(60,669)	(226,947)	(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)	-	(1,748)	(1,124,096)	277,256	(846,840)
User charges and other related expenses	(943,323)	-	(97,540)	(419,194)	-	(28,526)	(1,488,583)	259,575	(1,229,008)
Other operating expenses	224,103	(32,358)	(134,750)	(23,838)	(98,124)	(224,127)	(289,094)	7,275	(281,819)
Other income	88,388	12	393	38	739	991	90,561	63,703	154,264
EBITDA	392,913	61,434	8,110	(26,885)	(126,079)	(137,449)	172,044	(124,278)	47,766
Depreciation & amortisation									(1,441,575)
Interest expense									(1,004,922)
Interest income									40,305
Net fair value gains on derivatives									45,021
Share of results of associates/joint venture									(345,393)
Foreign exchange loss									(644,860)
Loss before tax									(3,303,658)

36. 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	airasia Super App RM'000	Teleport RM'000	BigPay 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	1,832,375	37,001,693	(18,164,093)	18,837,600
Unallocated corporate assets									165,397
Associates									924,312
Joint ventures									220
Total assets									19,927,529
Segment liabilities	40,844,355	39,533	679,519	221,899	511,995	1,351,509	43,648,810	(14,204,323)	29,444,487

36. 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	airasia Super App RM'000	Teleport RM'000	BigPay RM'000	Others RM'000	Total Segments RM'000	Elimination adjustments RM'000	Total RM'000
2021									
Revenue	1,573,022	101,333	150,016	551,231	21,615	15,574	2,412,791	(729,895)	1,682,896
Staff costs	(485,307)	(72,215)	(113,338)	(37,800)	(28,828)	(59,714)	(797,202)	1,564	(795,638)
Fuel costs	(393,941)	-	-	-	-	-	(393,941)	-	(393,941)
Maintenance and overhaul	(811,808)	(5,795)	-	-	-	-	(817,603)	336,984	(480,619)
User charges and other related expenses	(228,940)	-	(34,010)	(574,062)	-	(50)	(837,062)	76,525	(760,537)
Other operating expenses	(381,690)	(10,124)	(140,101)	(15,820)	(111,217)	(29,789)	(688,741)	146,549	(542,192)
Other income	550,543	-	(1,782)	7,319	287	52	556,419	(291,425)	264,994
EBITDA	(178,121)	13,199	(139,215)	(69,132)	(118,143)	(73,927)	(565,339)	(459,698)	(1,025,037)
Depreciation & amortisation									(1,820,572)
Interest expense									(679,807)
Interest income									35,314
Net fair value gains on derivatives									31,377
Share of results of associates/joint venture									(45,227)
Foreign exchange loss									(71,084)
Loss before tax									(3,575,036)

36. 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	airasia Super App RM'000	Teleport RM'000	BigPay RM'000	Others RM'000	Total Segments RM'000	Elimination adjustments RM'000	Total RM'000
2021 (cont'd.)									
Segment assets	26,742,724	291,062	345,851	141,321	293,384	1,963,411	29,777,753	(10,352,151)	19,425,602
Unallocated corporate assets									165,397
Associates									438,004
Joint ventures									878
Total assets									20,029,881
Segment total liabilities	36,528,419	62,044	421,944	161,505	434,889	764,111	38,372,912	(11,920,128)	26,452,784
Unallocated corporate liabilities									822,437
									27,275,221

37. 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	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
(a) Income:				
Aircraft lease income owned and leased aircraft				
- TAA	24,109	124,989	-	-
Office rental income				
- AirAsia X Berhad	-	3,384	-	-
Sale of loyalty point from BIG				
- TAA	4,309	1,206	-	-
Turnaround charges and marketing funds charged by AGZ				
- AirAsia X Berhad	505	101	-	-
- Thai AirAsia X Co. Ltd	1,063	-	-	-
Travelling - Accommodation charged by Tune Hotel	-	883	-	-

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(a) Income (cont'd.):				
Commission from online travel and accommodation charged to AirAsia X Berhad	6,864	-	-	-
Commission on travel insurance for passengers charged to Tune Insurance Malaysia Berhad	-	1,230	-	-
(b) Recharges:				
Recharges of expenses to				
- TAA	624,470	-	-	-
- AirAsia X Berhad	413,018	15,322	-	-
- AAI	2,414	155,942	-	-
- Thai AirAsia X Co. Ltd	60,585	6,447	-	-
(c) Other income/(expenses):				
Brand License Fees charged by AAB				
- AirAsia X Berhad	5,389	-	-	-
- Thai AirAsia X Co. Ltd	4,180	-	-	-
Maintenance reserve fund charged to				
- TAA	65,241	62,451	-	-
- AAI	-	4,470	-	-
Purchase of cargo transportation capacity				
- AirAsia X Berhad	51,249	-	-	-
- Thai AirAsia X Berhad	16,062	-	-	-
- TAA	7,821	-	-	-
Purchase of charter spaces				
- AirAsia X Berhad	142,053	203,706	-	-
- Thai AirAsia X Co. Ltd.	6,114	173,087	-	-
Loyalty point redemption				
- TAA	(3,891)	(3,461)	-	-

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

(c) Other income/(expenses) (cont'd.):

Management fees paid to AirAsia SEA Ltd	45,000	18,754	-	(72)
Management fees charged to associates and related parties	2,484	47	-	-

38. Financial instruments

Group	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 maintenance)	816,741	-	-	816,741
Amounts due from associates (Note 23)	166,437	-	-	166,437
Amounts due from related parties (Note 24)	154,921	-	-	154,921
Derivative financial instruments (Note 20)	-	165,397	-	165,397
Deposits, cash and bank balances (Note 25)	469,985	-	-	469,985
Finance lease receivables (Note 29)	375,795	-	-	375,795
Total	1,983,879	171,414	108,517	2,263,810

38. Financial instruments (cont'd.)

Group (cont'd.)	Liabilities at FVTPL RM'000	Other liabilities RM'000	Total RM'000
31 December 2022			
Financial liabilities as per statements of financial position			
Borrowings (Note 28)	-	2,936,714	2,936,714
Trade and other payables (Note 26)	-	3,159,363	3,159,363
Amounts due to associates (Note 23)	-	266,126	266,126
Amounts due to related parties (Note 24)	-	230,291	230,291
Lease liabilities (Note 29)	-	15,057,880	15,057,880
Total	-	21,650,374	21,650,374

	Measured at amortised costs RM'000	Measured at FVTPL RM'000	Measured at FVOCI RM'000	Total RM'000
31 December 2021				
Financial assets as per statements of financial position				
Investment securities (Note 15)	-	43,641	199,682	243,323
Receivables (excluding prepayments and deposits for aircraft maintenance)	651,628	-	-	651,628
Amounts due from associates (Note 23)	67,285	-	-	67,285
Amounts due from related parties (Note 24)	134,153	-	-	134,153
Derivative financial instruments (Note 20)	-	165,397	-	165,397
Deposits, cash and bank balances (Note 25)	1,256,753	-	-	1,256,753
Finance lease receivables (Note 29)	490,377	-	-	490,377
Total	2,600,196	209,038	199,682	3,008,916

38. Financial instruments (cont'd.)

Group (cont'd.)	Liabilities at FVTPL RM'000	Other financial liabilities RM'000	Total RM'000
31 December 2021			
Financial liabilities as per statements of financial position			
Borrowings (Note 28)	-	2,309,889	2,309,889
Derivative financial instruments (Note 20)	32,785	-	32,785
Trade and other payables (Note 26)	-	2,601,588	2,601,588
Amounts due to associates (Note 23)	-	43,297	43,297
Amounts due to related parties (Note 24)	-	129,717	129,717
Lease liabilities (Note 29)	-	14,295,294	14,295,294
Total	32,785	19,379,785	19,412,570

Company	Measured at amortised costs RM'000	Measured at FVTPL RM'000	Total RM'000
31 December 2022			
Financial assets as per statements of financial position			
Amount due from subsidiaries (Note 22)	1,454,450	-	1,454,450
Amounts due from associates (Note 23)	10,722	-	10,722
Amounts due from related parties (Note 24)	1,373	-	1,373
Deposits, cash and bank balances (Note 25)	1,255	-	1,255
Derivative financial instruments (Note 20)	-	165,397	165,397
	1,467,800	165,397	1,633,197

38. Financial instruments (cont'd.)

	Other financial liabilities RM'000
Company	
31 December 2022	
Financial liabilities as per statements of financial position	
Trade and other payables (Note 26)	2,943
Amounts due to subsidiaries (Note 22)	18,508
Amounts due to related parties (Note 24)	202
	21,653

	Measured at amortised costs RM'000	Measured at FVOCI RM'000	Total RM'000
31 December 2021			
Financial assets as per statements of financial position			
Amount due from a subsidiary (Note 22)	1,091,879	-	1,091,879
Amounts due from associates (Note 23)	10,260	-	10,260
Amounts due from related parties (Note 24)	1,150	-	1,150
Deposits, cash and bank balances (Note 25)	561,887	-	561,887
Derivative financial instruments (Note 20)	-	165,397	165,397
	1,665,176	165,397	1,830,573

	Other financial liabilities RM'000
Financial liabilities as per statements of financial position	
Trade and other payables (Note 26)	7,666
Amounts due to subsidiaries (Note 22)	213,099
	220,765

39. 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 20). All swap positions were closed off by 31 December 2022.

39. 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

If interest rate on borrowings at 31 December 2022 and 31 December 2021 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 20).

If interest rate on borrowings at 31 December 2022 and 31 December 2021 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 profits are as follow:

	2022		2021	
	+60bps RM'000	-60bps RM'000	+60bps RM'000	-60bps RM'000
Impact on post-tax profits	17,620	(17,620)	13,860	(13,860)

The remaining terms of the outstanding interest rate derivative contracts of the Group at balance sheet date, which are all denominated in USD, are as follows:

	2022 RM'000	2021 RM'000
Later than 5 years:		
Interest rate swaps	-	688,280
	-	688,280

(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.

39. 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 2022 and 2021, the Group has not hedged any of its USD denominated borrowings.

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

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.

39. 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.

Following the COVID-19 pandemic, the liquidity of the Group is impacted as it is influenced by the booking and payment pattern of passengers which saw a decline. Further details are as disclosed in Note 41.

The management will continue to monitor liquidity reserves and rolling cash flow forecasts throughout the year based on the measures put in place as disclosed in Note 41 and also potential 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.

	Less than 1 year RM'000	1-2 years RM'000	2-5 years RM'000	Over 5 years RM'000
Group				
At 31 December 2022				
Term loans	499,198	274,275	1,364,862	24,500
Revolving credit	31,760	-	-	-
Trade and other payables (Note 26)	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	-	-	-
	8,246,781	2,510,650	6,649,953	6,376,460

39. 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)

	Less than 1 year RM'000	1-2 years RM'000	2-5 years RM'000	Over 5 years RM'000
Group				
At 31 December 2021				
Term loans	418,912	112,668	823,338	68,296
Revolving credit	85,640	-	-	-
Swap creditors loan	219,896	-	-	-
Trade and other payables (Note 26)	2,308,897	292,691	-	-
Lease liabilities	4,177,111	1,877,124	5,051,171	6,240,722
Amounts due to associates	43,297	-	-	-
Amounts due to related parties	129,717	-	-	-
	7,383,470	2,282,483	5,874,509	6,309,018

	Less than 1 year RM'000	1-2 years RM'000	2-5 years RM'000	Over 5 years RM'000
Company				
At 31 December 2022				
Borrowings	655,499	-	-	-
Trade and other payables	2,943	-	-	-
Amounts due to subsidiaries	18,508	-	-	-
Amounts due to related parties	202	-	-	-
	677,152	-	-	-
At 31 December 2021				
Borrowings	822,437	-	-	-
Trade and other payables	7,666	-	-	-
Amounts due to subsidiaries	213,099	-	-	-
	1,043,202	-	-	-

39. 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	
	2022 RM’000	2021 RM’000	2022 RM’000	2021 RM’000
Total borrowings (Note 28)	2,936,714	2,309,889	655,499	822,437
Lease liabilities (Note 29)	15,057,880	14,295,294	-	-
Less: Deposit, cash and bank balances (Note 25)	(469,985)	(1,256,753)	(1,255)	(561,887)
Net debts	17,524,609	15,348,430	654,244	260,550
Total equity	(9,516,958)	(6,422,903)	9,481,652	9,299,350
Net Gearing Ratio (times)	N/A	N/A	N/A	N/A

In prior financial year, the Group's operations were significantly affected by the COVID-19 pandemic which led to operating losses. 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 2022 and 31 December 2021.

39. 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 RM’000	Level 2 RM’000	Level 3 RM’000	Total 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
	64,947	171,414	43,570	279,931

39. 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 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
31 December 2021				
Assets				
Financial assets at fair value through profit or loss				
- Early redemption option	-	165,397	-	165,397
Investment securities	80,706	43,641	118,976	243,323
	80,706	209,038	118,976	408,720
Liabilities				
Financial liabilities at fair value through profit or loss				
- Trading derivatives	-	32,785	-	32,785

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Company				
31 December 2022				
Assets				
Financial assets at fair value through profit or loss				
- Early redemption option	-	165,397	-	165,397
31 December 2021				
Assets				
Investment securities	-	165,397	-	165,397

39. 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.

40. 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 2022. 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)

40. Unconsolidated structured entities

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)

41. COVID-19 Pandemic

The Covid-19 pandemic had a significant impact on the world, resulting in an economic slowdown that particularly affected the tourism and hospitality industries. However, as the situation improved in 2022, most of our markets were able to remove restrictions on cross-border travel, leading to a steady recovery in the travel and tourism industry. The Group remains committed to achieving long-term sustainable growth by strengthening our ecosystem of travel, e-commerce, logistics and fintech.

Despite the challenges posed by the pandemic, the Group was able to focus on recovery throughout 2022 and achieved almost 50% of pre-Covid operating levels by year-end. However, the Group reported a net loss of RM3,304 million for the financial year ended 31 December 2022, although this was an improvement from the previous year's net loss of RM3,721 million. The current liabilities exceeded current assets by RM8,509 million, and the shareholders' deficit was RM5,725 million. The Company reported a net profit of RM2 million for the same period.

41. COVID-19 Pandemic (cont'd.)

In response to the pandemic, the Group and the Company implemented several measures related to fundraising, revision of business plans, and cost control. These efforts continue as the Group seeks support from vendors and business partners to address its cash flow requirements. Efforts taken include the following:

(a) Funding

The Group has implemented various funding initiatives, such as restructuring and renegotiating leases, private placements , issuing RCUIDS, and disposing and divesting investments and assets, as well as securing financing from banks and lessors, amounting to approximately RM3 billion. Additionally, the Group is currently engaging in discussions with lenders and investors at different stages for debt and equity fundraising, with an estimated amount of RM1 billion .

(b) Working Capital Management

By 31 December 2022, the Group had successfully restructured 133 aircraft leases and was in discussions with lessors to restructure the remaining leases, seeking to waive the lease rentals in arrears and reduce future lease rates while extending lease terms where appropriate. The deferred lease rentals as at 31 December 2022 are detailed in Note 29.

Furthermore, during the financial year, the Group implemented several measures to significantly reduce its cash burn rate, including various cost containment and optimization exercises including:

- Right sizing of manpower and salary cuts for management, staff and directors;

- Reskilling, upskilling and moving operational manpower across functions within our ecosystem of online travel and lifestyle business during the downturn in travel; and

- Negotiation of deferrals with vendors, service providers, suppliers and other business partners.

(c) Capacity and Network Management and Marketing Activities

In Quarter 4 2022, the Aviation Group (AAB ,PAA, IAA) carried 7.8 million passengers, achieving its highest load factor of 86% since the onset of the pandemic, with a year-to-date load factor of 84%. This performance demonstrated a V-shaped recovery in travel demand in the domestic market in 2022. With the revision of business plans and marketing support, and favourable actions from key stakeholders, the Group is well-positioned to cater to the pent-up demand for leisure travel.

41. COVID-19 Pandemic (cont'd.)

(c) Capacity and Network Management and Marketing Activities (cont'd.)

For the first quarter of 2023, the Group is implementing all possible measures to return the grounded fleet to service, with an estimated completion by Quarter 2 2023. The Group has recalled 99% of furloughed Allstars and is actively organizing cabin crew recruitment drives, in addition to resuming its cadet pilot program and inducting Second Officers for program graduates in 2023, to support manpower requirements for its aircraft expansion plan. The Group aims to achieve full recovery by Quarter 3 2023 and has received assurance from airport partners regarding their ability to support service resumption.

In response to the progressive uplifting of travel restrictions globally and the resumption of travel demand, the Group is implementing continuous flight capacity and network revenue management. The Group consistently evaluates route profitability and focuses its recovery efforts on the most profitable and popular routes, adjusting future available capacity to match observed booking trends for future travel to optimize load factors.

The Group is optimistic about the recovery of regional air travel, expecting it to return to a degree of normalcy within the year, while international air travel with the opening of China is projected to recover rapidly throughout 2023 and beyond.

(d) Synergistic Travel and Lifestyle Businesses

Throughout the year, the Group has undergone a significant transformation to become more than just an airline. It has restructured and expanded to become a digital travel and lifestyle services Group, which has been accelerated by the pandemic. The Group now operates under different business verticals, which include AirAsia Aviation Group, airasia Super App, logistics venture Teleport, BigPay fintech service, airline engineering business Asia Digital Engineering, and venture arm Redbeat Capital. The Group has already received overwhelming support for its digital transformation through various fundraising initiatives.

The Group is confident of the commercial synergies between airasia Super App and BigPay, and is exploring various strategies to intensify the existing ecosystem and offer users a comprehensive and exclusive suite of products.

The Group is also in the process of formulating a holistic and meaningful restructuring plan to regularise and improve its business and financial condition. The Group aims to redirect itself onto a path leading to the upliftment of its PN17 status, which will benefit its shareholders and all other stakeholders.

The Directors have prepared a set of cash flow projections that incorporates the aforementioned measures and assessed the ability of the Group and the Company in continuing as a going concern. Based on this assessment, the Directors believe that the going concern basis used in the preparation of financial statements is appropriate and that no adjustments were necessary to be made to the financial statements relating to the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities.

42. Other matters

Litigations involving AAB and Malaysia Airports (Sepang) Sdn Bhd ("MASSB")

In prior years, AAB, a wholly owned subsidiary of the Company, received a Writ of Summons and Statement of Claim ("Claim") dated 10 December 2018 and on 31 January 2019, Malaysia Airports (Sepang) Sdn Bhd ("MASSB") filed claims at the High Court of Malaya at Kuala Lumpur, claiming the additional RM23 per Passenger Services Charges ("PSC") which AAB was required to collect effective 1 July 2018.

On 18 July 2019, the Kuala Lumpur High Court, inter alia, allowed MASSB's application for summary judgment against AAB and ordered AAB to pay MASSB:

(a) RM9,395,856.50 in outstanding PSC and RM90,055.50 in outstanding LPC for Suit 816; and

(b) RM4,614,329.00 in outstanding PSC and RM40,577.47 in outstanding LPC for Suit 58.

On 22 July 2019, AAB filed appeals in the Court of Appeal against the aforesaid High Court decision.

On 18 September 2019, AAB paid a sum of RM14 million (being the amounts specified in the Garnishee Show Cause Orders dated 23 August 2019) to MASSB to defray the garnishee execution proceedings. The payment was made by AAB without prejudice to AAB's rights, including AAB's rights in the appeals made in relation to the judgement order dated 18 July 2019 and any connected interlocutory applications.

On 2 October 2019, AAB filed a Writ of Summons at the Kuala Lumpur High Court against MASSB for a sum of RM479.8 million, being loss and damage caused by negligence on the part of MASSB, its servants and/or agents in the management, operation, maintenance and/or provision of airport services and facilities at KLIA2.

Following to above, on 22 January 2021, MASSB filed a supplementary affidavit in an attempt to adduce fresh evidence in these appeals. On 5 February 2021, the Company filed motions to adduce fresh evidence in these appeals. In view of these developments, the hearing proper of the appeals were adjourned, pending the disposal of the Company's motions to adduce fresh evidence and MASSB's supplementary affidavits.

On 24 March 2021, the Court of Appeal allowed the Company's motions to adduce fresh evidence and Supplementary Records of Appeal consisting of the fresh evidence were filed on 5 April 2021 and served on 6 April 2021.

42. Other matters (cont'd.)

Litigations involving AAB and Malaysia Airports (Sepang) Sdn Bhd ("MASSB") (cont'd.)

On 14 April 2021, the Court of Appeal gave directions for the filing of written submissions and fixed the appeals for:

(a) e-Review case management on 12 January 2022; and

(b) e-appellate

The appeals were heard on 27 January 2022.

On 3 March 2022, the Court of Appeal dismissed AAB's four (4) appeals against the High Court's two (2) summary judgments and two (2) orders dismissing AAB's application to strike out MASSB's claim for outstanding Passenger Service Charges. The appeals were dismissed with costs of RM10,000.00 for each appeal, subject to payment of allocator fee.

On 1 April 2022, AAB filed motions for leave to appeal to the Federal Court against the dismissal of the four (4) PSC Appeals on 3 March 2022 by the Court of Appeal. These applications are fixed for Case Management on 9 May 2022.

On 9 August 2022, AAB jointly agreed with MASSB to discontinue the Federal Court proceedings and AAB filed a notice of discontinuance to that effect. Accordingly, the Federal Court vacated the hearing of the application on 11 August 2022.

Kuala Lumpur High Court Civil Suit No. WA-23NCvC-56-10/2019
AIRASIA BERHAD & AIRASIA X BERHAD V MALAYSIA AIRPORTS (SEPANG) SDN BHD (SY1447)

On 2 October 2019, AAB (together with AirAsia X Berhad) filed a Writ of Summons at the Kuala Lumpur High Court against MASSB for a sum of RM479.8 million, being loss and damage caused by negligence on the part of MASSB, its servants and/or agents in the management, operation, maintenance and/or provision of airport services and facilities at KLIA2.

AAB and AirAsia X Berhad subsequently filed an amended statement of claim on 23 December 2019 and a reply on 26 December 2019.

AAB and AirAsia X Berhad applied for an application to expunge an affidavit filed by MASSB ("Expungement Application") on 12 March 2021. MASSB subsequently applied to strike out the whole suit ("Striking Out Application") and also applied for further and better particulars ("FBP Application") on 30 March 2021. MASSB's FBP Application is held over pending the disposal of the Striking Out Application.

MASSB's Striking Out Application was heard on 14 February 2022. The High Court dismissed the Striking Out Application on 25 March 2022 with costs in the cause.

MASSB lodged an application for further and better particulars ("FBP Application") over the disposal of the Striking Out Application.

42. Other matters (cont'd.)

Kuala Lumpur High Court Civil Suit No. WA-23NCvC-56-10/2019
AIRASIA BERHAD & AIRASIA X BERHAD V MALAYSIA AIRPORTS (SEPANG) SDN BHD (cont'd.)

At the Case Management on 4 April 2022, the High Court fixed the FBP Application to be heard before the High Court Judicial Commissioner on 22 June 2022. A further case management is scheduled after the hearing takes place.

Through a series of communications between AAB, AAX and MAHB, the parties agreed to discontinue all civil suits between AirAsia and MAHB, which was effected by appropriate filings in court on 9 August 2022. Save for the mutual agreement to discontinue the legal proceedings, there was no other settlement agreement entered into by the parties.

Litigation involving AirAsia Digital Sdn Bhd, AirAsia Berhad, Big Pay Pte Ltd.

On 18 November 2021, an arbitration proceedings were commenced against AAD and AAB 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 proceedings are still at an early stage, where the parties are at the discovery stage. The solicitors are of the view that the AAD and AAB have reasonable prospects of successfully defending the claim.

Litigation involving AirAsia (India) Limited and Commissioner of Central Tax, Bangalore North

Following the announcements made on 29 December 2020 and 5 January 2021 on the disposal of 32.67% equity shares in AirAsia India Limited ("AAI") with AAAGL receiving USD37,660,000 in gross proceeds, the Company announced the signing of the share purchase agreement to sell the remaining 16.33% equity shares held in AAI by AAAGL to Air India Limited, an affiliate of Tata Sons Private Limited, India. All customary consents and regulatory approvals have been secured. AAAGL received INR 1,556,487,8000 (Equivalent to USD 18.83 million or MYR 89.25 million) in gross proceeds. There was no gain or loss on the disposal as Capital A has marked the remaining 16.33% in AAI to its fair value.

42. Other matters (cont'd.)

Litigation involving AirAsia (India) Limited and Commissioner of Central Tax, Bangalore North (cont'd.)

During the course of the operations of the joint venture, AAI had received certain notices from the tax authorities in India. The Company and its affiliates will continue to cooperate with AAI in contesting these notices. A potential tax liability may arise due to the indemnity provisions agreed in the Sales and Purchase Agreement for the disposal of the investment. However, based on the assessment by the tax and legal experts engaged, AAI has a defensible position against the tax demand.

43. Significant events

(i) Restructuring of AAV

On 21 October 2021, the Company announced that its 45% held associate, Thai AirAsia Co. Ltd (“TAA”) via its listed holding company, Asia Aviation Public Company Limited (“AAV”) had announced a restructuring and recapitalisation plan (“AAV Restructuring”). Upon completion of AAV Restructuring, the Company vide its wholly-owned subsidiary AAAGL will dispose its shareholding in TAA and subscribe for equivalent percentage of shareholding in AAV. Pursuant to the completion of AAV Restructuring and increase in share capital of AAV by THB 3,000 million via right issue on 19 January 2022, AAAGL's investment in AAV increases by RM 760 million as reflected in Note 14.

On 19 December 2022, following the restructuring and recapitalisation plan, Asia Aviation Public Company Limited (“AAV”)’s percentage of shareholding in its associate, namely Thai AirAsia Co. Ltd (“TAA”) has decreased from 45% to 43%.

(ii) Sale of equity shares of AirAsia India Ltd.

On 2 November 2022, the Company announced the signing of the share purchase agreement to sell the remaining 16.33% equity shares held in AAI by AAAGL to Air India Limited, an affiliate of Tata Sons Private Limited, India. There will be no gain or loss on the disposal as Capital A has marked the remaining 16.33% in AAI to its fair value.

(iii) Cybersecurity attack

On 12 November 2022, a cybersecurity breach incident was discovered on some of the Group’s redundant and non-critical servers. Although the systems affected were not critical, the Company has taken the necessary measures to resolve and prevent this incident from reoccurring. There were no operational impact arising from this incident.

43. Significant events (cont'd.)

(iii) Cybersecurity attack (cont'd.)

Further, the Group have duly notified and cooperated with the relevant supervisory authorities upon being aware of the cyber breach. The Group and the Company have taken the relevant steps to mitigate the impact of the breach including implementing additional measures to prevent similar incidence in the future. To the best of the Company's knowledge and as at the date of this report, the Company has not been made aware of any pending litigation or claims against the Company relating to the incident.

44. Reconciliation of liabilities arising from financing activities

		Cashflows			Non-cash movement				
	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	Finance costs RM'000	Lease RM'000	Foreign exchange movement RM'000	At 31.12.2022 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	-	-	-	(166,938)	-	-	-	655,499

		Cashflows			Non-cash movement				
	At 1.1.2021 RM'000	Drawdown RM'000	Net proceeds from issuance of RCUIDS RM'000	Repayments RM'000	Other RCUIDS accounting RM'000	Finance costs RM'000	Lease RM'000	Foreign exchange movement RM'000	At 31.12.2021 RM'000
Group									
Borrowings	1,288,869	771,334	957,028	(565,102)	(134,591)	-	-	(7,649)	2,309,889
Lease liabilities	12,435,240	-	-	(423,777)	-	500,044	1,448,162	335,625	14,295,294
Company									
Borrowings	-	-	957,028	-	(134,591)	-	-	-	822,437

45. Reclassifications

The Group reclassified the aircraft operating lease income from revenue to other income to better reflect the revenue generation source as lease income does not form part of the Group's core business. The corresponding changes made to the prior year revenue and other income are as follows:

	As previously disclosed RM'000	Reclassi-fication RM'000	As restated RM'000
Revenue	1,863,186	(153,290)	1,709,896
Other income	111,704	153,290	264,994