AirAsia X Berhad
200601014410 (734161-K)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2023

200601014410 (734161-K)

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Directors' report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

Principal activities

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

The principal activities of the subsidiaries, an associate and a joint venture companies are disclosed in Notes 18, 19 and 20 to the financial statements.

Financial results

	Group RM'000	Company RM'000
Profit for the financial year, representing profit attributable to owners of the Company	331,505	333,072

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, other than as disclosed in the financial statements, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the reversal of additional loss in an investment in a joint venture as disclosed in Note 42 to the financial statements.

Share capital

On 15 June 2023, the Company has completed a private placement exercise, in which the Company has issued 32,258,066 new shares with an issue price of RM1.55 per placement price. The new shares rank pari passu with the then existing shares of the Company.

Share options

No option was granted by the Company to any parties to take up unissued shares of the Company during the financial year.

Dividend

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

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 Asmat Bin Kamaludin
Dato' Fam Lee Ee
Chin Min Ming
Dato' Sri Mohammed Shazalli Bin Ramly (Appointed on 29 September 2023)
Dato' Abdul Mutalib Bin Alias (Appointed on 29 September 2023)
Ahmad Al Farouk Bin Ahmad Kamal (Resigned on 15 December 2023)
Tunku Dato' Mahmood Fawzy Bin Tunku Muhiyiddin (Resigned on 15 December 2023)

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:

Benyamin Bin Ismail
Jean Marc Kin Voon Likamtin
Deans Tommy Lo Seen Chong
Kanoosingh Ashive

Directors' benefits

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

Since the end of the previous financial period, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which the Director has a substantial financial interest, other than as disclosed in Note 37 to the financial statements.

The Directors' benefits are as follows:

2023	**Group and Company RM'000**
Fees	961
Emoluments and other allowances	589
	1,550

Indemnity and insurance for Directors and officers

The Directors and officers of the Company and its subsidiaries are covered under a Directors' and Officers' Liability Insurance up to an aggregate limit of RM10 million against any legal liability, if incurred by the Directors and officers of the Company and its subsidiaries in the discharge of their duties while holding office for the Company and its subsidiaries. The insurance premium paid by the Company was RM288,416.

Directors' interests

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

	Number of ordinary shares			
	1.1.2023	**Share consolidation (Note 35)**	**Disposed**	**31.12.2023**
The Company				
Datuk Kamarudin Bin Meranun				
Direct interest	37,070,994	-	(1)	37,070,993
Indirect interest *	131,033,138	-	(2)	131,033,136
Tan Sri Asmat Bin Kamaludin				
Direct interest	10,000	-	-	10,000
Indirect interest **	4,000	-	(2,000)	2,000

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

** Pursuant to Section 59(11)(c) of the Companies Act 2016, the interests of spouse and children of Tan Sri Asmat Bin Kamaludin in the shares of the Company shall also be treated as the interest of Tan Sri Asmat Bin Kamaludin.

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

Other statutory information

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and

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

Other statutory information (Cont'd.)

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

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

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

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

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

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

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial 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) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

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Auditors

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Total statutory audit fees	817	680

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

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

Dato' Fam Lee Ee

Director

Dato' Abdul Mutalib Bin Alias

Director

Kuala Lumpur, Malaysia

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Statements of profit or loss
For the financial year ended 31 December 2023

	Note	Group 1.1.2023 to 31.12.2023 RM'000	Group 1.7.2021 to 31.12.2022 RM'000 Restated	Company 1.1.2023 to 31.12.2023 RM'000	Company 1.7.2021 to 31.12.2022 RM'000 Restated
Revenue	4	2,527,096	825,860	2,526,653	825,277
Operating expenses					
- Staff costs	5	(204,071)	(106,442)	(200,121)	(104,820)
- Depreciation	6	(184,395)	(40,270)	(184,395)	(40,270)
- Aircraft fuel expenses		(1,256,429)	(354,896)	(1,256,429)	(354,896)
- Maintenance and overhaul	7	(351,045)	(472,353)	(351,045)	(471,971)
- User charges		(247,619)	(96,965)	(247,619)	(96,965)
- Aircraft operating lease expenses		(72,158)	(33,637)	(72,461)	(33,637)
- Other operating expenses	9	(195,249)	(275,115)	(181,381)	(267,418)
- Reversal of/(provision for) additional loss in the investment in IAAX		223,245	(223,245)	223,245	(223,245)
Other income	10	239,592	34,328,563	224,087	34,414,146
Other loss	12	-	(46,000)	-	(46,000)
Operating income		478,967	33,505,500	480,534	33,600,201
Finance income	11	2,702	1,553	2,702	1,553
Finance costs	11	(112,601)	(762,967)	(112,601)	(762,967)
Net operating income		369,068	32,744,086	370,635	32,838,787
Net foreign exchange loss	11	(25,295)	(47,742)	(25,295)	(47,742)
Share of results of an associate	19	-	-	-	-
Share of results of a joint venture	20	-	-	-	-
Profit before taxation		343,773	32,696,344	345,340	32,791,045
Taxation					
- Current taxation	13	(1,936)	1	(1,936)	1
- Deferred taxation	13	(10,332)	612,240	(10,332)	612,240
		(12,268)	612,241	(12,268)	612,241
Profit for the financial year/ period		331,505	33,308,585	333,072	33,403,286
Earnings per share (sen)					
- Basic	14	74.2	8,029.7		
- Diluted	14	74.2	8,029.7		

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

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

	Group		Company	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000 Restated	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000 Restated
Profit for the financial year/ period	331,505	33,308,585	333,072	33,403,286
<u>Other comprehensive loss</u>				
Items that may be subsequently reclassified to profit or loss				
Foreign currency translation differences	(5,596)	(713)	-	-
Other comprehensive loss for the financial year/period, net of tax	(5,596)	(713)	-	-
Total comprehensive income for the financial year/period	325,909	33,307,872	333,072	33,403,286

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

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Statements of financial position
As at 31 December 2023

	Note	31.12.2023 RM'000	31.12.2022 RM'000 Restated
Group			
Assets			
Non-current assets			
Property, plant and equipment	15	35,295	41,848
Right-of-use assets	16	1,306,448	1,044,312
Deferred tax assets	17	601,908	612,240
Investment in an associate	19	-	-
Investment in a joint venture	20	-	-
Amount due from an associate	23	32,641	-
Trade and other receivables	22	436,266	234,248
Amount due from related parties	25	21,935	-
		2,434,493	1,932,648
Current assets			
Inventories	21	6,968	9,190
Trade and other receivables	22	224,610	230,634
Amount due from an associate	23	-	29
Amount due from related parties	25	413,615	131,848
Tax recoverable		198	1,735
Deposits, cash and bank balances	29	57,689	176,710
		703,080	550,146
Total assets		3,137,573	2,482,794
Equity and liabilities			
Current liabilities			
Sales in advance	34	612,296	391,373
Trade and other payables	30	360,232	429,167
Amount due to an associate	26	4,603	3,380
Amount due to related parties	28	41,401	8,469
Lease liabilities	31	152,392	57,033
Provision for aircraft maintenance	33	57,747	17,869
Other provisions	32	13,000	13,000
		1,241,671	920,291
Net current liabilities		(538,591)	(370,145)

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

	Note	31.12.2023 RM'000	31.12.2022 RM'000 Restated
Group (Cont'd.)			
Non-current liabilities			
Sales in advance	34	55,320	352,139
Lease liabilities	31	1,359,633	1,005,449
Provision for aircraft maintenance	33	331,774	207,899
Other provisions	32	33,000	256,245
		1,779,727	1,821,732
Total liabilities		3,021,398	2,742,023
Net assets/(liabilities)		116,175	(259,229)
Equity attributable to equity holders of the Company			
Share capital	35	51,029	1,534
Currency translation reserve		(5,582)	14
Retained earnings/(accumulated losses)		70,728	(260,777)
Total equity		116,175	(259,229)

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

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

	Note	31.12.2023 RM'000	31.12.2022 RM'000 Restated
Company			
Assets			
Non-current assets			
Property, plant and equipment	15	35,295	41,848
Right-of-use assets	16	1,306,448	1,044,312
Deferred tax asset	17	601,908	612,240
Investments in subsidiaries	18	4	4
Investment in an associate	19	-	-
Investment in a joint venture	20	-	-
Trade and other receivables	22	436,266	234,248
Amount due from subsidiaries	24	32,261	-
Amount due from related parties	25	21,935	-
		2,434,117	1,932,652
Current assets			
Inventories	21	6,968	9,190
Trade and other receivables	22	222,867	114,222
Amount due from subsidiaries	24	569	-
Amount due from related parties	25	413,478	132,580
Tax recoverable		198	1,652
Deposits, cash and bank balances	29	57,113	176,373
		701,193	434,017
Total assets		3,135,310	2,366,669
Equity and liabilities			
Current liabilities			
Sales in advance	34	612,296	391,373
Trade and other payables	30	326,916	300,521
Amount due to subsidiaries	27	11,809	635
Amount due to an associate	26	4,603	3,380
Amount due to related parties	28	41,401	8,469
Lease liabilities	31	152,392	57,033
Provision for aircraft maintenance	33	57,747	17,674
Other provisions	32	13,000	13,000
		1,220,164	792,085
Net current liabilities		(518,971)	(358,068)

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

	Note	31.12.2023 RM'000	31.12.2022 RM'000 Restated
Company (Cont'd.)			
Non-current liabilities			
Sales in advance	34	55,320	352,139
Lease liabilities	31	1,359,633	1,005,449
Provision for aircraft maintenance	33	331,774	207,899
Other provisions	32	33,000	256,245
		1,779,727	1,821,732
Total liabilities		2,999,891	2,613,817
Net assets/(liabilities)		135,419	(247,148)
Equity attributable to equity holders of the Company			
Share capital	35	51,029	1,534
Retained earnings/(accumulated losses)		84,390	(248,682)
Total equity		135,419	(247,148)

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

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

			<---- Attributable to equity holders of the Group ----->			
			<--- Non-Distributable --->			
	Note	**Number of shares '000**	**Share capital RM'000**	**Currency translation reserve RM'000**	**(Accumulated losses)/ Distributable retained earnings RM'000**	**Total equity RM'000**
Group						
At 1 January 2023, as per previously stated		414,815	1,534	14	(286,751)	(285,203)
Prior year adjustment (Note 45)		-	-	-	25,974	25,974
At 1 January 2023, restated		414,815	1,534	14	(260,777)	(259,229)
Net profit for the financial year		-	-	-	331,505	331,505
Other comprehensive loss for the financial year		-	-	(5,596)	-	(5,596)
Total comprehensive (loss)/income for the financial year		-	-	(5,596)	331,505	325,909
Issuance of ordinary shares	35	32,258	49,495	-	-	49,495
At 31 December 2023		447,073	51,029	(5,582)	70,728	116,175

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

			<---- Attributable to equity holders of the Group ----->			
			<--- Non-Distributable --->			
	Note	**Number of shares '000**	**Share capital RM'000**	**Currency translation reserve RM'000**	**Accumulated losses RM'000 Restated**	**Total equity RM'000**
Group						
At 1 July 2021		4,148,149	1,534,044	727	(35,101,872)	(33,567,101)
Net profit for the financial period		-	-	-	33,308,585	33,308,585
Other comprehensive loss for the financial period		-	-	(713)	-	(713)
Total comprehensive (loss)/income for the financial period		-	-	(713)	33,308,585	33,307,872
Share consolidation	35	(3,733,334)	-	-	-	-
Share capital reduction	35	-	(1,532,510)	-	1,532,510	-
At 31 December 2022		414,815	1,534	14	(260,777)	(259,229)

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

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Statement of changes in equity
For the financial year ended 31 December 2023 (Cont'd.)

			<--- Attributable to equity holders of the Company --->		
			<---------- Non-Distributable ---------->		
	Note	**Number of shares '000**	**Share capital RM'000**	**(Accumulated losses)/ Distributable retained earnings RM'000**	**Total equity RM'000**
Company					
At 1 January 2023, as per previously stated		414,815	1,534	(274,656)	(273,122)
Prior year adjustment (Note 45)		-	-	25,974	25,974
At 1 January 2023, restated		414,815	1,534	(248,682)	(247,148)
Total comprehensive income for the financial year		-	-	333,072	333,072
Issuance of ordinary shares	35	32,258	49,495	-	49,495
At 31 December 2023		447,073	51,029	84,390	135,419

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Statement of changes in equity
For the financial year ended 31 December 2023 (Cont'd.)

	Note	Number of shares '000	Share capital RM'000	Accumulated losses RM'000 Restated	Total equity RM'000
			<--- Attributable to equity holders of the Company --->		
			<---------- Non-Distributable ---------->		
Company					
At 1 July 2021		4,148,149	1,534,044	(35,184,478)	(33,650,434)
Total comprehensive income for the financial period		-	-	33,403,286	33,403,286
Share consolidation	35	(3,733,334)	-	-	-
Share capital reduction	35	-	(1,532,510)	1,532,510	-
At 31 December 2022		414,815	1,534	(248,682)	(247,148)

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

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

		Group		Company	
	Note	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000 Restated	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000 Restated
Cash flows from operating activities					
Profit before taxation		343,773	32,696,344	345,340	32,791,045
Adjustments for:					
Property, plant and equipment and right-of-use assets					
- Depreciation	6	184,395	40,270	184,395	40,270
- Reversal of impairment loss	9	-	(157,016)	-	(157,016)
Allowance for/(reversal of) impairment loss:					
- Trade and other receivables	9	16,854	85,882	16,854	85,882
- Inventories	9	-	(9,190)	-	(9,190)
- Amount due from an associate	9,10	(37,940)	366,160	-	-
- Amount due from subsidiaries	9,10	-	-	(38,268)	382,862
- Amount due from related parties	9	498	(9,288)	498	(9,288)
Debt settlement and waiver of debts pursuant to the Debt Restructuring	10	-	(34,313,138)	-	(34,398,721)
(Reversal of)/provision for additional loss in the investment in IAAX		(223,245)	223,245	(223,245)	223,245
Finance income	11	(2,702)	(1,548)	(2,702)	(1,548)
Finance costs	11	97,391	754,519	97,391	754,519
Loss on lease remeasurement	16,31	105	-	105	-
Net gain of discounting effect on financial instruments	11	15,210	8,443	15,210	8,443
Net unrealised foreign exchange loss	11	63,998	34,099	63,998	34,099

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

		Group		Company	
	Note	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 30.06.2022 RM'000 Restated	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 30.06.2022 RM'000 Restated
Cash flows from operating activities (Cont'd.)					
Operating gain/(loss) before working capital changes		458,337	(281,218)	459,576	(255,398)
Changes in working capital:					
Inventories		2,222	-	2,222	-
Trade and other receivables		(241,241)	1,238,136	(355,639)	1,354,429
Related parties balances		(249,180)	(803,845)	(238,889)	(974,182)
Trade and other payables		58,942	(282,883)	160,048	(255,086)
Sales in advance		(75,896)	238,671	(75,896)	238,082
Cash flows (used in)/ generated from operations		(46,816)	108,861	(48,578)	107,845
Finance costs paid		(1,420)	-	(1,420)	-
Interest received		2,702	1,548	2,702	1,548
Tax (paid)/refund		(191)	(39)	(482)	44
Net cash (used in)/generated from operating activities		(45,725)	110,370	(47,778)	109,437
Cash flows from investing activities					
Additions of property, plant and equipment	15	(15,254)	(2,021)	(15,254)	(2,021)
Net cash used in investing activities		(15,254)	(2,021)	(15,254)	(2,021)
Cash flows from financing activities					
Repayment of lease liabilities	31	(112,005)	(20,084)	(112,005)	(20,084)
Repayment of hire purchase	29	-	(15)	-	(15)
Deposits pledged as securities		-	5,644	-	5,644
Proceeds from issuance of shares	35	49,495	-	49,495	-
Net cash used in financing activities		(62,510)	(14,455)	(62,510)	(14,455)

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Statements of cash flows
For the financial period ended 31 December 2023 (Cont'd.)

		Group		Company	
	Note	**1.1.2023 to 31.12.2023 RM'000**	**1.7.2021 to 30.06.2022 RM'000 Restated**	**1.1.2023 to 31.12.2023 RM'000**	**1.7.2021 to 30.06.2022 RM'000 Restated**
Net (decrease)/increase in cash and cash equivalents		(123,489)	93,894	(125,542)	92,961
Effect of movement in foreign exchange rate		4,468	14,350	6,282	15,063
Cash and cash equivalents at beginning of the financial period		176,710	68,466	176,373	68,349
Cash and cash equivalents at end of the financial period	29	57,689	176,710	57,113	176,373

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

Notes to the financial statements - 31 December 2023

1. Corporate information

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

The principal activity of the Company is that of providing long haul air transportation services. The principal activities of the subsidiary companies are disclosed in Note 18.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 30 April 2024.

2. Summary of material accounting policies

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements.

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis except otherwise disclosed in this summary of significant accounting policies below.

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

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

2. Summary of material accounting policies (Cont'd.)

2.2 Changes in accounting policies

On 1 January 2023, the Group and the Company adopted the following new and amended MFRSs and IC interpretation mandatory for annual financial periods beginning on or after 1 January 2023:

Effective for annual periods beginning on or after 1 January 2023

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

The adoption of the above standards and interpretations did not have any material impact on the financial performance or position of the Group and of the Company, except for:

<u>Amendments to MFRS 101 - Disclosure of Accounting Policies</u>

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

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

2. Summary of material accounting policies (Cont'd.)

2.3 Standards issued but not yet effective

The following standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") will become effective in future financial reporting periods and have not been adopted by the Group and/or the Company in these financial statements:

Effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Non-Current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7	Disclosure of Supplier Finance Arrangements

Effective for annual periods beginning on or after 1 January 2025

Amendments to MFRS 121	Lack of Exchangeability

Effective for a date yet to be confirmed

Amendments to MFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 128	Sale or Contribution of Assets Assets between an Investor and its Associate or Joint Venture

The amendments to MFRSs above are not expected to have any significant impact on the financial statements of the Group and the Company upon their initial application except for the changes in presentation and disclosures of financial information arising from the adoption of these amendments to MFRSs.

2. Summary of material accounting policies (Cont'd.)

2.4 Basis of consolidation

The consolidated financial statements include the Company's and its subsidiaries' financial information as of 31 December 2023. Control over a subsidiary is established when the Group has the power to influence variable returns and direct the subsidiary's relevant activities.

Typically, a majority of voting rights implies control. However, when the Group holds less than the majority, it assesses various factors to determine control. These factors include the Group's voting rights relative to others, contractual arrangements, and past voting patterns.

Control is reassessed if circumstances change. Consolidation of a subsidiary begins when control is obtained and ends when control is lost. Assets, liabilities, income, and expenses of a subsidiary are included in the consolidated financial statements from acquisition until cessation of control.

Profits, losses, and other comprehensive income ("OCI") are attributed to the parent company's equity holders and non-controlling interests, even if this results in the non-controlling interest in having a deficit balance. When necessary, adjustments are made to align the subsidiary's accounting policies with the Group's. All intra-group transactions are eliminated.

Changes in subsidiary ownership without loss of control are treated as equity transactions. When control is lost, all related assets, liabilities, and equity components are derecognised, with any remaining investment valued at fair value. If the Group loses control over a subsidiary, any remaining investment is measured at fair value. The difference between the carrying amount and fair value is recognised in profit or loss.

2.5 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of acquisition is the sum of the consideration paid and any non-controlling interests in the acquired entity.

Upon acquisition, the Group evaluates the financial assets and liabilities assumed to ensure proper classification and designation. Any contingent consideration is recognised at fair value at the acquisition date. If classified as equity, it's not remeasured. If classified as a financial instrument, it's measured at fair value with subsequent changes recognised in profit or loss.

Goodwill is initially measured as the excess of consideration paid over the net identifiable assets acquired and liabilities assumed. If the fair value of net assets acquired exceeds the consideration, the Group reassesses its identification of assets and liabilities. Any remaining excess is recognised as a gain in profit or loss.

2. Summary of material accounting policies (Cont'd.)

2.5 Business combinations and goodwill (Cont'd.)

Goodwill is measured at cost less any accumulated impairment losses. It's allocated to cash-generating units for impairment testing, regardless of other assets or liabilities. If the goodwill is part of a cash-generating unit being disposed of, the associated goodwill is included in the carrying amount of the disposed operation.

2.6 Investment in associates and joint ventures

The Group holds interests in an associate and a joint venture as disclosed in Note 19 and Note 20 respectively.

An associate is an entity over which the Group has significant influence, allowing participation in financial and operating decisions.

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

The Group uses the equity method for its investments in associates and joint ventures reports the share of profit or loss from associates separately in the profit or loss.

Investments in associates and joint ventures are initially recorded at cost. The carrying amount is adjusted for changes in the Group's share of the associate's or joint venture's net assets. Goodwill related to associates or joint ventures is included in the investment's carrying amount and are not separately tested for impairment.

In the Company's separate financial statements, investments in associates and joint ventures are stated at cost less accumulated impairment losses.

Results from associates and joint ventures are included in the Group's profit or loss and OCI. Unrealised gains and losses from transactions with associates and joint ventures are eliminated to the extent of the Group's interest. The financial statements of associates and joint ventures are aligned with the Group's reporting period and accounting policies, when necessary.

The Group assesses for impairment at each reporting date and such impairment losses are recognised in profit or loss.

If the Group loses significant influence over an associate or joint control over the joint venture, any remaining investment is measured at fair value. The difference between the carrying amount and fair value is recognised in the profit or loss.

2. Summary of material accounting policies (Cont'd.)

2.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Where significant parts of an item of property, plant and equipment are required to be replaced at intervals, the Group and the Company recognise such parts in the carrying amount of the property, plant and equipment as a replacement when it is probable that future economic benefits associated with the parts will flow to the Group and the Company and the cost of the parts can be measured reliably. The carrying amount of the replaced part is derecognised.

Depreciation is calculated using the straight-line method to write off the cost of the assets to their residual values over their estimated useful lives.

The useful lives for this purpose are as follows:

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

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

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

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

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

2. Summary of material accounting policies (Cont'd.)

2.8 Investments in subsidiaries

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

2.9 Impairment of non-financial assets

The Group and the Company assess, at each reporting date, whether any indication exists that an asset may be impaired. If so, or when annual impairment testing is required, the Group and the Company estimate the asset's recoverable amount. Recoverable amount is the higher of its fair value less costs of disposal and its value in use ("VIU").

The Group and the Company estimate VIU using projected future cash flows to their present value using a pre-tax discount rate. In determining fair value less costs of disposal, market transactions and appropriate valuation models are used. Impairment calculations are based on the Group's and the Company's most recent budgets and forecasts, covering a period of five years. A long-term growth rate is applied to project future cash flows beyond the fifth year.

Impairment losses are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset. For assets excluding goodwill, the Group and the Company assess at each reporting date whether previously recognised impairment losses no longer exist or have decreased. Reversals are recognised in the profit or loss to the extent that such reversal do not exceed the previous impairment less amortization or depreciation of the asset had the asset was not impaired. Goodwill is tested for impairment annually and when circumstances indicate potential impairment. Impairment is determined by comparing the recoverable amount of the cash-generating unit (CGU) to which the goodwill relates with its carrying amount.

Intangible assets with indefinite useful lives are tested for impairment annually or when indications of impairment arise.

Climate risks, including physical and transition risks, are assessed for their potential impact. If significant, these risks are factored into cash-flow forecasts when assessing value-in-use amounts.

2. Summary of material accounting policies (Cont'd.)

2.10 Maintenance and overhaul

(i) Owned aircraft

The accounting for the cost of major airframe and certain engine maintenance checks for own aircraft is described in the accounting policy in Note 2.7 for property, plant and equipment.

(ii) Leased aircraft

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

2.11 Leases

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

Group and Company as a lessee

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

(i) ROU assets

Upon lease commencement, the Group and the Company recognise ROU assets, initially recognising them at cost and subsequently adjusting them for accumulated depreciation and impairment losses, if any. The asset's cost includes lease liabilities, initial direct costs, and lease payments made less incentives received. Depreciation is applied on a straight-line basis over the shorter of the lease term or asset's useful life as follows:

Aircraft and engines	2 to 14 years
Office	2 to 20 years

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.

2. Summary of material accounting policies (Cont'd.)

2.11 Leases (Cont'd.)

(i) ROU assets (Cont'd.)

The ROU assets are also subject to impairment.

(ii) Lease liabilities

Upon lease commencement, the Group and the Company recognise lease liabilities, measured at the present value of lease payments over the lease term. These payments include fixed payments, less any lease incentives received, variable payments dependent on an index or rate, amounts under residual value guarantees, and purchase option exercise prices or termination penalties.

Variable payments not tied to an index or rate are expensed when triggered.

The present value of lease payments is calculated using the incremental borrowing rate at lease commencement, if the lease's implicit interest rate is not easily determinable. Over time, lease liabilities increase for interest accrual and decrease for payments made. Additionally, they are remeasured for modifications, changes in lease terms or payments, or revised assessments of purchase

Lease liabilities are reported within interest-bearing loans and borrowings.

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

For leases with a term of 12 months or less and lacking a purchase option, the Group and the Company apply a short-term lease recognition exemption. Similarly, leases of deemed low value also qualify for exemption.

Lease payments for these short-term and low-value asset leases are expensed evenly over the lease term on a straight-line basis.

2.12 Inventories

Inventories comprising consumables used internally for repairs and maintenance and in-flight merchandise, are stated at the lower of cost and net realizable 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 realizable value represents the estimated selling price in the ordinary course of business, less all applicable variable selling expenses. In arriving at net realizable value, due allowance is made for all damaged, obsolete and slow-moving items.

2. Summary of material accounting policies (Cont'd.)

2.13 Fair value measurement

The Group and the Company measure financial instruments at fair value at each reporting date. Fair value is the price at which an asset could be sold or a liability transferred in an orderly transaction between market participants at the measurement date.

Fair value is determined based on the presumption that the transaction occurs in either the principal market or, if not available, the most advantageous market accessible to the Group and the Company. The measurement considers assumptions that market participants act in their economic best interest.

When measuring fair value for non-financial assets, it accounts for their potential economic benefits in their highest and best use.

The Group uses appropriate valuation techniques, maximizing observable inputs and minimizing unobservable ones, with fair value measurements categorised into three levels based on the significance of inputs:

Level 1: Quoted market prices in active markets.
Level 2: Valuation techniques with observable inputs.
Level 3: Valuation techniques with unobservable inputs.

Transfers between levels are assessed at each reporting period. Classes of asset and liability are determined for fair value disclosures based on their nature, characteristics, risks, and their level within the fair value hierarchy.

2.14 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances, demand deposits, bank overdrafts and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.15 Provisions

Provisions are recognised when the Group has a present obligation due to a past event, and it's probable that resources will be needed to settle it, with the amount being able to be estimated reliably. If certain portion of the provision is reimbursable, it is recognised as a separate asset only when the reimbursement is virtually certain. The expense is recognised in the profit or loss net of any reimbursement.

If time value of money is significant, provisions are discounted using a current pre-tax rate reflecting specific liability risks. The increase in the provision due to time passage is recognised as a finance cost when discounting is applied.

2. Summary of material accounting policies (Cont'd.)

2.16 Borrowing cost

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

2.17 Income taxes

(i) Current tax

Current income tax assets and liabilities are measured based on the expected amounts to be paid to or recovered from taxation authorities. This calculation uses enacted or substantively enacted tax rates and laws applicable at the reporting date in the countries where the Group operates and generates taxable income.

For items recognised directly in equity, current income tax is recognised in equity, not in the profit or loss. Management periodically reviews tax return positions, particularly in cases where tax regulations are open to interpretation, and establishes provisions as necessary.

(ii) Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Summary of material accounting policies (Cont'd.)

2.17 Income taxes (Cont'd.)

(ii) Deferred tax (Cont'd.)

Deferred tax assets are recognised for all deductible temporary differences, subject to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date, with adjustments made based on the probability of future taxable profits.

Deferred tax assets and liabilities are measured using expected future tax rates, based on rates that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items outside profit or loss is recognised accordingly, either in OCI or directly in equity.

Tax benefits acquired as part of a business combination are recognised subsequently if new information about facts and circumstances changes.

The Group and the Company offset deferred tax assets and liabilities if they have a legally enforceable right to set off current tax assets and liabilities and certain other conditions are met.

2. Summary of material accounting policies (Cont'd.)

2.18 Revenue recognition

(a) Revenue from contracts with customers

(i) Scheduled flights

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

(ii) Charter flights

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

(iii) Ancillary revenue

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

(iv) Freight services

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

(v) Management fee

Management fees, incentives and commission income are recognised on an accrual basis.

2.19 Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

2. Summary of material accounting policies (Cont'd.)

2.19 Foreign currencies (Cont'd.)

(ii) Transactions and balances

When the Group engages in transactions denominated in foreign currencies, the initial recording is done at the spot exchange rate of the functional currency at the time of recognition.

For monetary assets and liabilities in foreign currencies, they are translated at the spot exchange rates at the reporting date. Any differences arising from settlement or translation of these monetary items are then recognised in the Group's profit or loss. However, if a monetary item is designated as part of a hedge of the Group's net investment in a foreign operation, any differences are initially recognised in OCI until the net investment is disposed of, at which point they are reclassified to profit or loss.

Additionally, for transactions involving advance consideration, the spot exchange rate used for derecognition of non-monetary assets or liabilities is determined based on the date of the initial recognition of the asset or liability. This ensures that the appropriate exchange rate is applied for accurate recording of the transaction.

(iii) Group companies

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

2. Summary of material accounting policies (Cont'd.)

2.20 Financial assets

(i) Initial recognition and measurement

Financial assets are categorised at initial recognition based on their contractual cash flow characteristics and the Group's business model for managing them. This classification determines how the assets are subsequently measured: amortised cost, fair value through OCI, or fair value through profit or loss.

Trade receivables without significant financing components or for which the Group applies a practical expedient are measured at the transaction price. For other financial assets, the initial measurement includes their fair value plus transaction costs, except for those classified at fair value through profit or loss.

To be classified and measured at amortised cost or fair value through OCI, a financial asset's cash flows must be 'solely payments of principal and interest' ("SPPI") on the outstanding principal. This is assessed at the instrument level. Assets failing the SPPI test are measured at fair value through profit or loss regardless of the business model.

The Group's business model for managing financial assets determines how it generates cash flows from those assets, whether through collecting contractual cash flows, selling assets, or both. Financial assets held to collect contractual cash flows are classified at amortised cost, while those held to collect cash flows and sell are classified at fair value through OCI.

Transactions involving financial assets requiring delivery within a specific timeframe, as regulated by the market, are recognised on the trade date when the Group commits to purchase or sell the asset.

(ii) Subsequent measurement

Subsequent measurement of financial assets involves classification into four categories and their respective treatment:

Financial assets at amortised cost (debt instruments):

These assets are measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss upon derecognition, modification, or impairment.

Financial assets at fair value through OCI (debt instruments):

Interest income, foreign exchange revaluation, and impairment losses or reversals are recognised in profit or loss. Remaining fair value changes are recognised in OCI, and upon derecognition, the cumulative fair value change in OCI is recycled to profit or loss.

2. Summary of material accounting policies (Cont'd.)

2.20 Financial assets (Cont'd.)

(ii) Subsequent measurement (Cont'd.)

Financial assets designated at fair value through OCI (equity instruments):

Equity investments that meet the criteria and are not held for trading can be classified irrevocably as equity instruments designated at fair value through OCI. Gains and losses are not recycled to profit or loss, and dividends are recognised as other income unless they recover part of the asset's cost, in which case, gains are recorded in OCI.

These assets are not subject to impairment assessment.

Financial assets at fair value through profit or loss:

Carried at fair value with net changes recognised in profit or loss.

This category includes derivative instruments and listed equity investments not classified as fair value through OCI.

Dividends on listed equity investments are recognised as other income.

Embedded derivatives in hybrid contracts are separated and accounted for separately if certain conditions are met, with changes in fair value recognised in profit or loss.

(iii) Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group and the Company have transferred their rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement. In such cases, the Group and the Company evaluate whether they have transferred substantially all the risks and rewards of the asset, or if they have neither transferred nor retained substantially all the risks and rewards but have transferred control of the asset.

2. Summary of material accounting policies (Cont'd.)

2.20 Financial assets (Cont'd.)

(iii) Derecognition (Cont'd.)

If the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they assess the extent to which they have retained the risks and rewards of ownership. If they haven't transferred or retained substantially all risks and rewards, nor transferred control of the asset, they continue to recognise the transferred asset to the extent of their continuing involvement. In this scenario, the Group and the Company also recognise an associated liability, and both are measured based on the rights and obligations retained.

Continuing involvement, such as a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group or the Company could be required to repay.

(iv) Impairment

The Group and the Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. These ECLs are based on the difference between the contractual cash flows due and all the cash flows expected to be received, discounted at an approximation of the original effective interest rate. Expected cash flows include those from collateral sale or other credit enhancements integral to the contract terms.

ECLs are recognised in two stages:

- For credit exposures without a significant increase in credit risk since initial recognition, ECLs cover credit losses possible within the next 12 months.
- For exposures with a significant increase in credit risk, a loss allowance covers credit losses expected over the remaining exposure life, regardless of default timing.

For trade receivables and contract assets, a simplified approach calculates ECLs based on lifetime ECLs at each reporting date, using a provision matrix grounded in historical loss experience adjusted for forward-looking factors.

A financial asset is considered in default when payments are 90 days past due, or when information suggests full recovery is unlikely, considering any credit enhancements held. Financial assets are written off when full contractual cash flow recovery is improbable.

2. Summary of material accounting policies (Cont'd.)

2.21 Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are categorised at initial recognition as either financial liabilities at fair value through profit or loss, loans and borrowings, payables, or derivatives designated as effective hedging instruments.

Upon initial recognition, all financial liabilities are recorded at fair value, with loans and borrowings and payables recognised net of directly attributable transaction costs.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss consist of two categories: financial liabilities held for trading and financial liabilities designated at fair value through profit or loss upon initial recognition.

Financial liabilities held for trading include those incurred for the purpose of repurchasing in the near term, as well as derivative financial instruments not designated as hedging instruments. Embedded derivatives are also classified as held for trading unless designated as effective hedging instruments.

Gains or losses on these liabilities are recognised in the statement of profit or loss.

Financial liabilities designated at fair value through profit or loss upon initial recognition are designated at the inception date if they meet the criteria outlined in MFRS 9.

2. Summary of material accounting policies (Cont'd.)

2.21 Financial liabilities (Cont'd.)

(ii) Subsequent measurement (Cont'd.)

Financial liabilities at amortised cost (loans and borrowings)

Interest-bearing loans and borrowings, the most relevant category to the Group and the Company, are subsequently measured at amortised cost using the effective interest rate (EIR) method after initial recognition. Gains and losses are recognised in profit or loss upon derecognition of the liabilities, as well as through the EIR amortization process.

Amortised cost is calculated by considering any discount or premium on acquisition, as well as fees or costs integral to the effective interest rate. The amortization of the effective interest rate is recorded as finance costs in the profit or loss.

This category primarily encompasses interest-bearing loans and borrowings.

(iii) Derecognition

A financial liability is derecognised when the obligation it represents is discharged, cancelled, or expires. Additionally, if an existing financial liability is replaced by another from the same lender with substantially different terms, or if the terms of an existing liability are substantially modified, this exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. Any difference in the respective carrying amounts is recognised in the profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Chief Executive Officer ("Group CEO") that makes strategic decisions.

3. Critical accounting estimates and judgements

The directors continually evaluate estimates and judgments based on historical experience and other factors, including expectations of future events deemed reasonable under the circumstances. However, resulting accounting estimates may rarely align precisely with actual results.

Outlined below are estimates and assumptions posing a significant risk of material adjustment to the carrying amounts of assets and liabilities in the next financial year:

(i) Deferred tax assets

Deferred tax assets primarily stem from unutilised tax incentives, unabsorbed capital allowances, and tax loss carryforwards. These assets are recognised to the extent that future taxable profits are probable, which involves significant assumptions. These assumptions pertain to regulatory approvals for prospective routes, aircraft delivery, fares, load factors, fuel prices, maintenance costs, and currency movements. They are based on past performance adjusted for non-recurring circumstances and a reasonable growth rate. Management believes that these projections indicate the utilisation of temporary differences, leading to the recognition of deferred tax assets as of the reporting date. Significant changes to the estimates of base fare, load factor and foreign exchange rates will result in variation in the carrying amount of deferred tax assets recognised.

(ii) Provision for aircraft maintenance

The Group and the Company have contractual obligations to maintain leased aircraft throughout the lease period and to return them to lessors at lease-end under specific pre-agreed conditions. Management estimates and accrues costs for overhaul, restoration, and redelivery over the lease term. These estimates hinge on factors like anticipated aircraft utilisation rates, including flying hours and cycles leading up to the next overhaul, projected costs from routine and non-routine checks, and the timing of maintenance work. However, actual results may diverge considerably from these estimates due to variations in aircraft utilisation and the timing of maintenance activities.

(iii) Impairment assessment of financial assets

The Group and the Company utilise the simplified approach under MFRS 9 to gauge expected credit losses, employing a lifetime expected loss allowance for all receivables, including balances with intercompany and related parties. At each reporting date, the Group and the Company evaluate credit risk, assessing whether there have been significant increases since initial recognition. Impairment provisions for receivables are founded on assumptions regarding default risk and anticipated loss rates. In making these assumptions and selecting inputs for impairment calculations, judgment is exercised, drawing from the Group's and the Company's historical data, prevailing market conditions, and forward-looking estimates tailored to individual debtors and/or group of debtors at the close of each reporting period.

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

Outlined below are estimates and assumptions posing a significant risk of material adjustment to the carrying amounts of assets and liabilities in the next financial year (Cont'd.):

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

During the financial period ended 31 December 2022, IAAX, a joint venture of the Company, received a Tax Underpayment Assessment Letter from the Indonesia Tax Office (ITO), demanding a payment of RM200.7 million for tax underpayment in the fiscal year 2017. The tax audit for the year assessment 2018 and 2019 were completed during the financial year and the ITO raised an additional assessment of RM236.6 million.

IAAX has disputed the tax assessments by the ITO and has submitted objection letters and appeal letters to the ITO. ITO has rejected the appeal by IAAX and the case has been brought to court. In the event the dispute is ruled in favour of the ITO, it is unlikely that IAAX will be able to pay the additional tax. Per Indonesian tax regulations, tax collection actions target "tax bearers" of corporate taxpayers, including shareholders. Consequently, the Company, as IAAX's shareholder, could be liable for IAAX's RM215.9 million tax payable, based on its equity interest in IAAX.

(v) Recoverability of amounts owing by subsidiary companies, associated company and related parties

During the current financial year, the Group and the Company conducted assessments of the credit risks associated with amounts owed by an associated company, certain subsidiary companies, and related parties. Using the ECL model, these evaluations were performed individually for each debt at each reporting date. The objective was to ascertain whether there had been any significant increases in credit risk since the initial recognition of these financial assets. This approach allows the Group and the Company to stay informed about the financial health of these entities and make informed decisions regarding the recoverability of these amounts.

The amounts owing by associated company, subsidiary companies and related parties are disclosed in Note 23, Note 24 and Note 25 respectively.

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

Outlined below are estimates and assumptions posing a significant risk of material adjustment to the carrying amounts of assets and liabilities in the next financial year (Cont'd.):

(vi) Contract liability for travel voucher

The Group and the Company have committed to issue travel vouchers to compensate passengers affected by flight cancellations during the Covid-19 pandemic. These vouchers typically have an average expiry date of 5 years from the date of issuance.

In 2023, management reviewed and adjusted the method used to calculate the provision for travel vouchers. Previously, estimates were based on past "No Show" trends, referring to passengers who purchased flight tickets but didn't board their scheduled flights. However, management determined that this trend wasn't an accurate representation of the travel voucher liabilities. Instead, for the financial year ended 31 December 2023, management estimated the liability required based on the historical redemption rate of the travel vouchers. Actual utilisation may still vary significantly from these estimates.

(vii) Incremental borrowing rate for the discounting of lease payment

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

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

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

Outlined below are estimates and assumptions posing a significant risk of material adjustment to the carrying amounts of assets and liabilities in the next financial year (Cont'd.):

(viii) Provision for profit-sharing

Under the scheme of arrangement with scheme creditors sanctioned by the High Court of Malaya on 16 March 2022 on the proposed debt restructuring, Class A and Class B scheme creditor will be entitled to an annual profit-sharing mechanism, calculated based on the pro-rating of the payout pool, which equates to 20% of the excess over RM300 million of adjusted earnings before interest, taxes, depreciation, amortization and lease rentals ("EBITDAR") for the financial years ending 2023 to 2026 ("applicable financial year"). The profit-sharing mechanism has no prejudice to the scheme and without limiting or affecting the debt settlement and waiver, Class A and Class B creditors shall received a portion of AAX's profits subject to and based on the terms of the profit-sharing mechanism.

During the financial year ended 31 December 2023, management has estimated the provision for profit sharing for scheme creditor based on possible scenarios of the forecast projected EBITDAR for financial year 2024 to financial year 2026 resulting in a provision for profit sharing or RM46 million. Actual payout of the profit share will deviate if actual results deviate significantly against the forecast.

4. Revenue

	Group		Company	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000
Revenue from contracts with customers	2,526,653	798,113	2,526,653	798,113
Aircraft operating lease income	-	27,164	-	27,164
Management fee	443	583	-	-
	2,527,096	825,860	2,526,653	825,277
Revenue from contracts with customers				
Type of goods or services				
Scheduled flights	1,673,926	272,387	1,673,926	272,387
Charter flights	18,796	105,625	18,796	105,625
Freight services	151,673	341,595	151,673	341,595
Ancillary revenue	682,258	78,506	682,258	78,506
	2,526,653	798,113	2,526,653	798,113
Timing of revenue recognition				
At a point of time	2,526,653	798,113	2,526,653	798,113

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

Salient terms of revenue from contracts with customers:

i) Scheduled flights	-	Tickets bought are valid over a period of 30 - 60 days and refunds for airport tax are claimable up to 6 months period of travel date.
ii) Charter flights	-	Full upfront payment before the flight.
iii) Freight services	-	Credit term of 30 days (2022: 30 days) from invoice date.
iv) Ancillary services	-	Normally settle by cash and generally no refunds.

Unsatisfied performance obligations represented by sales in advance is disclosed in Note 34. Contract balances, represented by trade receivables and amount due from AirAsia Berhad are disclosed in Note 22 and Note 25 respectively.

5. Staff costs

	Group		Company	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000
Wages, salaries, bonuses and allowances	187,499	96,689	183,549	95,067
Defined contribution retirement plan	16,572	9,753	16,572	9,753
	204,071	106,442	200,121	104,820

Included in staff costs are Directors' remunerations as disclosed in Note 8.

6. Depreciation

	Group		Company	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000 Restated	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000 Restated
Property, plant and equipment (Note 15)	21,807	-	21,807	-
Right-of-use assets (Note 16)	162,588	40,270	162,588	40,270
	184,395	40,270	184,395	40,270

7. Maintenance and overhaul

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

8. Directors' remuneration

Details of remunerations paid to Directors are as follows:

	Group and Company		
	Fees RM'000	Emoluments/ Other allowances RM'000	Total RM'000
2023			
Non-Executive Directors:			
Datuk Kamarudin Bin Meranun	85	507	592
Dato' Fam Lee Ee	207	18	225
Tan Sri Asmat Bin Kamaludin	172	14	186
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin	204	13	217
Ahmad Al Farouk bin Ahmad Kamal	131	15	146
Chin Min Ming	116	18	134
Dato' Sri Mohammed Shazalli Bin Ramly	22	2	24
Dato' Abdul Mutalib Bin Alias	24	2	26
Total Non-Executive Directors	961	589	1,550

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

8. Directors' remuneration (Cont'd.)

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

	Group and Company Number of Directors	
	31.12.2023	31.12.2022
Non-executive Directors:		
Less than RM100,000	2	5
RM100,001 to RM150,000	2	3
RM150,001 to RM200,000	1	1
More than RM200,000	3	1

9. Other operating expenses

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

	Group		Company	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000
Management fee	(443)	229	3,458	1,838
Rental of land and buildings (Note 16)	2,861	1,982	2,861	1,982
Auditors' remuneration				
- Statutory audit	817	735	680	680
- Non-audit fees	2,500	1,700	2,500	1,700
Rental of equipment (Note 16)	8	9	8	9
Advertising expenses	(1,166)	1,672	(1,166)	1,672
Credit card charges	28,464	7,917	28,464	7,917
In-flight meal expenses	8,282	199	8,282	199
Insurance expenses	18,457	24,586	18,457	24,586
Allowance for/(reversal of) expected credit losses on:				
- Trade and other receivables (Note 22)	16,854	85,882	16,854	85,882
- Amount due from an associate (Note 23)	-	366,160	-	-
- Amount due from subsidiaries (Note 24)	-	-	-	382,862
- Amount due from related parties (Note 25)	498	(9,288)	498	(9,288)

9. Other operating expenses (Cont'd.)

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

	Group		Company	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000
Reversal of inventories written-off (Note 21)	-	(9,190)	-	(9,190)
Reversal of impairment loss on property, plant and equipment (Note 15)	-	(157,016)	-	(157,016)

10. Other income

	Group		Company	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000
Debt settlement and waiver of debts pursuant to the Debt Restructuring	-	34,313,138	-	34,398,721
Reversal of provision for travel voucher	185,819	-	185,819	-
Reversal of impairment loss on amount due from an associate (Note 23)	37,940	-	-	-
Reversal of impairment loss on amount due from subsidiaries (Note 24)	-	-	38,268	-
Reversal of provision for doubtful debt	15,833	15,425	-	15,425
	239,592	34,328,563	224,087	34,414,146

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

	Group		Company	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000 Restated	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000 Restated
(a) Finance income:				
Interest income from deposits with licensed bank	2,583	1,548	2,583	1,548
Other interest income	119	-	119	-
	2,702	1,548	2,702	1,548
Effect of discounting on financial instruments	-	5	-	5
	2,702	1,553	2,702	1,553
(b) Finance costs:				
Interest expense on lease liabilities (Note 31)	(94,571)	(753,580)	(94,571)	(753,580)
Bank facilities and other charges	(2,820)	(939)	(2,820)	(939)
	(97,391)	(754,519)	(97,391)	(754,519)
Impact of discounting effect on financial instruments	(15,210)	(8,448)	(15,210)	(8,448)
	(112,601)	(762,967)	(112,601)	(762,967)

	Group		Company	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000
(c) Net foreign exchange gain/(loss):				
Realised	38,703	(13,643)	38,703	(13,643)
Unrealised	(63,998)	(34,099)	(63,998)	(34,099)
	(25,295)	(47,742)	(25,295)	(47,742)

12. Other loss

	Group and Company 2023 RM'000	Group and Company 2022 RM'000 Restated
Provision for profit sharing	-	46,000

13. Taxation

	Group 1.1.2023 to 31.12.2023 RM'000	Group 1.7.2021 to 31.12.2022 RM'000	Company 1.1.2023 to 31.12.2023 RM'000	Company 1.7.2021 to 31.12.2022 RM'000
Current taxation:				
Malaysian income tax	1,936	(1)	1,936	(1)
Deferred taxation:				
Relating to origination and reversal of temporary differences	10,332	(612,240)	10,332	(612,240)
Total income tax expense/(benefit)	12,268	(612,241)	12,268	(612,241)

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

Domestic current income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the period.

13. Taxation (Cont'd.)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000 Restated	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000 Restated
Profit before taxation	343,773	32,696,344	345,340	32,791,045
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	82,506	7,847,123	82,882	7,869,851
Expenses not deductible for tax purposes	12,070	74,401	11,694	72,561
Income not subject to tax	(71,076)	(2,016,888)	(71,076)	(2,037,776)
Utilisation of previously unrecognised unabsorbed capital allowance	-	385	-	385
Utilisation of previously unrecognised temporary differences	(11,232)	(6,341,891)	(11,232)	(6,341,891)
Deferred tax assets recognised	-	(731,370)	-	(731,370)
Deferred tax assets not recognised	-	555,999	-	555,999
Total tax expense/(benefit)	12,268	(612,241)	12,268	(612,241)

13. Taxation (Cont'd.)

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

	Group and Company	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000
Other temporary differences	102,038	148,838
	102,038	148,838

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

Year of expiry of unutilised tax losses is analysed as follow:

	Group and Company	
	RM'000	RM'000
Expired in 2031	718,256	843,729

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

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

14. Earnings per share (sen)

(a) Basic earnings per share

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

	Group	
	1.1.2023 to 31.12.2023	1.7.2021 to 31.12.2022 Restated
Earnings for the financial period (RM'000)	331,505	33,308,585
Weight average number of ordinary shares in issue ('000)	447,073	414,815
Earnings per share (sen)	74.2	8,029.7

(b) Diluted earnings per share

The diluted earnings per share of the Group is identical to the basic earnings per share as the Group has no dilutive potential ordinary shares as at the end of the reporting date. There has been no other transaction involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of these financial statements.

15. Property, plant and equipment

	Aircraft engines, airframes and service potential RM'000	Aircraft spares RM'000	Office equipment, furniture and fittings RM'000	Pre-delivery payments RM'000 Restated	Total RM'000
Group and Company					
2023					
Net book value					
At 1 January 2023	2,815	38,273	760	-	41,848
Additions	-	15,254	-	-	15,254
Depreciation (Note 6)	(1,714)	(19,425)	(668)	-	(21,807)
At 31 December 2023	1,101	34,102	92	-	35,295
2022					
Net book value					
At 1 July 2021	-	-	-	-	-
Additions	-	2,018	3	-	2,021
Reversal of impairment loss (Note 9)	2,815	36,255	757	117,189	157,016
Reclassification	-	-	-	(117,189)	(117,189)
At 31 December 2022	2,815	38,273	760	-	41,848

15. Property, plant and equipment (Cont'd.)

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

	Aircraft engines, airframes and service potential RM'000	Aircraft spares RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
Group and Company					
2023					
Cost	9,784	170,862	2,778	18,185	201,609
Accumulated depreciation	(8,683)	(136,760)	(2,778)	(18,093)	(166,314)
	1,101	34,102	-	92	35,295
2022					
Cost	9,784	155,608	2,778	18,452	186,622
Accumulated depreciation	(6,969)	(117,335)	(2,778)	(17,692)	(144,774)
	2,815	38,273	-	760	41,848

16. Right-of-use assets

The Group and the Company lease various aircraft and engines used in its operations. Leases of aircraft and engines generally have lease terms between 1 to 14 years. The Group's and the Company's obligations under these leasing arrangement are secured by the lessors' title to the leased assets.

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

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

	Aircraft and engines RM'000 Restated
Group and Company	
As at 1 January 2023, as per previously stated	1,013,394
Prior year adjustment (Note 45)	30,918
As at 1 January 2023, restated	1,044,312
Additions	414,063
Remeasurement	3,914
Depreciation expense (Note 6)	(162,588)
Discounting effect (Note 11)	6,747
As at 31 December 2023	1,306,448
As at 1 July 2021	-
Additions	1,084,582
Depreciation expense (Note 6)	(40,270)
As at 31 December 2022, restated	1,044,312

The following are the amounts recognised in profit or loss:

	Group		**Company**	
	1.1.2023 to 31.12.2023 RM'000	**1.7.2021 to 31.12.2022 RM'000 Restated**	**1.1.2023 to 31.12.2023 RM'000**	**1.7.2021 to 31.12.2022 RM'000 Restated**
Depreciation on right-of-use assets (Note 6)	162,588	40,270	162,588	40,270
Rental expense (Note 9)	2,869	1,991	2,869	1,991
Total amount recognised in profit or loss	165,457	42,261	165,457	42,261

17. Deferred tax assets

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January/1 July	(612,240)	-	(612,240)	-
recognised in profit or loss (Note 13)	10,332	(612,240)	10,332	(612,240)
At 31 December	(601,908)	(612,240)	(601,908)	(612,240)
Presented after appropriate offsetting as follows:				
Deferred tax assets	(920,749)	(870,844)	(920,749)	(870,844)
Deferred tax liabilities	318,841	258,604	318,841	258,604
	(601,908)	(612,240)	(601,908)	(612,240)

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

Deferred tax assets of the Group:

	Unutilised tax losses RM'000	Sales in advance RM'000	Total RM'000
At 1 January 2023	(692,401)	(178,443)	(870,844)
Recognised in profit or loss	(68,120)	18,215	(49,905)
At 31 December 2023	(760,521)	(160,228)	(920,749)

Deferred tax liabilities of the Group:

	Others RM'000	Total RM'000
At 1 January 2023	258,604	258,604
Recognised in profit or loss	60,237	60,237
At 31 December 2023	318,841	318,841

17. Deferred tax assets (Cont'd.)

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

Deferred tax assets of the Company:

	Unutilised tax losses RM'000	Sales in advance RM'000	Total RM'000
At 1 January 2023	(692,401)	(178,443)	(870,844)
Recognised in profit or loss	(68,120)	18,215	(49,905)
At 31 December 2023	(760,521)	(160,228)	(920,749)

Deferred tax liabilities of the Company:

	Others RM'000	Total RM'000
At 1 January 2023	258,604	258,604
Recognised in profit or loss	60,237	60,237
At 31 December 2023	318,841	318,841

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

18. Investments in subsidiaries

	Company 2023 RM'000	Company 2022 RM'000
Unquoted investments, at cost	4	4

The details of the subsidiaries are as follows:

Name	Country of incorporation/ Principal place of business	Group's effective equity interest 2023 %	2022 %	Principal activities
AirAsia X Services Pty Ltd*	Australia	100	100	Provision of management logistical and marketing services
AAX Mauritius One Limited*	Mauritius	100	100	Provision of aircraft leasing facilities
AAX Aviation Capital Ltd*	Malaysia	100	100	Holding company of leasing entities
AAX Leasing One Ltd*	Malaysia	100	100	Provision for aircraft leasing facilities
AAX Leasing Two Ltd*	Malaysia	100	100	Provision for aircraft leasing facilities
AAX Leasing Five Ltd*	Malaysia	100	100	Provision for aircraft leasing facilities
AAX Leasing Eight Ltd*	Malaysia	100	100	Provision for aircraft leasing facilities
AAX Leasing Ten Ltd*	Malaysia	100	100	Provision for aircraft leasing facilities
AAX Leasing Eleven Ltd*	Malaysia	100	100	Provision for aircraft leasing facilities

18. Investments in subsidiaries (Cont'd.)

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

Name	Country of incorporation/ Principal place of business	Group's effective equity interest 2023 %	2022 %	Principal activities
AAX Leasing Twelve Ltd*	Malaysia	100	100	Provision for aircraft leasing facilities
AAX Leasing Thirteen Ltd*^	Malaysia	100	-	Provision for aircraft leasing facilities
AAX Leasing Fourteen Ltd*^	Malaysia	100	-	Provision for aircraft leasing facilities
AAX Leasing Fifteen Ltd*	Malaysia	100	100	Provision for aircraft leasing facilities
AAX Leasing Sixteen Ltd*^	Malaysia	100	-	Provision for aircraft leasing facilities
AAX Leasing Seventeen Ltd*^	Malaysia	100	-	Provision of aircraft leasing facilities
AAX Leasing Eighteen Ltd*^	Malaysia	100	-	Provision of aircraft leasing facilities
AAX Leasing Nineteen Ltd*^	Malaysia	100	-	Provision of aircraft leasing facilities

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

During the year, the Company incorporated the following six new subsidiaries in Labuan, Wilayah Persekutuan:

(i) AAX Leasing Thirteen Ltd
(ii) AAX Leasing Fourteen Ltd
(iii) AAX Leasing Sixteen Ltd
(iv) AAX Leasing Seventeen Ltd
(v) AAX Leasing Eighteen Ltd
(vi) AAX Leasing Nineteen Ltd

19. Investment in an associate

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unquoted investments, at cost	21,122	21,122	21,122	21,122
Group's share of post-acquisition losses	(21,122)	(21,122)	-	-
Accumulated impairment loss	-	-	(21,122)	(21,122)
	-	-	-	-

Details of the associate are as follows:

Name	Country of incorporation	Group's effective equity interest 2023 %	2022 %	Principal activity
Thai AirAsia X Co., Ltd ("TAAX")*	Thailand	49	49	Commercial air transport services

* Audited by a member of Ernst & Young Global.

TAAX is a private company for which there is no quoted market price available for its shares.

TAAX is an operator of commercial air transport services which is based in Thailand. This associated company is a strategic investment of the Group and forms an essential part of the Group's growth strategy. It provides access to a wider geographical market and network coverage in the provision of air transport services across the ASEAN region. TAAX has undergone a financial rehabilitation plan, which was approved by the Central Bankruptcy Court of Thailand in September 2023. Under the debt rehabilitation plan, certain debts were waived and gain arising from the waiver is recognised in the profit and loss.

19. Investment in an associate (Cont'd.)

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

Summarised statement of financial position

	TAAX	
	2023	2022
	RM'000	RM'000
Current:		
Cash and cash equivalents	41,580	204,278
Other current assets	624,626	485,460
Total current assets	666,206	689,738
Non-current:		
Assets	761,731	1,162,663
Current:		
Financial liabilities	-	(542,916)
Other current liabilities	(1,203,964)	(1,943,510)
Total current liabilities	(1,203,964)	(2,486,426)
Non-current:		
Liabilities	(805,752)	(1,141,210)
Net liabilities	(581,779)	(1,775,235)

Summarised statement of comprehensive income

	TAAX	
	1.1.2023 to 31.12.2023	1.7.2021 to 31.12.2022
	RM'000	RM'000
Revenue	1,474,053	1,006,211
Other expenses	(966,403)	(397,525)
Finance income	-	11,716
Finance cost	(36,118)	(63,147)
Other income	115,512	6,487
Gain arising from debt rehabilitation	1,492,657	-
Net foreign exchange gain/(loss)	13,900	(81,664)
Profit before tax	2,093,601	482,078
Taxation	1,107	375
Profit after tax	2,094,708	482,453
Other comprehensive loss	-	-
Total comprehensive income	2,094,708	482,453

19. Investment in an associate (Cont'd.)

Set out below is the summarised financial information for the associate which is accounted for using the equity method (Cont'd.):

Reconciliation of summarised financial information

	TAAX 1.1.2023 to 31.12.2023 RM'000	TAAX 1.7.2021 to 31.12.2022 RM'000
Opening net liabilities at 1 January/1 July	(1,775,235)	(2,319,432)
Total comprehensive income for the financial year/period	2,094,708	482,453
Effect on foreign exchange translation	(901,252)	61,744
Closing net liabilities at 31 December	(581,779)	(1,775,235)
Cumulative unrecognised share of losses as at 1 January/1 July	(1,367,549)	(1,603,951)
Share of gain for the financial year/period	1,026,407	236,402
Cumulative unrecognised share of losses as at 31 December	(341,142)	(1,367,549)

The Group has discontinued recognition of its share of losses of TAAX because the share of losses of TAAX has exceeded the Group's interest in TAAX. As such, during the current financial year, the Group did not recognise its share of the current financial year net profit of TAAX amounting to RM1,026,407,000 (2022: RM236,402,000) and the Group's cumulative unrecognised share of losses of TAAX amounted to RM341,142,000 (2022: RM1,367,549,000).

20. Investment in a joint venture

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unquoted investments, at cost	53,888	53,888	53,888	53,888
Group's share of post-acquisition losses	(53,888)	(53,888)	-	-
Accumulated impairment losses	-	-	(53,888)	(53,888)
	-	-	-	-

The details of the joint venture are as follows:

Name	Country of incorporation	Group's effective equity interest 2023 %	2022 %	Principal activity
PT Indonesia AirAsia Extra ("IAAX")*	Indonesia	49	49	Commercial air transport services

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

IAAX is a private company for which there is no quoted market price available for its shares.

The contingent liabilities relating to the Group's investment in IAAX is disclosed in Note 42.

IAAX is an operator of commercial air transport services which is based in Indonesia. This joint venture company is a strategic investment of the Company and forms an essential part of the Company's growth strategy. It provides access to a wider geographical market and network coverage in the provision of air transport services across the ASEAN region.

In previous financial period, impairment losses were recognised due to the continuous losses incurred by the joint venture. Additional losses were recognised during the financial period ended 31 December 2022 due to the matter discussed in Note 42. During the financial year, the Group has reversed the entire provision for additional loss in the investment in IAAX of RM223.2 million.

20. Investment in a joint venture (Cont'd.)

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

Summarised statement of financial position

	IAAX	
	31.12.2023	**31.12.2022**
	RM'000	**RM'000**
Current:		
Total current assets	133,518	133,518
Non-current:		
Assets	3,008	3,008
Current:		
Other current liabilities, representing total current liabilities	(624,733)	(624,733)
Non-current:		
Liabilities	7,121	7,121
Net liabilities	(481,086)	(481,086)

Summarised statement of comprehensive income

	IAAX	
	1.1.2023 to 31.12.2023	**1.7.2021 to 31.12.2022**
	RM'000	**RM'000**
Cost of sales	-	(124)
Other operating expenses	-	(87)
Net foreign exchange gain	-	67
Loss after tax	-	(144)
Other comprehensive loss	-	-
Total comprehensive loss	-	(144)
Dividend received from joint venture	-	-

20. Investment in a joint venture (Cont'd.)

Set out below is the summarised financial information for the joint venture which is accounted for using the equity method (Cont'd.):

Reconciliation of summarised financial information

	IAAX	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000
Opening net liabilities at 1 January/1 July	(481,086)	(470,016)
Total comprehensive loss for the financial period	-	(144)
Foreign exchange translation	-	(10,926)
Closing net liabilities at 31 December	(481,086)	(481,086)
Cumulative unrecognised share of losses as at 1 January/1 July	(282,902)	(282,831)
Share in loss for the financial period	-	(71)
Cumulative unrecognised share of losses as at 31 December	(282,902)	(282,902)

21. Inventories

	Group and Company	
	31.12.2023 RM'000	31.12.2022 RM'000
At cost		
Consumables and in-flight merchandise	6,968	9,190

Cost of inventories recognised as an expense during the financial year amounted to RM16,437,745 (2022: RM4,802,402).

22. Trade and other receivables

	Note	Group 31.12.2023 RM'000	Group 31.12.2022 RM'000 Restated	Company 31.12.2023 RM'000	Company 31.12.2022 RM'000 Restated
Non-current					
Deposits	(c)	321,492	221,318	321,492	221,318
Prepayments	(d)	114,774	12,930	114,774	12,930
		436,266	234,248	436,266	234,248
Current					
Trade receivables		38,793	58,032	38,793	58,032
Less: Allowance for expected credit losses		(1,249)	(8,883)	(1,249)	(8,883)
Trade receivables, net	(a)	37,544	49,149	37,544	49,149
Other receivables		411,362	452,550	409,646	387,439
Less: Allowance for expected credit losses		(396,477)	(380,511)	(396,477)	(380,511)
	(b)	14,885	72,039	13,169	6,928
Deposits		127,249	64,783	127,249	17,930
Less: Allowance for expected credit losses		(1,991)	(2,151)	(1,991)	(2,151)
	(c)	125,258	62,632	125,258	15,779
Prepayments	(d)	46,923	46,814	46,896	42,366
Other receivables, net		187,066	181,485	185,323	65,073
		224,610	230,634	222,867	114,222

22. Trade and other receivables (Cont'd.)

	Note	Group 31.12.2023 RM'000	Group 31.12.2022 RM'000 Restated	Company 31.12.2023 RM'000	Company 31.12.2022 RM'000 Restated
Total trade and other receivables		660,876	464,882	659,133	348,470
Add: Deposits, cash and bank balances	29	57,689	176,710	57,113	176,373
Amount due from subsidiaries	24	-	-	32,830	-
Amount due from an associate	23	32,641	29	-	-
Amount due from related parties	25	435,550	131,848	435,413	132,580
Less: Prepayments		(161,697)	(59,744)	(161,670)	(55,296)
Total financed assets carried at amortised cost	39(a)	1,025,059	713,725	1,022,819	602,127

The normal trade credit terms of the Group and of the Company range from 15 to 30 days (2022: 15 to 30 days). Trade receivables comprised mainly amounts due from travel agents and credit card merchants.

(a) Trade receivables

(i) Credit risk

The ageing of trade receivables as at the end of the financial year was:

	Group and Company Gross carrying amount RM'000	Individual impairment RM'000	Net balance RM'000
2023			
Current (not past due)	37,228	-	37,228
1 to 30 days past due	-	-	-
31 to 60 days past due	125	-	125
61 to 90 days past due	9	-	9
More than 90 days past due	1,431	(1,249)	182
	38,793	(1,249)	37,544

22. Trade and other receivables (Cont'd.)

(a) Trade receivables (Cont'd.)

(i) Credit risk (Cont'd.)

The ageing of trade receivables as at the end of the financial year was (Cont'd.):

	Group and Company		
	Gross carrying amount RM'000	Individual impairment RM'000	Net balance RM'000
2022			
Current (not past due)	38,138	-	38,138
1 to 30 days past due	-	-	-
31 to 60 days past due	922	-	922
61 to 90 days past due	2,784	-	2,784
91 to 120 days past due	5,870	-	5,870
121 to 180 days past due	1,214	-	1,214
More than 180 days	9,104	(8,883)	221
	58,032	(8,883)	49,149

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

	Group and Company	
	31.12.2023 RM'000	31.12.2022 RM'000
More than 180 days	1,249	8,883
Less: Allowance for expected credit losses of receivables	(1,249)	(8,883)
	-	-

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

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

	Group and Company	
	31.12.2023 RM'000	31.12.2022 RM'000
At 1 January 2023/1 July 2021	8,883	7,397
Written off	(8,342)	-
Charged to profit or loss (Note 9)	708	1,486
At 31 December	1,249	8,883

22. Trade and other receivables (Cont'd.)

(b) Other receivables

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

(i) Credit risk

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

	Group and Company	
	31.12.2023	**31.12.2022**
	RM'000	**RM'000**
At 1 January 2023/1 July 2021	380,511	297,601
Written off	(180)	(1,486)
Charged to profit or loss (Note 9)	16,146	84,396
At 31 December	396,477	380,511

(c) Deposits

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

Deposits include security deposits paid to lessors for leased aircraft, funds placed with lessor in respect of maintenance of the leased aircraft and deposits for acquisition of aircraft. These deposits are denominated in USD.

(d) Prepayments

Prepayments include prepayments for maintenance of aircraft, advances made for purchases of fuel, lease of aircraft and maintenance of engines.

The other classes within receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group and the Company do not hold any collateral as security.

22. Trade and other receivables (Cont'd.)

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

	Group		Company	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Ringgit Malaysia	35,755	42,888	35,755	42,888
US Dollar	454,415	348,230	454,415	236,266
Australian Dollar	4,900	424	3,184	424
Indian Rupee	1,610	1,671	1,610	1,671
Chinese Renminbi	192	1,924	192	1,924
Japanese Yen	1,482	227	1,482	227
Others	825	9,774	825	9,774
	499,179	405,138	497,463	293,174

23. Amount due from an associate

	Group		Company	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Non-current				
Amount due from an associate	787,801	-	-	-
Less: Allowance for expected credit losses of amount due from an associate	(755,160)	-	-	-
	32,641	-	-	-
Current				
Amount due from an associate	-	755,518	-	-
Less: Allowance for expected credit losses of amount due from an associate	-	(755,489)	-	-
	-	29	-	-

23. Amount due from an associate (Cont'd.)

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

	Group		Company	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
At 1 January 2023/1 July 2021	(755,489)	(389,329)	-	-
Reversal of/(allowance for) expected credit losses (Note 9 & Note 10)	37,940	(366,160)	-	-
Foreign exchange loss (Note 11)	(31,722)	-	-	-
Accretion of interest (Note 11)	(5,889)	-	-	-
At 31 December	(755,160)	(755,489)	-	-

The amount due from an associate, Thai AirAsia X Co. Ltd, is unsecured, bearing effective weighted average interest rate of 10.6% per annum and repayable over 5 years. The Group reversed allowance for impairment of loss of RM37.9 million in respect of the amount due from TAAX during the financial year, in accordance with the terms of the debt rehabilitation plan detailed in Note 19.

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

	Group		Company	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
US Dollar	32,610	-	-	-
Others	31	29	-	-
	32,641	29	-	-

24. Amount due from subsidiaries

	Company	
	31.12.2023 RM'000	31.12.2022 RM'000
Non-current		
Amount due from subsidiaries	788,249	-
Less: Allowance for expected credit losses of amount due from subsidiaries	(755,988)	-
	32,261	-
Current		
Amount due from subsidiaries	19,400	773,991
Less: Allowance for expected credit losses of amount due from subsidiaries	(18,831)	(773,991)
	569	-

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

	Company	
	31.12.2023 RM'000	31.12.2022 RM'000
At 1 January 2023/1 July 2021	(773,991)	(391,129)
Reversal of/(allowance for) expected credit losses (Note 9 & Note 10)	38,268	(382,862)
Foreign exchange loss (Note 11)	(33,207)	-
Accretion of interest (Note 11)	(5,889)	-
At 31 December	(774,819)	(773,991)

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

	Company	
	31.12.2023 RM'000	31.12.2022 RM'000
US Dollar	32,830	-

25. Amount due from related parties

	Group		Company	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Non-current				
Amount due from related parties	24,960	-	24,960	-
Less: Allowance for impairment of amount due from related parties	(3,025)	-	(3,025)	-
	21,935	-	21,935	-
Current				
Amount due from related parties	413,988	134,748	413,851	135,480
Less: Allowance for expected credit losses of amount due from related parties	(373)	(2,900)	(373)	(2,900)
	413,615	131,848	413,478	132,580

The increase in amount due from AirAsia Berhad is mainly due to the recovery of the aviation sector post Covid 19. It represents unremitted collection from sale of scheduled flights. The ageing analysis of these debts are as follows:

	Group and Company Carrying amount RM'000
2023	
1 to 30 days past due	155,591
31 to 60 days past due	72,125
61 to 90 days past due	63,463
91 to 120 days past due	32,880
	324,059
2022	
1 to 30 days past due	51,360
31 to 60 days past due	15,474
61 to 90 days past due	6,604
91 to 120 days past due	363
	73,801

25. Amount due from related parties (Cont'd.)

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

	Group		Company	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2023/1 July 2021	(2,900)	(12,188)	(2,900)	(12,188)
(Allowance for)/reversal of expected credit losses (Note 9)	(498)	9,288	(498)	9,288
At 31 December	(3,398)	(2,900)	(3,398)	(2,900)

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

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

	Group		Company	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Ringgit Malaysia	337,388	109,599	337,388	110,331
US Dollar	98,162	1,357	98,025	1,357
Chinese Renminbi	-	1,902	-	1,902
Others	-	18,990	-	18,990
	435,550	131,848	435,413	132,580

26. Amount due to an associate

	Group		Company	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Current				
Amount due to an associate	(4,603)	(3,380)	(4,603)	(3,380)

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

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

	Group		Company	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
US Dollar	(4,603)	(3,380)	(4,603)	(3,380)

27. Amount due to subsidiaries

	Company	
	31.12.2023 RM'000	31.12.2022 RM'000
Amount due to subsidiaries	(11,809)	(635)

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

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

	Company	
	31.12.2023 RM'000	31.12.2022 RM'000
US Dollar	(11,596)	(331)
Others	(213)	(304)
	(11,809)	(635)

28. Amount due to related parties

	Group		Company	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Amount due to related parties	(41,401)	(8,469)	(41,401)	(8,469)

The amount due to related parties are unsecured, interest free and repayable on demand. The balances arose from trade purchases of ground handling services, provision of shared services, inflight costs and the increase is in line with the recovery of the aviation section post Covid 19.

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

	Group		Company	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Ringgit Malaysia	(40,298)	(6,546)	(40,298)	(6,546)
US Dollar	(406)	(1,829)	(406)	(1,770)
Chinese Renminbi	(697)	(94)	(697)	(153)
	(41,401)	(8,469)	(41,401)	(8,469)

29. Deposits, cash and bank balances

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

	Group		Company	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Cash and bank balances	57,689	18,632	57,113	18,295
Deposits with licensed banks	-	158,078	-	158,078
Total deposits, cash and bank balances	57,689	176,710	57,113	176,373

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

	Group		Company	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Ringgit Malaysia	13,341	130,423	13,341	130,414
US Dollar	3,792	3,449	3,792	3,394
Australian Dollar	5,765	23,614	5,189	23,312
Euro	375	145	375	145
Indian Rupee	19,011	2,667	19,011	2,667
Chinese Renminbi	4,852	104	4,852	104
Japanese Yen	480	1,395	480	1,395
Others	10,073	14,913	10,073	14,942
	57,689	176,710	57,113	176,373

29. Deposits, cash and bank balances (Cont'd.)

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

Group	Lease Liabilities RM'000	Term loans RM'000	Hire purchase RM'000	Total RM'000
Balance as at 1 July 2021	6,473,678	292,916	15	6,766,609
Changes from financing cash flows				
Additions	1,052,998	-	-	1,052,998
Lease modification	(84,734)	-	-	(84,734)
Finance costs (Note 11)	753,580	-	-	753,580
Repayment of borrowings	(20,084)	-	(15)	(20,099)
Settlement via redelivery of the aircraft	-	(292,916)	-	(292,916)
Debt Restructuring	(7,117,871)	-	-	(7,117,871)
Total changes from financing cash flows	1,057,567	-	-	1,057,567
Other changes				
Liability-related				
Unrealised foreign exchange loss	4,915	-	-	4,915
Balance as at 31 December 2022	1,062,482	-	-	1,062,482

Company	Lease Liabilities RM'000	Term loans RM'000	Hire purchase RM'000	Total RM'000
Balance as at 1 July 2021	6,558,412	292,916	15	6,851,343
Changes from financing cash flows				
Additions	1,052,998	-	-	1,052,998
Finance costs (Note 11(b))	753,580	-	-	753,580
Payments	(20,084)	-	(15)	(20,099)
Settlement via redelivery of the aircraft	-	(292,916)	-	(292,916)
Debt restructuring	(7,287,339)	-	-	(7,287,339)
Total changes from financing cash flows	1,057,567	-	-	1,057,567
Other changes				
Liability-related				
Unrealised foreign exchange loss	4,915	-	-	4,915
Balance as at 31 December 2022	1,062,482	-	-	1,062,482

30. Trade and other payables

	Note	Group 31.12.2023 RM'000	Group 31.12.2022 RM'000 Restated	Company 31.12.2023 RM'000	Company 31.12.2022 RM'000 Restated
Current					
Trade payables	(a)	63,302	92,362	58,092	91,095
Other payables and accruals	(b)	296,930	336,805	268,824	209,426
		360,232	429,167	326,916	300,521
Total trade and other payables		360,232	429,167	326,916	300,521

(a) Trade payables

The credit term of trade payables granted to the Group and the Company is 7 to 30 days (2022: 7 to 30 days).

(b) Other payables and accruals

Included in other payables and accruals are operational expenses and passenger service charges payable to airport authorities.

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

	Group 31.12.2023 RM'000	Group 31.12.2022 RM'000 Restated	Company 31.12.2023 RM'000	Company 31.12.2022 RM'000 Restated
Ringgit Malaysia	270,137	157,936	256,739	157,936
US Dollar	90,095	71,872	70,177	71,872
Euro	-	279	-	279
Indian Rupee	-	2,768	-	2,768
Others	-	196,312	-	67,666
	360,232	429,167	326,916	300,521

31. Lease liabilities

	Group		Company	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Current				
Secured:				
- Lease liabilities	152,392	57,033	152,392	57,033
Non-current				
Secured:				
- Lease liabilities	1,359,633	1,005,449	1,359,633	1,005,449
Total lease liabilities	1,512,025	1,062,482	1,512,025	1,062,482

	Group		Company	
	31.12.2023 %	31.12.2022 %	31.12.2023 %	31.12.2022 %
Weighted average rate of finance				
- Lease liabilities	6.66	6.56	6.66	6.56

The Group's and Company's lease liabilities are repayable as follows:

	Group		Company	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Not later than 1 year	152,392	57,033	152,392	57,033
Later than 1 year and not later than 5 years	760,718	285,165	760,718	285,165
Later than 5 years	598,915	720,284	598,915	720,284
	1,512,025	1,062,482	1,512,025	1,062,482

The currency profile of lease liabilities are as follows:

	Group		Company	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
US Dollar	1,512,025	1,062,482	1,512,025	1,062,482

31. Lease liabilities (Cont'd.)

Lease liabilities pertain to operating leases for aircraft and engines, as disclosed in Note 16. Analysis on the maturity profile of lease liabilities is disclosed in Note 38(c).

The movement of lease liabilities during the financial period is as follows:

Group	Lease Liabilities RM'000
Balance as at 1 January 2023	1,062,482
Additions	395,905
Lease remeasurement	4,019
Accretion of interest (Note 11)	94,571
Payments	(112,005)
Unrealised foreign exchange loss	67,053
Balance as at 31 December 2023	1,512,025

Group	
Balance as at 1 July 2021	6,473,678
Additions	1,052,998
Lease modification	(84,734)
Accretion of interest (Note 11)	753,580
Payments	(20,084)
Debt Restructuring	(7,117,871)
Unrealised foreign exchange loss	4,915
Balance as at 31 December 2022	1,062,482

Company	
Balance as at 1 July 2023	1,062,482
Additions	395,905
Lease remeasurement	4,019
Accretion of interest (Note 11)	94,571
Payments	(112,005)
Unrealised foreign exchange loss	67,053
Balance as at 31 December 2023	1,512,025

31. Lease liabilities (Cont'd.)

The movement of lease liabilities during the financial period is as follows (Cont'd.):

Company	Lease Liabilities RM'000
Balance as at 1 July 2021	6,558,412
Additions	1,052,998
Accretion of interest (Note 11)	753,580
Payments	(20,084)
Debt restructuring	(7,287,339)
Unrealised foreign exchange loss	4,915
Balance as at 31 December 2022	1,062,482

32. Other provisions

(a) Provision for additional loss in the investment in IAAX

	Group and Company	
	31.12.2023 RM'000	31.12.2022 RM'000
Non-current		
At 1 January/1 July	223,245	-
(Reversal of)/provision for additional loss	(223,245)	223,245
At 31 December	-	223,245

Details of the provision for additional losses in the investment in IAAX is disclosed in Note 42.

32. Other provisions (Cont'd.)

(b) Provision for profit-sharing

	Group and Company	
	31.12.2023 RM'000	31.12.2022 RM'000 Restated
Current	13,000	13,000
Non-current	33,000	33,000
	46,000	46,000

Under the scheme of arrangement with scheme creditors sanctioned by the High Court of Malaya on 16 March 2022 on the proposed debt restructuring, Class A and Class B scheme creditor will be entitled to an annual profit-sharing mechanism, calculated based on the pro-rating of the payout pool, which equates to 20% of the excess over RM300 million of adjusted earnings before interest, taxes, depreciation, amortization and lease rentals ("EBITDAR") for the financial years ending 2023 to 2026 ("applicable financial year").

The Group and the Company have a present obligation to pay the profit-sharing that will be triggered by generation of EBITDAR in a future period as a result of AAX being economically compelled to continue to operate in that future period.

33. Provision for aircraft maintenance

	Group		Company	
	31.12.2023 RM'000	31.12.2022 RM'000 Restated	31.12.2023 RM'000	31.12.2022 RM'000 Restated
Aircraft maintenance provision				
Current	57,747	17,869	57,747	17,674
Non-current	331,774	207,899	331,774	207,899
	389,521	225,768	389,521	225,573

The movements in the provision account are as follows:

	Group		Company	
	31.12.2023 RM'000	31.12.2022 RM'000 Restated	31.12.2023 RM'000	31.12.2022 RM'000 Restated
At 1 January/1 July	225,768	961,250	225,573	961,250
Additions during the financial year/period	163,753	455,863	163,948	455,668
Waiver during the financial period	-	(1,191,345)	-	(1,191,345)
At 31 December	389,521	225,768	389,521	225,573

34. Sales in advance

	Group		Company	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Current	612,296	391,373	612,296	391,373
Non-current	55,320	352,139	55,320	352,139
Total	667,616	743,512	667,616	743,512

Included in sales in advance in the current financial period is the provision of travel vouchers of RM175.8 million (2022: RM434.0 million) relating to promotional air travel privileges to its passengers at the discretion of the Group.

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

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

All performance obligations are expected to be fulfilled within a year except for the non-current portion which is expected to be fulfilled between two and four years (2022: two and five years).

35. Share capital

	Group and Company			
	31.12.2023 '000	31.12.2022 '000	31.12.2023 RM'000	31.12.2022 RM'000
Issued and fully paid up:				
At beginning of financial year/ period	414,815	4,148,149	1,534	1,534,044
Share consolidation	-	(3,733,334)	-	-
Share capital reduction	-	-	-	(1,532,510)
Issuance of ordinary shares during the financial year	32,258	-	49,495	-
At end of financial year/period	447,073	414,815	51,029	1,534

On 15 June 2023, the Company has completed a private placement exercise, in which the Company has issued 32,258,066 new shares with an issue price of RM1.55 per placement price.

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

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

36. Capital commitments

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

	Group and Company	
	31.12.2023 RM'000	31.12.2022 RM'000
Property, plant and equipment approved and contracted for:		
- within 1 year	355,701	49,256
- later than 1 year and not later than 5 years	3,089,399	2,232,412
- later than 5 years	533,502	1,522,460
	3,978,602	3,804,128

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

37. Significant related party transactions

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

The related parties of the Group and of the Company and their relationships at 31 December 2023 are as follows:

Name of Companies	Relationship
Thai AirAsia X Co Ltd	Associate
PT Indonesia AirAsia Extra	Joint Venture
AirAsia Berhad	Shareholder of the Company for which there is no control, significant influence or joint control; common Directors and shareholders
Subsidiaries of Capital A Berhad	
- AirAsia SEA Sdn Bhd	Common Directors and shareholders
- Rokki Sdn Bhd	Common Directors and shareholders
- BIGLIFE Sdn Bhd	Common Directors and shareholders
- Ground Team Red Sdn Bhd	Common Directors and shareholders
- Teleport Everywhere Pte Ltd	Common Directors and shareholders
- AirAsia (Guangzhou) Aviation Service Limited	Common Directors and shareholders
- Santan Food Sdn Bhd	Common Directors and shareholders
- Santan Restaurant Sdn Bhd	Common Directors and shareholders
- Ikhlas Com Travel Sdn Bhd	Common Directors and shareholders
- Redbeat Academy Sdn Bhd	Common Directors and shareholders
- AirAsia Digital Sdn Bhd	Common Directors and shareholders
- AirAsia Com Travel Sdn Bhd	Common Directors and shareholders
- AirAsia Ride Sdn Bhd	Common Directors and shareholders
- Asia Digital Engineering Sdn Bhd	Common Directors and shareholders
- Capital A Berhad	Common Directors and shareholders
Associates of Capital A Berhad	
- Thai AirAsia Co Ltd	Common Directors and shareholders
- PT Indonesia AirAsia	Common Directors and shareholders
- Philippines AirAsia Inc	Common Directors and shareholders
Other related entities	
- Ormond Lifestyle Services Sdn Bhd	Common Directors and shareholders
- Tune Insurance Malaysia Berhad	Common Directors and shareholders

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

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

Key management personnel are categorised as head or senior management officers of key operating divisions within the Group and the Company. The key management compensation is disclosed in Note 37(f).

	Group		Company	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000
(a) Income:				
Aircraft operating lease income for leased aircraft				
- AAX Mauritius One Limited	-	-	-	143,701
- Thai AirAsia X Co., Ltd	-	143,701	-	-
Commission on travel insurance for passengers charged to Tune Insurance Malaysia Berhad	1,617	-	1,617	-
Sale of cargo transportation to Teleport Everywhere Pte Ltd	151,673	346,197	151,673	346,197
(b) Recharges:				
Recharges of expenses to				
- Philippines AirAsia Inc	585	595	585	595
- Thai AirAsia Co., Ltd	84	11,990	84	11,990
- PT Indonesia AirAsia	-	5,897	-	5,897
- Thai AirAsia X Co., Ltd	569	4,951	569	4,951
- PT Indonesia AirAsia Extra	-	536	-	536
- AirAsia (Guangzhou) Aviation Service Limited	(14)	1,068	(14)	1,068
- AirAsia SEA Sdn Bhd	(864)	1,001	(864)	1,001
- Ground Team Red Sdn Bhd	154	15,979	154	15,979
Recharges of expenses by				
- AirAsia Berhad	(7,985)	(4,275)	(7,985)	(4,275)
- PT Indonesia AirAsia	(271)	-	(271)	-

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

	Group		Company	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000
(c) Other charges:				
Management fees charged by AirAsia X Services Pty Ltd (Note 9)	443	(229)	(3,458)	(1,838)
In-flight entertainment system and software expense charged by Rokki Sdn Bhd	-	1,972	-	1,972
Shared service management fee charged by AirAsia SEA Sdn Bhd	(6,546)	(4,819)	(6,546)	(4,819)
Provision of food catering services charged by Ormond Lifestyle Services Sdn Bhd	2,064	-	2,064	-
Ground handling services charged by Ground Team Red Sdn Bhd	(22,489)	(6,157)	(22,489)	(6,157)
Turnaround charges charged by AirAsia (Guangzhou) Aviation Service Limited	(1,630)	(105)	(1,630)	(105)

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

	Group		Company	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
(d) Receivables:				
- AAX Mauritius One Limited	-	-	32,261	-
- PT Indonesia AirAsia	20,601	-	20,464	562
- Thai AirAsia X Co., Ltd	32,641	29	-	-
- Airasia Com Travel Sdn Bhd	-	7,491	-	7,491
- Ikhlas Com Travel Sdn Bhd	4,416	6,277	4,416	6,277
- AirAsia Berhad	324,059	73,801	324,059	73,801
-Teleport Everywhere Pte Ltd	26,296	43,157	26,296	43,157
- Thai AirAsia Co., Ltd	53,505	-	53,505	-
- Airasia Aviation Management Services Sdn. Bhd.	4,147	-	4,147	-
- Others	2,526	1,122	3,095	1,292
	468,191	131,877	468,243	132,580
(e) Payables:				
- Thai AirAsia X Co., Ltd	4,603	3,380	4,603	3,380
- AirAsia Leasing Eleven Ltd	-	-	9,673	-
- AirAsia Leasing Seventeen Ltd	-	-	1,450	-
- AirAsia Sea	3,141	3,720	3,141	3,720
- Thai AirAsia Co., Ltd	-	1,807	-	1,807
- Ground Team Red Sdn Bhd	4,948	1,123	4,948	1,123
- AirAsia Com Travel Sdn Bhd	12,903	-	12,903	-
- Santan Restaurant Sdn Bhd	10,139	-	10,139	2
- Asia Digital Engineering Sdn Bhd	5,628	1,236	5,628	1,236
- Tune Protect Malaysia	3,445	-	3,445	-
- Others	1,197	583	1,883	1,216
	46,004	11,849	57,813	12,484

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

(f) Key management personnel compensation:

	Group		Company	
	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000	1.1.2023 to 31.12.2023 RM'000	1.7.2021 to 31.12.2022 RM'000
Basic salaries, bonus and allowances	1,350	1,415	1,350	1,415
Defined contribution plan	162	170	162	170
	1,512	1,585	1,512	1,585

38. Financial risk management policies

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

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

The Group and the Company also seek to ensure that the financial resources that are available for the development of the Group's and the Company's businesses are constantly monitored and managed by implementing the turnaround plans.

38. Financial risk management policies (Cont'd.)

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

(a) Market risk

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

(i) Foreign currency risk

Apart from Ringgit Malaysia ("RM"), the Group and the Company transact business in various foreign currencies including United States Dollar ("USD"), Australian Dollar ("AUD"), EURO, Indian Rupee ("INR"), Chinese Renminbi ("RMB") and Japanese Yen ("JPY"). Therefore, the Group and the Company are exposed to currency exchange risk. These exposures are managed, to the extent possible, by natural hedges that arise when payments for foreign currency payables are matched against receivables denominated in the same foreign currency, or whenever possible by intragroup arrangements and settlements.

As at 31 December 2023, if RM had weakened/strengthened by 5% against the USD with all other variables held constant, the impact on the post-tax profit for the financial year are tabulated below:

	2023		2022	
Change in USD rate	+5% RM'000	-5% RM'000	+5% RM'000	-5% RM'000
Impact on post tax profit	(50,908)	50,908	(45,186)	45,186

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

38. Financial risk management policies (Cont'd.)

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

(b) Credit risk

Credit risk is the risk of financial loss to the Group and the Company if a customer or a counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Group's and the Company's receivables from customers and cash and cash equivalents.

The Group's and the Company's exposure to credit risk or the risk of counterparties defaulting arises mainly from various deposits and bank balances, and receivables. As the Group and the Company do not hold collateral, the maximum exposure to credit risk is represented by the total carrying amounts of these financial assets in the financial position. Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures.

Credit risk relating to receivables is minimised by regular monitoring and, in addition, credit risk is controlled as the majority of the Group's and the Company's deposits and bank balances are placed with major financial institutions and reputable parties. The Directors are of the view that the possibility of non-performance by the majority of these financial institutions is remote on the basis of their financial strength and support of their respective governments.

The Group and the Company use a provision matrix to calculate ECLs for trade receivables and contract assets. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

As at the reporting date, the Group's and the Company's significant concentration of credit risk comprised predominantly from the amount due from AAB for unremitted sales in advance collection. The amount due from AAB is disclosed in Note 25.

(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.

38. Financial risk management policies (Cont'd.)

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

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

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

	Note	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Group					
At 31 December 2023					
Lease liabilities	31	152,392	304,287	456,431	598,915
Trade and other payables	30	360,232	-	-	-
Amount due to an associate	26	4,603	-	-	-
Amount due to related parties	28	41,401	-	-	-
		558,628	304,287	456,431	598,915
At 31 December 2022					
Lease liabilities	31	57,033	114,066	171,099	720,284
Trade and other payables	30	429,167	-	-	-
Amount due to an associate	26	3,380	-	-	-
Amount due to related parties	28	8,469	-	-	-
		498,049	114,066	171,099	720,284

38. Financial risk management policies (Cont'd.)

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

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

	Note	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Company					
At 31 December 2023					
Lease liabilities	31	152,392	304,287	456,431	598,915
Trade and other payables	30	326,916	-	-	-
Amount due to subsidiaries	27	11,809	-	-	-
Amount due to an associate	26	4,603	-	-	-
Amount due to related parties	28	41,401	-	-	-
		537,121	304,287	456,431	598,915
At 31 December 2022					
Lease liabilities	31	57,033	114,066	171,099	720,284
Trade and other payables	30	300,521	-	-	-
Amount due to subsidiaries	27	635	-	-	-
Amount due to an associate	26	3,380	-	-	-
Amount due to related parties	28	8,469	-	-	-
		370,038	114,066	171,099	720,284

38. Financial risk management policies (Cont'd.)

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

(d) Capital risk management

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

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group and the Company monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the Group's and the Company's financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the Group's and the Company's financial position plus net debt.

The gearing ratio as at 31 December 2023 and 31 December 2022 were as follows:

	Group		Company	
	31.12.2023 RM'000	**31.12.2022 RM'000**	**31.12.2023 RM'000**	**31.12.2022 RM'000**
Lease liabilities (Note 31)	1,512,025	1,062,482	1,512,025	1,062,482
Less: Cash and cash equivalents (Note 29)	(57,689)	(176,710)	(57,113)	(176,373)
Net debt	1,454,336	885,772	1,454,912	886,109
Total equity attributable to equity holders of the Group and Company	116,175	(259,229)	135,419	(247,148)
Total capital	1,570,511	626,543	1,590,331	638,961
Gearing ratio	0.93	1.41	0.91	1.39

38. Financial risk management policies (Cont'd.)

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

(e) Fair value measurement

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

Determination of fair value and fair value hierarchy

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

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

- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair values of the Group's long-term amounts due from an associate and related parties and the Company's long-term amount due from subsidiaries are determined by using the discounted cashflows method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

39. Financial instruments

(a) Financial instruments by category

	Group amortised cost RM'000	Company amortised cost RM'000
31 December 2023		
Assets as per statement of financial position		
Trade and other receivables excluding prepayments	499,179	497,463
Amount due from subsidiaries	-	32,830
Amount due from an associate	32,641	-
Amount due from related parties	435,550	435,413
Deposits, cash and bank balances	57,689	57,113
Total	1,025,059	1,022,819

Liabilities as per statement of financial position

	Group amortised cost RM'000	Company amortised cost RM'000
31 December 2023		
Lease liabilities	1,512,025	1,512,025
Trade and other payables	360,232	326,916
Amount due to subsidiaries	-	11,809
Amount due to an associate	4,603	4,603
Amount due to related parties	41,401	41,401
Total	1,918,261	1,896,754

39. Financial instruments (Cont'd.)

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

	Group amortised cost RM'000	Company amortised cost RM'000
31 December 2022		
Assets as per statement of financial position		
Trade and other receivables excluding prepayments	405,138	293,174
Amount due from an associate	29	-
Amount due from related parties	131,848	132,580
Deposits, cash and bank balances	176,710	176,373
Total	713,725	602,127
Liabilities as per statement of financial position		
Lease liabilities	1,062,482	1,062,482
Trade and other payables	429,167	300,521
Amount due to subsidiaries	-	635
Amount due to an associate	3,380	3,380
Amount due to related parties	8,469	8,469
Total	1,503,498	1,375,487

39. Financial instruments (Cont'd.)

(b) Credit quality of financial assets

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

	Group		Company	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Counterparties without external credit rating				
Group 1	-	-	-	-
Group 2	37,228	38,138	37,228	38,138
Total trade receivables that are neither past due nor impaired (Note 22 (a)(i))	37,228	38,138	37,228	38,138

	Note	Group		Company	
		31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Deposits, cash and bank balances					
AAA to A-		57,338	176,177	56,762	176,177
BBB to BBB-		-	375	-	38
		57,338	176,552	56,762	176,215
Cash on hand		351	158	351	158
Total	29	57,689	176,710	57,113	176,373

39. Financial instruments (Cont'd.)

(b) Credit quality of financial assets (Cont'd.)

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

	Group		Company	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Amount due from subsidiaries, an associate, a joint venture and related parties				
Group 1	-	-	-	-
Group 2	468,191	131,877	468,243	132,580
Total	468,191	131,877	468,243	132,580

Group 1 - New customers/related parties (less than 6 months)

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

All other receivables and deposits are substantially with existing counterparties.

40. Segmental information

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

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

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

40. Segmental information (Cont'd.)

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

2023	Malaysia RM'000	Thailand RM'000	Elimination adjustments RM'000	Total RM'000
Segment results				
Revenue	2,527,096	1,474,053	-	4,001,149
Operating expenses				
- Staff costs	(204,071)	(115,339)	-	(319,410)
- Depreciation	(184,395)	(70,857)	-	(255,252)
- Aircraft fuel expenses	(1,256,429)	(210,631)	-	(1,467,060)
- Maintenance and overhaul	(351,045)	(100,245)	-	(451,290)
- User charges	(247,619)	(120,572)	-	(368,191)
- Aircraft operating lease expenses	(72,158)	-	-	(72,158)
- Other operating expenses	(195,249)	(348,759)	-	(544,008)
- Reversal of additional loss in the investment in IAAX	223,245	-	-	223,245
Other income	239,592	115,512	-	355,104
Gain arising from debt rehabilitation	-	1,492,657	-	1,492,657
Operating profit	478,967	2,115,819	-	2,594,786
Finance income	2,702	-	-	2,702
Finance costs	(112,601)	(36,118)	-	(148,719)
Net operating profit	369,068	2,079,701	-	2,448,769
Net foreign exchange (loss)/gain	(25,295)	13,900	-	(11,395)
Profit before taxation	343,773	2,093,601	-	2,437,374
Taxation	(12,268)	1,107		(11,161)
Profit after taxation	331,505	2,094,708	-	2,426,213

40. Segmental information (Cont'd.)

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

2022	Malaysia RM'000 Restated	Thailand RM'000	Indonesia RM'000	Elimination adjustments RM'000	Total RM'000 Restated
Segment results					
Revenue	825,860	1,006,211	-	-	1,832,071
Operating expenses					
- Staff costs	(106,442)	(25,546)	(5)	-	(131,993)
- Depreciation	(40,270)	(67,425)	(119)	-	(107,814)
- Aircraft fuel expenses	(354,896)	(89,598)	-	-	(444,494)
- Maintenance and overhaul	(472,353)	(68,731)	-	-	(541,084)
- User charges	(96,965)	(30,886)	-	-	(127,851)
- Aircraft operating lease expenses	(33,637)	(47,817)	-	-	(81,454)
- Other operating expenses	(275,115)	(67,522)	(87)	-	(342,724)
- Provision for additional loss in the investment in IAAX	(223,245)	-	-	-	(223,245)
Other income	34,328,563	6,487	-	-	34,335,050
Other loss	(46,000)	-	-	-	(46,000)
Operating profit/ (loss)	33,505,500	615,173	(211)	-	34,120,462
Finance income	1,553	11,716	-	-	13,269
Finance costs	(762,967)	(63,147)	-	-	(826,114)

40. Segmental information (Cont'd.)

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

2022 (Cont'd.)	Malaysia RM'000 Restated	Thailand RM'000	Indonesia RM'000	Elimination adjustments RM'000	Total RM'000 Restated
Segment results (Cont'd.)					
Net operating profit/(loss)	32,744,086	563,742	(211)	-	33,307,617
Net foreign exchange (loss)/ gain	(47,742)	(81,664)	67	-	(129,339)
Profit/(loss) before taxation	32,696,344	482,078	(144)	-	33,178,278
Taxation	612,241	375	-	-	612,616
Profit/(loss) after taxation	33,308,585	482,453	(144)	-	33,790,894
2023					
Segment assets					
Non-current assets^	2,434,493	761,731	3,008	-	3,199,232
Current assets	703,080	666,206	133,518	-	1,502,804
	3,137,573	1,427,937	136,526	-	4,702,036
Segment liabilities					
Non-current liabilities	(1,779,727)	(805,752)	7,121	-	(2,578,358)
Current liabilities	(1,241,671)	(1,203,964)	(624,733)	-	(3,070,368)
	(3,021,398)	(2,009,716)	(617,612)	-	(5,648,726)
2022					
Segment assets					
Non-current assets^	1,932,648	1,162,663	3,008	(268,288)	2,830,031
Current assets	550,146	689,738	133,518	(152,690)	1,220,712
	2,482,794	1,852,401	136,526	(420,978)	4,050,743

40. Segmental information (Cont'd.)

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

2022 (Cont'd.)	Malaysia RM'000 Restated	Thailand RM'000	Indonesia RM'000	Elimination adjustments RM'000	Total RM'000
Segment liabilities					
Non-current liabilities	(1,821,732)	(1,141,210)	7,121	23,434	(2,932,387)
Current liabilities	(920,291)	(2,486,426)	(624,733)	152,690	(3,878,760)
	(2,742,023)	(3,627,636)	(617,612)	176,124	(6,811,147)

^ Excluding investment in an associate and a joint venture.

	2023 RM'000	2022 RM'000 Restated
(a) Reconciliation of segment revenue to reported revenue:		
Segment revenue	4,001,149	1,832,071
Less: Revenue from an associate and a joint venture which were not consolidated	(1,474,053)	(1,006,211)
	2,527,096	825,860
(b) Reconciliation of segment profit before taxation to reported loss before taxation:		
Segment profit before taxation	2,437,374	33,178,278
Less: Expenses from an associate and a joint venture which were not consolidated	(2,093,601)	(481,934)
	343,773	32,696,344
(c) Reconciliation of segment assets to reported total assets:		
Segment assets	4,702,036	4,050,743
Less: Assets of an associate and a joint venture which were not consolidated	(1,564,463)	(1,567,949)
	3,137,573	2,482,794

40. Segmental information (Cont'd.)

	2023 RM'000	2022 RM'000
(d) Reconciliation of segment liabilities to reported total liabilities:		
Segment liabilities	(5,648,726)	(6,811,147)
Add: Liabilities of an associate and a joint venture which were not consolidated	2,627,328	4,069,124
	(3,021,398)	(2,742,023)

41. Comparative figures

The following comparative amount as at 31 December 2022 has been reclassified to conform with current year's presentation.

	As previously stated RM'000	Reclassified RM'000	As restated RM'000
Group and Company			
Non-current assets			
Trade and other receivables (Note 22)	117,059	117,189	234,248
Property, plant and equipment (Note 15)	159,037	(117,189)	41,848
Group			
Maintenance and overhaul	490,614	(18,261)	472,353
Finance income (Note 11(a))	(19,814)	18,261	(1,553)
Company			
Maintenance and overhaul	490,232	(18,261)	471,971
Finance income (Note 11(a))	(19,814)	18,261	(1,553)

42. Contingent liabilities

During the financial period ended 31 December 2022, IAAX, a joint venture of the Company, received a Tax Underpayment Assessment Letter from the Indonesia Tax Office (ITO), demanding a payment of RM200.7 million for tax underpayment in the fiscal year 2017. The tax audit for the year assessment 2018 and 2019 were completed during the financial year and the ITO raised an additional assessment of RM236.6 million.

IAAX has disputed the tax assessments by the ITO and has submitted objection letters and appeal letters to the ITO. ITO has rejected the appeal by IAAX and the case has been brought to court. In the event the dispute is ruled in favour of the ITO, it is unlikely that IAAX will be able to pay the additional tax. Per Indonesian tax regulations, tax collection actions target "tax bearers" of corporate taxpayers, including shareholders. Consequently, the Company, as IAAX's shareholder, could be liable for IAAX's RM215.9 million tax payable, based on its equity interest in IAAX.

In 2023, the Company's Directors, based on legal opinion provided by external lawyer, believe that it is not probable that the Company will incur expenses related to IAAX's tax liability due to the lack of legal mechanism in Indonesia to effect the reciprocal arrangement with partner countries for cross-border tax collection assistance. Additionally, cross-border tax collection is not permissible if the tax is in dispute. IAAX has contested the tax claim and the case is currently pending hearing in Indonesia. Accordingly, this matter is disclosed as a contingent liability as it gives rise to a possible obligation whose existence will be confirmed only by the occurrence or non-occurrence of one of more uncertain future events not wholly within the control of the Company.

43. Events during the reporting period

With the Company's announcement on 16 March 2022 in relation to the completion of the Restructuring Scheme, Bursa Malaysia Securities Berhad ("Bursa Securities") had via its letter dated 16 March 2022 noted that with the completion of the Restructuring Scheme, the Company would have regularised its financial condition and level of operations and would no longer trigger any criteria under paragraph 2.1 of Practice Note 17 ("PN 17") of the Main Market Listing Requirements of Bursa Malaysia.

The upliftment of the Company's from PN 17 status was effective on 22 November 2023.

44. Events after the reporting period

On 8 January 2024, AirAsia X has entered into a non-binding letter of acceptance with its related party, Capital A Berhad ("Capital A") for the Proposed Acquisitions by AirAsia X of 100% equity interest in AirAsia Berhad ("AAB") and 100% equity interest in AirAsia Aviation Group Limited ("AAAGL"), both are wholly-owned subsidiary of Capital A.

With reference to the Company's announcement on 25 April 2024, the Company proposed to undertake several proposals as follows:

(i) Proposed internal reorganization
(ii) Proposed issuance of free warrants
(iii) Proposed private placement
(iv) Proposed AirAsia Aviation Group Limited ("AAAGL") acquisition
(v) Proposed AirAsia Berhad ("AAB") acquisition
(vi) Proposed share capital reduction
(vii) Proposed granting of subscription options

As part of the proposed internal reorganization, all of the Company's shareholders will exchange their respective shares in the Company with shares in AirAsia Group Sdn Bhd ("AA Group"). Upon completion of the proposed internal reorganization, the Company will become a wholly-owned subsidiary of the AA Group.

In addition, a proposal has been made for the issuance of 223,506,402 warrants on the basis of one warrant for every two AA Group shares subsequent to the proposed internal reorganization. A private placement exercise will also be carried out to raise gross proceeds of RM1,000 million followed by a reduction of the issued share capital of AA Group to RM100 million via cancellation of paid-up share capital.

AirAsia X proposed to grant subscription option to Garynma Investments Pte Ltd on the rights to subscribe AA Group shares that represents 15% of the total enlarged issued shares in AA Group subsequent to the proposed acquisition.

45. Prior year adjustments

(i) The provision for aircraft maintenance as of 31 December 2022 was overstated by RM59.2 million.

(ii) The right-of-use assets as of 31 December 2022 was understated by RM30.9 million as certain capital expenditures were expensed to the income statement for the period ended 31 December 2022.

(iii) In the previous financial period, the Group did not recognise the estimated obligation of RM46 million under the profit-sharing arrangement entered into with the Group's creditors in connection with the debt restructuring scheme which was completed on 16 March 2022.

The above have been adjusted for retrospectively as prior year adjustments.

The prior year adjustments did not have any impact to the balances as at 1 July 2021. Accordingly, the statements of financial positions of the Group and the Company as of 1 July 2021 are not presented.

The Group and the Company restated the affected financial statement line items for prior period to correct (i) to (iii) as follows:

Impact on equity (increase in equity)

		Group and Company 31.12.2022 RM'000
Right-of-use assets	(ii)	30,918
Total assets		30,918
Trade and other payables	(ii)	(18,120)
Provision for profit sharing	(iii)	(46,000)
Provision for aircraft maintenance	(i)	59,176
Total liabilities		(4,944)
Net impact on equity		(25,974)

45. Prior year adjustments (Cont'd.)

The Group and the Company restated the affected financial statement line items for prior period to correct (i) to (iii) as follows (Cont'd.):

Impact on profit or loss (increase in profit)

		Group and Company 1.7.2021 to 31.12.2022 RM'000
Operating expenses		
- Depreciation	(ii)	666
- Maintenance and overhaul	(i) & (ii)	(69,676)
Other loss	(iii)	46,000
Finance costs	(ii)	(2,964)
Net impact on loss for the period		(25,974)
Attributable:		
Owners of the Company		(25,974)

Impact on statement of cash flows (increase/(decrease) in cash and cash equivalents)

	Group 1.7.2021 to 31.12.2022 RM'000	Company 1.7.2021 to 31.12.2022 RM'000
Profit before tax	25,974	25,974
Depreciation	666	666
Net gain of discounting effect on financial instruments	(2,964)	(2,964)
Operating gain before working capital changes	23,676	23,676
Increase in trade and other receivables	95	95
Decrease in trade and other payables	(23,771)	(23,771)
Net impact on cash and cash equivalents	-	-

45. Prior year adjustments (Cont'd.)

The Group and the Company restated the affected financial statement line items for prior period to correct (i) to (iii) as follows (Cont'd.):

Impact on basic and diluted earnings per share ("EPS") (increase in EPS)

	Group and Company 1.7.2021 to 31.12.2022 sen
Earnings per share	
Basic and diluted, profit for the period attributable to ordinary equity holders of the parent	6.2

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AirAsia X Berhad
(Incorporated in Malaysia)

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

We, Dato' Fam Lee Ee and Dato' Abdul Mutalib Bin Alias, being two of the Directors of AirAsia X Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 7 to 109 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

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

Dato' Fam Lee Ee

Director

Dato' Abdul Mutalib Bin Alias

Director

Kuala Lumpur, Malaysia

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

I, Lavinia Louis, the officer primarily responsible for the financial management of AirAsia X Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 7 to 109 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared
by the abovenamed Lavinia Louis
at Kuala Lumpur in the Federal Territory
on 30 April 2024.

Lavinia Louis

Before me,

Commissioner for Oaths
Kuala Lumpur

PESURUHJAYA SUMPAH
W957
MOHD FARID BIN AB GHAZI
01 DEC 2022 – 31 DEC 2024
MALAYSIA

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Independent auditors' report to the members of AirAsia X Berhad (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of AirAsia X Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 7 to 109.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

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

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**Independent auditors' report to the members of
AirAsia X Berhad (Cont'd.)
(Incorporated in Malaysia)**

Key audit matters (Cont'd.)

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

Key risk	Our response
Revenue recognition from scheduled flights and sales in advance	
For the financial year ended 31 December 2023, revenue from scheduled flights and ancillary services accounted for 93% of the Group's total revenue. The Group and the Company rely on an integrated information technology system (including the flight reservation system and revenue accounting system), in accounting for its scheduled flights and ancillary revenue. Such information system processes large volumes of data comprising individually low value transactions.	To address this area of focus, we performed, amongst others, the following procedures: a) 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;
The flight reservation system is managed by third party vendor.	b) Involved our information technology specialists to test the effectiveness of the automated controls of the key modules of the information technology system;
The accounting for revenue from scheduled flights and ancillary services are susceptible to management override through the posting of manual journal entries either in the underlying ledgers or as a consolidated journal.	c) 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;
The above factors gave rise to higher risk of material misstatement in the timing and amount of revenue recognized. Accordingly, we identified revenue recognition to be a area of focus.	d) 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;

Key audit matters (Cont'd.)

Key risk	Our Response
Revenue recognition from scheduled flights and sales in advance (Cont'd.)	
The notes relating to schedule and ancillary revenue are disclosed in Notes 2.18 and 4 to the financial statements.	e) Corroborated the occurrence of revenue by tracing samples of revenue recognised to settlement reports from financial institutions; f) Tested the reconciliation of data between the flight reservation system and the general ledger to ensure the completeness of revenue; and g) Performed procedures to verify that revenue from passenger seat sales is recorded in the appropriate accounting period.
Provision for aircraft maintenance	
As of 31 December 2023, AAX was operating 18 aircrafts under operating lease arrangements with lessors. In respect of these operating lease arrangements, the Group and the Company are contractually obligated to maintain the aircraft during the lease period and to redeliver the aircraft to the lessors at the end of the lease term, in certain pre-agreed conditions. Management made an estimates of the costs for aircraft maintenance either through obtaining the estimated overhaul cost from third party maintenance service providers or relying on the actual incurred overhaul cost of similar aircraft component.	To address this area of focus, we performed, amongst others, the following procedures: a) Gained an understanding of the management's process for estimating aircraft maintenance costs for aircraft held under lease arrangements, including understanding the contractual obligations of the Group and of the Company arising from the lease arrangements; b) Evaluated the key assumptions adopted by management by discussing with the relevant fleet maintenance engineers and tested, on a sample basis, the accuracy of the data on aircraft utilization statistics;

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Independent auditors' report to the members of AirAsia X Berhad (Cont'd.) (Incorporated in Malaysia)

Key audit matters (Cont'd.)

Key risk	Our Response
Provision for aircraft maintenance (Cont'd.)	
The management then makes provision for such costs over the flight hours, flight cycles or calendar months of the aircraft components as used. These aircraft utilization and calendar months affect the extent of the restoration work that will be required and the expected costs of such overhaul, restoration and redelivery at the end of the lease term. A provision of RM389.5 million was recorded by AAX for the year, which represents an increase from RM225.8 million as at 31 December 2022. The provision for aircraft maintenance has been identified as an area of audit focus due to the significant amount involved and the high level of judgment and estimates applied by management in determining the provision. The notes relating to provision for aircraft maintenance are disclosed in Notes 2.10, 3(ii) and 33 to the financial statements.	c) Compared the historical overhaul costs by aircraft components or quotations by suppliers for the overhaul costs against the amount of provision made by the Group and by the Company to assess the adequacy of the provision; and d) Performed recalculation of the aircraft maintenance costs provision based on the key assumptions adopted by management.

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Independent auditors' report to the members of AirAsia X Berhad (Cont'd.) (Incorporated in Malaysia)

Key audit matters (Cont'd.)

Key risk

Provision for additional loss in the investment in PT Indonesia AirAsia Extra

As disclosed in Notes 3(iv) and 42 to the financial statements, during the previous financial period ended 31 December 2022, the Company's joint venture, PT Indonesia AirAsia Extra (IAAX), received a Tax Underpayment Assessment Letter from the Indonesia Tax Office ("ITO") demanding a payment of RM200.7 million for tax underpayment in the fiscal year 2017. During the financial year ended 31 December 2023, ITO raised additional assessment of RM236.6 million in respect of fiscal year 2018 and 2019.

IAAX disputed the tax assessments by the ITO and submitted objection letters and appeal letters to the ITO. ITO rejected the appeal by IAAX and the case has been brought to court. In the event the dispute is ruled in favour of the ITO, it is unlikely that IAAX will be able to pay the additional tax. Based on the prevailing tax regulation in Indonesia, tax collection actions shall be carried out against "tax bearers" of corporate taxpayers in the event of nonpayment by the corporate taxpayers. Tax bearers are defined under the tax regulation in Indonesia to include shareholders of corporate taxpayers. Consequently, the Company, as IAAX's shareholder, may be responsible for the settlement of IAAX's tax payable of RM215.9 million, computed based on the Company's equity interest in IAAX.

Our response

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

a) We assessed the external lawyers' objectivity and independence, and reviewed their credentials, qualifications, experience and reputation;

b) We discussed with our internal tax specialists to understand the prevailing tax regulations in Indonesia and the effects of such regulations on the shareholders of corporate taxpayers in Indonesia;

c) We discussed with the external lawyers to understand the basis and judgment applied in determining the probability of an outflow of resources embodying economic benefits, if any, required to settle the obligation; and

d) We evaluated the adequacy of the disclosures of this matter.

Key audit matters (Cont'd.)

Key risk	Our response
Provision for additional loss in the investment in PT Indonesia AirAsia Extra (Cont'd.) The Directors of the Company in consultation with their external lawyer are of the opinion that as at 31 December 2023, it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation for reasons further disclosed in Note 42. Accordingly, this matter is disclosed as a contingent liability in Note 42 to the financial statements as it gives rise to a possible obligation whose existence will be confirmed only by the occurrence or non-occurrence of one of more uncertain future events not wholly within the control of the Company. Due to the significance of this matter, we consider this to be an area of audit focus.	

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Independent auditors' report to the members of AirAsia X Berhad (Cont'd.)
(Incorporated in Malaysia)

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Annual Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, 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.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

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Independent auditors' report to the members of
AirAsia X 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and of the Company's internal control.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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**Independent auditors' report to the members of
AirAsia X Berhad (Cont'd.)
(Incorporated in Malaysia)**

Auditors' responsibilities for the audit of the financial statements (Cont'd.)

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

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

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

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

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

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Independent auditors' report to the members of
AirAsia X Berhad (Cont'd.)
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Auditors' responsibilities for the audit of the financial statements (Cont'd.)

Other matters

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

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

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

Kuala Lumpur, Malaysia
30 April 2024