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

Directors' Report and Audited Financial Statements
31 December 2022

200601014410 (734161-K)

AirAsia X Berhad
(Incorporated in Malaysia)

Contents

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Directors' report

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

Principal activities

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

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

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

Change of financial year end

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

Financial results

	Group RM'000	Company RM'000
Profit for the financial period, representing profit attributable to owners of the Company	33,282,611	33,377,312

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

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

Share capital

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

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

Directors

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

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

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

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

Directors' benefits

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

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

Indemnity and insurance for Directors and officers

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

Directors' remuneration

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

Directors' interests

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

		Number of ordinary shares		
	1.7.2021	Share consolidation (Note 36)	Acquired/ (Disposed)	31.12.2022
The Company				
Datuk Kamarudin Bin Meranun				
Direct interest^	370,709,939	(333,638,945)	-	37,070,994
Indirect interest *^	1,310,331,376	(1,179,298,238)	-	131,033,138
Tan Sri Anthony Francis Fernandes				
Direct interest^	111,587,228	(100,428,505)	-	11,158,723
Indirect interest *^	1,310,331,376	(1,179,298,238)	-	131,033,138

Directors' interests (cont'd)

Dato' Lim Kian Onn				
Indirect interest **^	175,833,356	(158,250,020)	-	17,583,336
Tan Sri Rafidah Aziz				
Direct interest^	175,000	(157,500)	-	17,500
Indirect interest ***^	100,000	(90,000)	-	10,000
Tan Sri Asmat Bin Kamaludin				
Direct interest^	100,000	(90,000)	-	10,000
Indirect interest *****^	40,000	(36,000)	-	4,000

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

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

** Pursuant to Section 59(11)(c) of the Companies Act 2016, the interests of spouse and children of Dato' Lim Kian Onn in the shares of the Company shall also be treated as the interest of Dato' Lim Kian Onn.

Directors' interests (cont'd.)

*** Pursuant to Section 59(11)(c) of the Companies Act 2016, the interest of spouse (deceased) of Tan Sri Rafidah Aziz in the shares of the Company shall also be treated as the interest of Tan Sri Rafidah Aziz.

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

None of the other Directors in office at the end of the financial period had any interest in shares in the Company or its related corporations during the financial period.

Other statutory information

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

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

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

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

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

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

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

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

Other statutory information (cont'd.)

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

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

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial period.

(f) In the opinion of the Directors:

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

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

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

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Auditors and auditors' remuneration

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

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

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

Tunku Dato' Mahmood Fawzy
bin Tunku Muhiyiddin
Director

Ahmad Al Farouk bin Ahmad Kamal

Director

Kuala Lumpur, Malaysia

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Statements of profit or loss
For the financial period ended 31 December 2022

	Note	Group 01.07.2021 to 31.12.2022 RM'000	Group 1.1.2020 to 30.6.2021 RM'000 Restated	Company 01.07.2021 to 31.12.2022 RM'000	Company 1.1.2020 to 30.6.2021 RM'000 Restated
Revenue	4	825,860	1,132,624	825,277	1,132,625
Operating expenses					
- Staff costs	5	(106,442)	(248,318)	(104,820)	(239,624)
- Depreciation	6	(39,604)	(961,502)	(39,604)	(971,788)
- Aircraft fuel expenses		(354,896)	(538,450)	(354,896)	(538,450)
- Maintenance and overhaul	7	(560,290)	(702,506)	(559,908)	(702,506)
- User charges		(96,965)	(96,979)	(96,965)	(96,979)
- Aircraft operating lease expenses		(33,637)	(2,417)	(33,637)	(2,417)
- Other operating expenses	9	(275,115)	(6,106,334)	(267,418)	(6,184,881)
- Provision for additional loss in the investment in IAAX	3(vii)	(223,245)	-	(223,245)	-
- Provision for termination claims	10	-	(25,163,344)	-	(25,163,344)
Other income	11	34,328,563	6,997	34,414,146	5,406
Other losses	13	-	(10,928)	-	(10,928)
Operating income/(loss)		33,464,229	(32,691,157)	33,558,930	(32,772,886)
Finance income	12	19,814	130,917	19,814	130,872
Finance costs	12	(765,931)	(1,034,161)	(765,931)	(1,014,504)
Net operating income/(loss)		32,718,112	(33,594,401)	32,812,813	(33,656,518)
Net foreign exchange loss	12	(47,742)	(80,764)	(47,742)	(86,324)
Share of results of an associate	21	-	-	-	-
Share of results of a joint venture	22	-	-	-	-
Profit/(loss) before taxation		32,670,370	(33,675,165)	32,765,071	(33,742,842)
Taxation					
- Current taxation	14	1	7	1	(102)
- Deferred taxation	14	612,240	-	612,240	-
		612,241	7	612,241	(102)
Profit/(loss) for the financial period		33,282,611	(33,675,158)	33,377,312	(33,742,944)
Gain/(Loss) per share (sen)					
- Basic	15	8,023.5	(811.8)		
- Diluted	15	8,023.5	(811.8)		

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 period ended 31 December 2022

	Group		Company	
	01.07.2021 to 31.12.2022 RM'000	1.1.2020 to 30.6.2021 RM'000 Restated	01.07.2021 to 31.12.2022 RM'000	1.1.2020 to 30.6.2021 RM'000 Restated
Profit/(loss) for the financial period	33,282,611	(33,675,158)	33,377,312	(33,742,944)
<u>Other comprehensive (loss)/ income</u>				
Items that may be subsequently reclassified to profit or loss				
Cash flow hedges	-	(30,452)	-	(30,452)
Foreign currency translation differences	(713)	638	-	-
Other comprehensive loss for the financial period, net of tax	(713)	(29,814)	-	(30,452)
Total comprehensive income/ (loss) for the financial period	33,281,898	(33,704,972)	33,377,312	(33,773,396)

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 2022

	Note	31.12.2022 RM'000	30.06.2021 RM'000 Restated	01.01.2020 RM'000 Restated
Group				
Assets				
Non-current assets				
Property, plant and equipment	16	159,037	-	623,445
Right-of-use assets	17	1,013,394	-	4,959,771
Deferred tax assets	18	612,240	-	-
Finance lease receivables	19	-	-	842,043
Investment in an associate	21	-	-	-
Investment in a joint venture	22	-	-	-
Trade and other receivables	24	117,059	1,571,017	1,574,356
Amount due from an associate	25	-	23,434	50,165
Derivative financial assets		-	-	1,311
		1,901,730	1,594,451	8,051,091
Current assets				
Inventories	23	9,190	-	13,102
Trade and other receivables	24	230,634	119,604	671,902
Amount due from an associate	25	29	150,540	117,772
Amount due from a joint venture		-	-	4,501
Amount due from related parties	27	131,848	4,068	119,328
Finance lease receivables	19	-	-	170,631
Derivative financial assets		-	-	44,615
Tax recoverable		1,735	1,694	1,481
Deposits, cash and bank balances	31	176,710	74,110	357,961
		550,146	350,016	1,501,293
Total assets		2,451,876	1,944,467	9,552,384
Equity and liabilities				
Current liabilities				
Sales in advance	35	391,373	504,841	730,725
Derivative financial liabilities		-	-	2,317
Trade and other payables	32	411,047	1,587,120	823,811
Provision for termination	10	-	25,163,344	-
Amount due to an associate	28	3,380	3,625	45,391
Amount due to related parties	30	8,469	353,906	30,616
Borrowings	33	57,033	6,766,607	860,070
Provision for aircraft maintenance	34	28,169	29,469	88,710
		899,471	34,408,912	2,581,640
Net current liabilities		(349,325)	(34,058,896)	(1,080,347)

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

	Note	31.12.2022 RM'000	30.06.2021 RM'000 Restated	01.01.2020 RM'000 Restated
Group (cont'd.)				
Non-current liabilities				
Derivative financial liabilities		-	-	3,541
Sales in advance	35	352,139	-	-
Trade and other payables	32	-	589	14,818
Amount due to an associate	28	-	170,284	213,708
Borrowings	33	1,005,449	2	5,405,541
Provision for aircraft maintenance	34	256,775	931,781	1,195,266
Provision for additional loss in the investment in IAAX	3(vii)	223,245	-	-
		1,837,608	1,102,656	6,832,874
Total liabilities		2,737,079	35,511,568	9,414,514
Net liabilities		(285,203)	(33,567,101)	137,870
Equity attributable to equity holders of the Company				
Share capital	36	1,534	1,534,044	1,534,043
Warrant reserve	37	-	-	62,222
Other reserves	37	-	-	30,452
Currency translation reserve		14	727	89
Accumulated losses		(286,751)	(35,101,872)	(1,488,936)
Total equity		(285,203)	(33,567,101)	137,870

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 2022 (cont'd.)

	Note	31.12.2022 RM'000	30.06.2021 RM'000 Restated	01.01.2020 RM'000 Restated
Company				
Assets				
Non-current assets				
Property, plant and equipment	16	159,037	-	623,445
Right-of-use assets	17	1,013,394	-	5,041,965
Deferred tax asset	18	612,240	-	-
Finance lease receivables	19	-	-	842,043
Investments in subsidiaries	20	4	4	4
Investment in an associate	21	-	-	50,165
Investment in a joint venture	22	-	-	-
Trade and other receivables	24	117,059	1,571,017	1,574,356
Amount due from an associate	25	-	23,434	-
Derivative financial assets		-	-	1,311
		1,901,734	1,594,455	8,133,289
Current assets				
Inventories	23	9,190	-	13,102
Trade and other receivables	24	114,222	119,485	671,802
Amount due from subsidiaries	26	-	170,238	134,229
Amount due from an associate	25	-	18,481	16,568
Amount due from a joint venture		-	-	4,501
Amount due from related parties	27	132,580	4,068	119,328
Finance lease receivables	19	-	-	170,631
Derivative financial assets		-	-	44,615
Tax recoverable		1,652	1,695	1,616
Deposits, cash and bank balances	31	176,373	73,993	337,947
		434,017	387,960	1,514,339
Total assets		2,335,751	1,982,415	9,647,628
Equity and liabilities				
Current liabilities				
Sales in advance	35	391,373	504,841	730,725
Derivative financial liabilities		-	-	2,317
Trade and other payables	32	282,401	1,431,922	811,539
Provision for termination	10	-	25,163,344	-
Amount due to subsidiaries	29	635	153,500	2,898
Amount due to an associate	28	3,380	41,870	72,013
Amount due to related parties	30	8,469	353,906	33,084
Borrowings	33	57,033	6,851,341	876,590
Provision for aircraft maintenance	34	27,974	29,469	88,710
		771,265	34,530,193	2,617,876
Net current liabilities		(337,248)	(34,142,233)	(1,103,537)

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

	Note	31.12.2022 RM'000	30.06.2021 RM'000 Restated	01.01.2020 RM'000 Restated
Company (cont'd.)				
Non-current liabilities				
Sales in advance	35	352,139	-	-
Derivative financial liabilities		-	-	3,541
Trade and other payables	32	-	589	14,818
Amount due to an associate	28	-	170,284	213,708
Borrowings	33	1,005,449	2	5,479,458
Provision for aircraft maintenance	34	256,775	931,781	1,195,266
Provision for additional loss in the investment in IAAX	3(vii)	223,245	-	-
		1,837,608	1,102,656	6,906,791
Total liabilities		2,608,873	35,632,849	9,524,667
Net liabilities		(273,122)	(33,650,434)	122,961
Equity attributable to equity holders of the Company				
Share capital	36	1,534	1,534,044	1,534,043
Warrant reserve	37	-	-	62,222
Other reserves	37	-	-	30,452
Accumulated losses		(274,656)	(35,184,478)	(1,503,756)
Total equity		(273,122)	(33,650,434)	122,961

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

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Consolidated statement of changes in equity
For the financial period ended 31 December 2022

			<---- 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**	**Total equity RM'000**
Group						
At 1 July 2021, restated		4,148,149	1,534,044	727	(35,101,872)	(33,567,101)
Net profit for the financial period		-	-	-	33,282,611	33,282,611
Other comprehensive loss for the financial period		-	-	(713)	-	(713)
Total comprehensive (loss)/income for the financial period		-	-	(713)	33,282,611	33,281,898
Share consolidation	36	(3,733,334)	-	-	-	-
Share capital reduction	36	-	(1,532,510)	-	1,532,510	-
At 31 December 2022		414,815	1,534	14	(286,751)	(285,203)

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

	Note	Number of shares '000	Share capital RM'000	Warrant reserve RM'000	Cash flow hedge reserve RM'000	Currency translation reserve RM'000	Accumulated losses RM'000	Total equity RM'000
			<---- Attributable to equity holders of the Group ----					
			<---- Non-Distributable ----					
Group (cont'd.)								
At 1 January 2020, as per previously stated		4,148,148	1,534,043	62,222	30,452	89	(1,488,877)	137,929
Prior year adjustment (Note 46)		-	-	-	-	-	(59)	(59)
At 1 January 2020, restated		4,148,148	1,534,043	62,222	30,452	89	(1,488,936)	137,870
Net loss for the financial period		-	-	-	-	-	(33,675,158)	(33,675,158)
Transfer of warrant reserve upon expiry of warrants to accumulated losses		-	-	(62,222)	-	-	62,222	-
Other comprehensive (loss)/income for the financial period		-	-	-	(30,452)	638	-	(29,814)
Total comprehensive (loss)/income for the financial period		-	-	(62,222)	(30,452)	638	(33,612,936)	(33,704,972)
Issuance of new shares from warrant exercise	36	1	1	-	-	-	-	1
At 30 June 2021, restated		4,148,149	1,534,044	-	-	727	(35,101,872)	(33,567,101)

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

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

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

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

	Note	Number of shares '000	Share capital RM'000	Warrant reserve RM'000	Cash flow hedge reserve RM'000	Accumulated losses RM'000 Restated	Total equity RM'000
			<-------------- Attributable to equity holders of the Company				------------>
			<------------------------ Non-Distributable			--------------------->	
Company (cont'd.)							
At 1 January 2020,		4,148,148	1,534,043	62,222	30,452	(1,503,697)	123,020
Prior year adjustment (Note 46)		-	-	-	-	(59)	(59)
At 1 January 2020, restated		4,148,148	1,534,043	62,222	30,452	(1,503,756)	122,961
Loss for the financial period		-	-	-	-	(33,742,944)	(33,742,944)
Transfer of warrant reserve upon of warranty to accumulated losses				(62,222)		62,222	-
Other comprehensive loss for the financial period		-	-	-	(30,452)	-	(30,452)
Total comprehensive loss for the financial period		-	-	(62,222)	(30,452)	(33,680,722)	(33,773,396)
Issuance of new shares from warrant exercise	36	1	1	-	-	-	1
At 30 June 2021, restated		4,148,149	1,534,044	-	-	(35,184,478)	(33,650,434)

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

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Statements of cash flows
For the financial period ended 31 December 2022

	Note	Group 01.07.2021 to 31.12.2022 RM'000	Group 1.1.2020 to 30.6.2021 RM'000 Restated	Company 01.07.2021 to 31.12.2022 RM'000	Company 1.1.2020 to 30.6.2021 RM'000 Restated
Cash flows from operating activities					
Profit/(loss) before taxation		32,670,370	(33,675,165)	32,765,071	(33,742,842)
Adjustments for:					
Property, plant and equipment and right-of-use assets					
- Depreciation	6	39,604	961,502	39,604	971,788
- Impairment loss/(reversal)	9	(157,016)	4,577,165	(157,016)	4,649,885
- Disposal loss		-	10,594	-	9,541
Allowance for impairment:					
- Finance lease receivables	9	-	794,250	-	794,250
- Trade and other receivables	9	84,396	60,937	84,396	60,937
- Inventories	9	(9,190)	9,245	(9,190)	9,245
- Amount due from associates	9	366,160	389,329	-	-
- Amount due from subsidiaries	9	-	-	382,862	391,129
- Amount due from related parties		2,900	12,188	2,900	12,188
Debt settlement and waiver of debts pursuant to the Debt Restructuring	11	(34,313,138)	-	(34,398,721)	-
Provision for termination claims	10	-	25,163,344	-	25,163,344
Provision for additional loss in the investment in IAAX	3(vii)	223,245	-	223,245	-
Finance income	12	(1,548)	(78,764)	(1,548)	(78,719)
Finance costs	12	754,519	986,407	754,519	966,751
Impact of discounting effect on financial instruments (net)	12	(6,854)	(4,400)	(6,854)	(4,400)
Fair value losses on derivative financial instruments	13	-	10,928	-	10,928
Net unrealised foreign exchange loss	12	34,099	68,591	34,099	74,331

AirAsia X Berhad
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Statements of cash flows
For the financial period ended 31 December 2022 (cont'd.)

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

AirAsia X Berhad
(Incorporated in Malaysia)

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

	Note	Group		Company	
		01.07.2021 to 31.12.2022 RM'000	1.1.2020 to 30.06.2021 RM'000 Restated	01.07.2021 to 31.12.2022 RM'000	1.1.2020 to 30.06.2021 RM'000 Restated
Net increase/(decrease) in cash and cash equivalents		93,894	(234,758)	92,961	(214,223)
Currency translation differences		14,350	(4,395)	15,063	(5,033)
Cash and cash equivalents at beginning of the financial period		68,466	307,619	68,349	287,605
Cash and cash equivalents at end of the financial period	31	176,710	68,466	176,373	68,349

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

1. Corporate information

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

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

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

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

2. Summary of significant accounting policies

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

2.1 Basis of preparation

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

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

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

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

2.1 Basis of preparation (cont'd.)

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

The global economy and in particular, the commercial airline industry are recovering from the COVID-19 pandemic. The relaxation of travel and border restrictions implemented by countries around the world have contributed to an improved demand for international air travel. Comparatively, the Group's and the Company have reported a net profit of RM33.28 billion and RM33.38 billion (30 June 2022: net loss of RM33.68 billion and RM33.74 billion) respectively for the financial period ended 31 December 2022. In addition, the Group and the Company also reported an improved shareholders' deficit of RM285.20 million and RM273.12 million (30 June 2021: RM33.57 billion and RM33.65 billion) respectively.

As the industry recovers post COVID-19, the Group and the Company have resumed most of the fleet since July 2022 and have renegotiated the major agreements with creditors. Consequently, the Group and the Company has commenced restructuring of its debts on 16 March 2022; hence the reversal of provisions of termination claims, RM25.16 billion, which is an integral part of the total provisional scheme amounts owing to scheme creditors of RM34.31 billion (which includes the provision for termination claims of RM25.16 billion) as disclosed in Note 3(v).

As detailed in Note 45(a), the Debt Restructuring took effect on 16 March 2022. Accordingly, the Group and the Company has restructured 99.5% of its debts, amounting to RM9.1 billion. The Board of Directors is optimistic of the success of the aforementioned plans will allow the Company to enroute to recovery of sales to pre-pandemic period.

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

2.2 Adoption of new and revised pronouncements

As at 1 July 2021, the Group and the Company have adopted the following pronouncements that are applicable and have been issued by the MASB as listed below:

Effective for annual periods beginning on or after 1 January 2021

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

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

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

2.3 Pronouncements yet in effect

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

Effective for annual periods beginning on or after 1 January 2023

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

Effective for annual periods beginning on or after 1 January 2024

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

Effective for a date yet to be confirmed

Amendments to MFRS 10	Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 128	Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

2.3 Pronouncements yet in effect (cont'd.)

The Group and the Company are expected to apply the abovementioned pronouncements beginning from the respective dates the pronouncements become effective. The initial application of the abovementioned pronouncements are not expected to have any material impacts to the financial statements of the Group and the Company except for the following:

Amendments to MFRS 101: Non-current Liabilities with Covenants

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

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

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

- Right to defer settlement – the amendments provide clarification that if an entity's right to defer settlement of a liability is subject to the entity complying with future covenants, the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period (2022 amendments).
- Expected deferrals – the amendments clarify that classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period (2020 amendments).
- Settlement by way of own equity instruments – the amendments clarify that there is an exception to the requirement that settlement of liabilities by way of own equity instruments impacts the classification of liabilities (2020 amendments).
- Disclosures – the amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within twelve months (2022 amendments)

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

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

2.4 Basis of consolidation

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

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

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

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

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

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

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

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

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

2.5 Business combinations and goodwill

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

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

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

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

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

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

2.5 Business combinations and goodwill (cont'd.)

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

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

2.6 Investment in associates

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

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

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

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

2.6 Investment in associates (cont'd.)

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

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

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

2.7 Investment in joint arrangements

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

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

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

2.7 Investment in joint arrangements (cont'd.)

Where an indication of impairment exists, the carrying value of the investment is assessed and written down immediately to its recoverable amount. Refer to accounting policy Note 2.10 on impairment of non-financial assets.

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

2.8 Property, plant and equipment

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

Where significant parts of an item of property, plant and equipment are required to be replaced at intervals, the Group and the Company recognises such parts in the carrying amount of the property, plant and equipment as a replacement when it is probable that future economic benefits associated with the parts will flow to the Group and the Company and the cost of the parts can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the period in which they are incurred.

Significant parts of an item of property, plant and property are depreciated separately over their estimated useful lives in accordance with the principle in MFRS 116 "Property, Plant and Equipment". Depreciation is calculated using the straight-line method to write-off the cost of the assets to their residual values over their estimated useful lives.

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

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

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

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

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

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

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

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

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

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

At each financial period, the Group and the Company assess whether there is any indication of impairment. If such an indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. Refer to accounting policy Note 2.10 on impairment of non-financial assets.

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

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

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

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

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

2.9 Investments in subsidiaries, associates and joint ventures

In the Group's and the Company's separate financial statements, investments in subsidiaries, associates and joint ventures are stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. Refer to Note 2.10 on impairment of non-financial assets.

On disposal of investments in subsidiaries, associates and joint ventures, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.10 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows or cash generating units ("CGUs"). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal at each reporting date.

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

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

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

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

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

2.11 Maintenance and overhaul

(i) Owned aircraft

The accounting for the cost of major airframe and certain engine maintenance checks for own aircraft is described in the accounting policy in Note 2.8 for property, plant and equipment.

(ii) Leased aircraft

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

2.12 Leases

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

Group and Company as a lessee

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

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

2.12 Leases (cont'd)

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

(i) Right-of-use assets(cont'd)

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

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

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

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment in accordance with accounting policy set out in Note 2.10.

(ii) Lease liabilities

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

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

2.12 Leases (cont'd)

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

(ii) Lease liabilities (cont'd)

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

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

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

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

Group and Company as a lessor

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

(i) Finance leases

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

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

2.12 Leases (cont'd.)

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

(i) Finance leases (cont'd)

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

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

(ii) Operating leases

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

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

(iii) Sublease classification

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

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

2.12 Leases (cont'd.)

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

(iii) Sublease classification (cont'd.)

The Group and the Company as intermediate lessors account for the sublease as follows:

- If the sublease is classified as an operating lease, the original lessee continues to account for the lease liability and ROU asset on the head lease.

- If the sublease is classified as a finance lease, the original lessee derecognises the ROU asset on the head lease at the sublease commencement date and continues to account for the original lease liability. The original lessee, as the sublessor, recognises finance lease receivables in the sublease and evaluates it for impairment.

2.13 Inventories

Inventories comprising consumables used internally for repairs and maintenance and in-flight merchandise, are stated at the lower of cost and net realisable value.

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

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

2.14 Fair value measurement

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

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

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

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

2.14 Fair value measurement (cont'd.)

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

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

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

2.15 Cash and cash equivalents

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

Deposits held as pledged securities for term loans granted are not included as cash and cash equivalents.

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

2.16 Provisions

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

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

2.17 Share capital

(i) Classification

Ordinary shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

(ii) Share issue costs

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

(iii) Dividends to shareholders of the Company

Dividends are recognised as a liability in the period in which they are declared. A dividend declared after the end of the reporting period, but before the financial statements are authorised for issue, is not recognised as a liability at the end of the reporting period.

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

2.18 Income taxes

(i) Current tax

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

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

(ii) Deferred tax

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

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

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

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

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

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

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

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

2.18 Income taxes

(ii) Deferred tax (cont'd.)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.19 Employee benefits

(i) Short term employee benefits

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

(ii) Defined contribution plan

The Group's and the Company's contributions to the Employees' Provident Fund are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

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

2.20 Revenue recognition

(a) Revenue from contracts with customers

The Group and the Company recognise revenue from contracts with customers for the provision of services and sale of goods based on the five-step model as set out below:

(i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

(iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

(iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group and the Company allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.

(v) Recognise revenue when (or as) the Group and the Company satisfy a performance obligation.

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

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

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

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

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

2.20 Revenue recognition (cont'd.)

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

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

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

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

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

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

Interest income is recognised using the effective interest method.

(b) Other revenue

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

2.21 Foreign currencies

(i) Functional and presentation currency

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

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

2.21 Foreign currencies (cont'd.)

(ii) Transactions and balances

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

Foreign exchange gains and losses arising from operations are included in arriving at the operating profit. Foreign exchange gains and losses arising from borrowings (after effects of effective hedges) are separately disclosed after net operating profit.

(iii) Group companies

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

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

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

- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is disposed of or sold, such exchange differences that were recorded in equity are recognised in the profit or loss as part of the gain or loss on disposal.

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

2.22 Contingent liabilities

The Group and the Company do not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group and of the Company, or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably. However contingent liabilities do not include financial guarantee contracts.

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

Subsequent to the initial recognition, the Group and the Company measure the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with the provisions of MFRS 137 "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognised.

2.23 Financial assets

(i) Recognition and initial measurement

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

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

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

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

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

2.23 Financial assets (cont'd.)

(i) Recognition and initial measurement (cont'd.)

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

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

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place ("regular way trades") are recognised on the trade date, that is the date that the Group or the Company commit to purchase or sell the asset.

(ii) Subsequent measurement

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

(a) Financial assets at amortised cost (debt instruments)

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

(c) Financial assets at fair value through profit or loss

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

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

2.23 Financial assets (cont'd.)

(ii) Subsequent measurement (cont'd.)

Financial assets at amortised cost

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

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

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

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

(iii) Derecognition

A financial asset is derecognised when:

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

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

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

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

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

2.23 Financial assets (cont'd.)

(iii) Derecognition (cont'd.)

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

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

2.24 Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments carried at amortised cost and fair value through OCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

2.24 Impairment of financial assets (cont'd.)

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

2.25 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is presented in the financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.26 Trade and other payables

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

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

2.27 Financial liabilities

(i) Recognition and initial measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables and loans and borrowings.

Summary of significant accounting policies (cont'd.)

2.27 Financial liabilities (cont'd.)

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gain or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

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

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

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

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

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

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

2.27 Financial liabilities (cont'd.)

(iii) Derecognition

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

2.28 Segment reporting

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

2.29 Warrant reserve

Warrant reserve arising from the issuance of free warrants together with the rights issue, is determined based on the allocation of the proceeds from the rights issue using the fair value of the warrants and the ordinary shares on a pro-rate basis. Proceeds from warrants which are issued at a value, are credited to a warrant reserve. Warrant reserve is non-distributable, and is transferred to the share capital account upon the exercise of warrants. Warrant reserve in relation to unexercised warrants at the expiry of the warrants period is transferred to accumulated losses.

2.30 Current versus non-current classification

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

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

All other assets are classified as non-current.

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

2.30 Current versus non-current classification (cont'd.)

A liability is current when:

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

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

The Group classifies all other liabilities as non-current.

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

3. Critical accounting estimates and judgements

Estimates and judgments are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact to the Group's and the Company's results and financial position are tested for sensitivity to changes in the underlying parameters.

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

(i) Estimated useful lives and residual values of aircraft frames and engines

The Group and the Company reviews annually the estimated useful lives and residual values of aircraft frames and engines based on factors such as business plan and strategies, expected level of usage, future technological developments and market prices.

Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. During the financial period, the Group and the Company has terminated and deregistered the aircrafts. Hence, there is no residual value as at 31 December 2022 would impact on recorded depreciation for the financial period ended 31 December 2022 (2021: RM921,000) and the carrying amount of property, plant and equipment as at 31 December 2022 (2021: RM7,061,000).

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

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

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

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

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

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

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

(iii) Deferred tax assets

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

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

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

(iv) Provision for aircraft maintenance

The Group and the Company are contractually obligated to maintain the aircraft during the lease period and to redeliver the aircraft to the lessors at the end of the lease term, in certain pre-agreed conditions.

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

(v) Provision for termination

During the financial period ended 30 June 2021 and 2020, the Group and the Company triggered default events for various contracts and have made additional provision for termination claims of RM25.16 billion. The provision is a part of the provisional scheme amounts of RM34.31 billion owing to Scheme Creditors, in respect of obligations arising from these contracts.

As part of the Debt Restructuring under the scheme of arrangement pursuant to Section 369 of the Company act 2016, Scheme Creditors submitted proof of debt, including termination claims, amounting to RM65.14 billion. However, the Group and the Company used significant judgement in estimating the provisional amounts payable to Scheme Creditors totalling RM34.31 billion (which includes the provision for termination claims of RM25.16 billion), based on applicable laws, terms of the relevant contracts and after consultation with an external expert. Creditors were required to take action to mitigate their losses and to reduce their termination claims, including offsetting against any deposits and prepayments, wherever applicable.

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

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

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

(vi) Impairment assessment of financial assets

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

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

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

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

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

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

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

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

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

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

4. Revenue

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

4. Revenue (cont'd.)

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

Salient terms of revenue from contracts with customers:

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

5. Staff costs

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

6. Depreciation

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

7. Maintenance and overhaul

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

8. Directors' remuneration

The details of remuneration paid to Directors are as follows:

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

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

8. Directors' remuneration (cont'd.)

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

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

9. Other operating expenses

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

	Group		Company	
	1.7.2021 to 31.12.2022 RM'000	1.1.2020 to 30.6.2021 RM'000	1.7.2021 to 31.12.2022 RM'000	1.1.2020 to 30.6.2021 RM'000
Management fee	229	983	1,838	7,285
Rental of land and buildings	1,982	978	1,982	761
Auditors' remuneration				
- Statutory audit	735	621	680	445
- Non-audit fees	-	14	-	-
Rental of equipment	9	354	9	354
Advertising expenses	1,672	-	1,672	-
Credit card charges	7,917	7,314	7,917	7,314
In-flight meal expenses	199	11,857	199	11,857
Insurance expenses	24,586	43,062	24,586	43,062
Allowance for impairment:				
- Inventories (Note 23)	(9,190)	9,245	(9,190)	9,245
- Trade and other receivables (Note 24)	84,396	60,937	84,396	60,937
- Amount due from associate (Note 25)	366,160	389,329	-	-
- Amount due from subsidiaries (Note 26)	-	-	382,862	391,129

9. Other operating expenses (cont'd.)

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

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

10. Provision for termination claims

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

The movements in the provision account are as follows:

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

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

10. Provision for termination claims (cont'd.)

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

11. Other income

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

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

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

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

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

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

13. Other losses

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

14. Taxation

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

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

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

14. Taxation (cont'd.)

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

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

14. Taxation (cont'd.)

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

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

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

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

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

15. Gain/(loss) per share (sen)

(a) Basic gain/(loss) per share

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

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

(b) Diluted gain/(loss) per share

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

16. Property, plant and equipment

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

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

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

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

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

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

Pre-delivery payments on aircraft purchases are denominated in US Dollar which represent initial payment made in respect of the price of the aircraft and are deducted from the final price on delivery.

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

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

17. Right-of-use assets

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

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

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

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

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

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

The following are the amounts recognised in profit or loss:

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

Impairment testing on right-of-use assets

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

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

18. Deferred tax assets

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

18. Deferred tax assets (cont'd.)

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

Deferred tax assets of the Group:

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

Deferred tax liabilities of the Group:

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

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

Deferred tax assets of the Company:

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

Deferred tax liabilities of the Company:

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

18. Deferred tax assets (cont'd.)

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

19. Finance lease receivables

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

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

	Group and Company	
	31.12.2022 RM'000	30.6.2021 RM'000
Finance lease receivables	-	794,250
Less: Allowance for impairment of finance lease receivables (Note 9)	-	(794,250)
	-	-

20. Investments in subsidiaries

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

The details of the subsidiaries are as follows:

Name	Country of incorporation/ Principal place of business	Group's effective equity interest 2022 %	2021 %	Principal activities
AirAsia X Services Pty Ltd*	Australia	100	100	Provision of management logistical and marketing services

20. 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 2022 %	2021 %	Principal activities
AAX Mauritius One Limited*	Mauritius	100	100	Provision of aircraft leasing facilities
AAX Aviation Capital Ltd*	Malaysia	100	100	Holding company
AAX Leasing One Ltd*	Malaysia	100	100	Provision of aircraft leasing facilities
AAX Leasing Two Ltd*	Malaysia	100	100	Provision of aircraft leasing facilities
AAX Leasing Three Ltd*	Malaysia	-	100	Struck-off
AAX Leasing Four Ltd*	Malaysia	-	100	Struck-off
AAX Leasing Five Ltd*	Malaysia	100	100	Provision of aircraft leasing facilities
AAX Leasing Six Ltd*	Malaysia	-	100	Struck-off
AAX Leasing Seven Ltd*	Malaysia	-	100	Struck-off
AAX Leasing Eight Ltd*	Malaysia	100	100	Provision of aircraft leasing facilities
AAX Leasing Nine Ltd*	Malaysia	-	100	Struck-off
AAX Leasing Ten Ltd*	Malaysia	100	100	Provision of aircraft leasing facilities
AAX Leasing Eleven Ltd*	Malaysia	100	100	Provision of aircraft leasing facilities
AAX Leasing Twelve Ltd*^	Malaysia	100	-	Provision of aircraft leasing facilities

20. 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 2022 %	2021 %	Principal activities
AAX Leasing Fifteen Ltd*^	Malaysia	100	-	Provision of aircraft leasing facilities

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

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

21. Investment in an associate

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

The details of the associate are as follows:

Name	Country of incorporation	Group's effective equity interest 2022 %	2021 %	Principal activity
Thai AirAsia X Co., Ltd ("TAAX")*	Thailand	49	49	Commercial air transport services

* Audited by a member of Ernst & Young Global.

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

There are no contingent liabilities relating to the Group's investment in TAAX.

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

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.

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

Summarised statement of financial position

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

Summarised statement of comprehensive income

	TAAX 1.7.2021 to 31.12.2022 RM'000	TAAX 1.1.2020 to 30.6.2021 RM'000
Revenue	1,006,211	536,965
Other expenses	(397,525)	(2,445,459)
Finance income	11,716	15,200
Finance cost	(63,147)	(138,737)
Other income	6,487	19,630
Net foreign exchange gain/(loss)	(81,664)	(124,068)
Profit/(loss) before tax	482,078	(2,136,469)
Taxation	375	907
Profit/(loss) after tax	482,453	(2,135,562)
Other comprehensive loss	-	-
Total comprehensive income/(loss)	482,453	(2,135,562)

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

Reconciliation of summarised financial information

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

22. Investment in a joint venture

	Group		Company	
	31.12.2022 RM'000	30.6.2021 RM'000	31.12.2022 RM'000	30.6.2021 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 31.12.2022 %	Group's effective equity interest 30.6.2021 %	Principal activity
PT Indonesia AirAsia Extra ("IAAX")*	Indonesia	49	49	Commercial air transport services

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

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

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

There are no contingent liabilities relating to the Group's investment in IAAX.

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

In previous financial years, impairment losses were recognised due to the continuous losses incurred by the joint venture.

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

Summarised statement of financial position

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

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

Summarised statement of comprehensive income

	IAAX 1.7.2021 to 31.12.2022 RM'000	1.1.2020 to 30.6.2021 RM'000
Revenue	-	832
Cost of sales	(5)	(95,603)
Other operating expenses	(139)	(28,013)
Finance income	-	13
Finance cost	-	(36)
Other income	-	1
Loss before tax	(144)	(122,806)
Taxation	-	-
Loss after tax	(144)	(122,806)
Other comprehensive loss	-	-
Total comprehensive loss	(144)	(122,806)
Dividend received from joint venture	-	-

Reconciliation of summarised financial information

	IAAX 1.7.2021 to 31.12.2022 RM'000	1.1.2020 to 30.6.2021 RM'000
Opening net liabilities at 1 January /1 July	(470,016)	(403,946)
Total comprehensive loss for the financial period	(144)	(122,806)
Foreign exchange translation	(10,926)	56,736
Closing net liabilities at 31 December/30 June	(481,086)	(470,016)
Cumulative unrecognised share of losses as at 1 January	(282,831)	(219,300)
Share in loss for the financial period	(71)	(63,531)
Cumulative unrecognised share of losses as at 31 December/30 June	(282,902)	(282,831)

23. Inventories

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

24. Trade and other receivables

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

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

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

The normal credit terms of the Group and of the Company range from 15 to 30 days (2021: 15 to 30 days).

(a) Trade receivables

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

Trade receivables that are neither past due nor impaired for the Group and Company is RM38,138,087 (2021: RM238,000) are substantially from companies with good collection track records.

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

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

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

	Group and Company	
	31.12.2022 RM'000	30.6.2021 RM'000
Less than 30 days	-	-
Between 31 and 60 days	922	-
Between 61 and 90 days	2,784	-
Between 91 and 120 days	5,870	-
Between 121 and 180 days	1,214	-
More than 180 days	221	1,427
	11,011	1,427

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

(a) Trade receivables (cont'd.)

(iii) Financial assets that are past due and impaired

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

	Group and Company	
	31.12.2022	30.6.2021
	RM'000	RM'000
More than 180 days	8,883	7,397
Less: Allowance for impairment of receivables	(8,883)	(7,397)
	-	-

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

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

	Group and Company	
	RM'000	RM'000
At 1 July 2021/1 January 2020	7,397	57,219
Written off	-	(49,822)
Charged to profit or loss (Note 9)	1,486	-
At 31 December 2022/30 June 2021	8,883	7,397

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

(b) Other receivables

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

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

	Group and Company	
	RM'000	RM'000
At 1 July 2021/1 January 2020	297,601	236,666
Written off	(1,486)	(2)
Charged to profit or loss (Note 9)	84,396	60,937
At 31 December 2022/30 June 2021	380,511	297,601

(c) Deposits

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

Deposits includes deposits paid to lessors for leased aircraft and funds placed with lessor in respect of maintenance of the leased aircraft. These deposits are denominated in US Dollar.

(d) Prepayments

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

(e) Deferred lease expenses

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

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

(e) Deferred lease expenses (cont'd.)

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

	Group	
	RM'000	RM'000
At 1 July 2021/1 January 2020	30,165	31,528
Impact of discounting effect on financial instruments - net	-	(1,363)
Written off	(30,165)	-
At 31 December 2022/30 June 2021	-	30,165
Representing:		
Current	-	6,849
Non-current	-	23,316
	-	30,165

The other classes within receivables do not contain impaired assets.

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

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

	Group		Company	
	31.12.2022 RM'000	30.6.2021 RM'000 Restated	31.12.2022 RM'000	30.6.2021 RM'000 Restated
Ringgit Malaysia	42,888	5,375	42,888	5,375
US Dollar	231,041	912,085	119,077	912,085
Australian Dollar	424	1,841	424	1,841
Indian Rupee	1,671	240	1,671	240
Chinese Renminbi	1,924	229	1,924	229
Japanese Yen	227	344	227	344
Others	9,774	1,047	9,774	1,047
	287,949	921,161	175,985	921,161

25. Amount due from an associate

	Group		Company	
	31.12.2022 RM'000	30.6.2021 RM'000	31.12.2022 RM'000	30.6.2021 RM'000
Non-current				
Amount due from an associate	-	23,434	-	23,434
Current				
Amount due from an associate	755,518	539,869	-	18,481
Less: Allowance for impairment of amount due from subsidiaries	(755,489)	(389,329)	-	-
	29	150,540	-	18,481
	29	173,974	-	41,915

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

	Group		Company	
	RM'000	RM'000	RM'000	RM'000
At 1 July 2021/1 January 2020	(389,329)	-	-	-
Allowance for impairment (Note 9)	(366,160)	(389,329)	-	-
At 31 December 2022/ 30 June 2021	(755,489)	(389,329)	-	-

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 6 years.

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

	Group		Company	
	31.12.2022 RM'000	30.6.2021 RM'000	31.12.2022 RM'000	30.6.2021 RM'000
US Dollar	-	173,944	-	41,915
Others	29	30	-	-
	29	173,974	-	41,915

26. Amount due from subsidiaries

	Company	
	31.12.2022 RM'000	30.6.2021 RM'000
Amount due from subsidiaries	773,991	561,367
Less: Allowance for impairment of amount due from subsidiaries	(773,991)	(391,129)
	-	170,238
Subsidiaries		
- AirAsia X Mauritius One Ltd	-	170,238
Amount due from subsidiaries	-	170,238

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

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

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

	Company	
	31.12.2022 RM'000	30.6.2021 RM'000
US Dollar	-	170,238
	-	170,238

27. Amount due from related parties

	Group		Company	
	31.12.2022 RM'000	30.6.2021 RM'000	31.12.2022 RM'000	30.6.2021 RM'000
Amount due from related parties	134,748	16,256	135,480	16,256
Less: Allowance for impairment of amount due from related parties	(2,900)	(12,188)	(2,900)	(12,188)
	131,848	4,068	132,580	4,068

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

	Group		Company	
	31.12.2022 RM'000	30.6.2021 RM'000	31.12.2022 RM'000	30.6.2021 RM'000
Related parties				
- Teleport Everywhere Pte Ltd	43,157	4,061	43,157	4,061
- AirAsia Berhad	73,801	-	73,801	-
- AirAsia Com Travel Sdn Bhd	7,491	-	7,491	-
- Ikhlas Com Travel Sdn Bhd	6,277	-	6,277	-
- Others	1,122	7	1,854	7
Amount due from related parties	131,848	4,068	132,580	4,068

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

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

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

	Group		Company	
	31.12.2022 RM'000	30.6.2021 RM'000	31.12.2022 RM'000	30.6.2021 RM'000
Ringgit Malaysia	109,599	1,485	110,331	1,485
US Dollar	1,357	2,583	1,357	2,583
Chinese Renminbi	1,902	-	1,902	-
Others	18,990	-	18,990	-
	131,848	4,068	132,580	4,068

28. Amount due to an associate

	Group		Company	
	31.12.2022 RM'000	30.6.2021 RM'000	31.12.2022 RM'000	30.6.2021 RM'000
Non-current				
Amount due to an associate	-	(170,284)	-	(170,284)
Current				
Amount due to an associate	(3,380)	(3,625)	(3,380)	(41,870)
	(3,380)	(173,909)	(3,380)	(212,154)

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

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

	Group		Company	
	31.12.2022 RM'000	30.6.2021 RM'000	31.12.2022 RM'000	30.6.2021 RM'000
US Dollar	(3,380)	(173,909)	(3,380)	(211,691)
Others	-	-	-	(463)
	(3,380)	(173,909)	(3,380)	(212,154)

29. Amount due to subsidiaries

	Company	
	31.12.2022 RM'000	30.6.2021 RM'000 Restated
Amount due to subsidiaries	(635)	(153,500)
Subsidiaries		
- Airasia X Services Pty Ltd	(304)	(415)
- AirAsia X Leasing One Ltd	-	(8,837)
- AirAsia X Leasing Two Ltd	-	(46,262)
- AirAsia X Leasing Three Ltd	-	(3,736)
- AirAsia X Leasing Four Ltd	-	(5,158)
- AirAsia X Leasing Five Ltd	-	(3,245)
- AirAsia X Leasing Six Ltd	-	(4,325)
- AirAsia X Leasing Seven Ltd	-	(3,357)

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

	Company	
	31.12.2022 RM'000	30.6.2021 RM'000 Restated
Subsidiaries (cont'd.)		
- AirAsia X Leasing Eight Ltd	-	(5,709)
- AirAsia X Leasing Nine Ltd	-	(30,114)
- AirAsia X Leasing Ten Ltd	(331)	(1,847)
- AirAsia X Leasing Eleven Ltd	-	(40,495)
Amount due to subsidiaries	(635)	(153,500)

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

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

	Company	
	31.12.2022 RM'000	30.6.2021 RM'000 Restated
US Dollar	(331)	(153,101)
Others	(304)	(399)
	(635)	(153,500)

30. Amount due to related parties

	Group		Company	
	31.12.2022 RM'000	30.6.2021 RM'000	31.12.2022 RM'000	30.6.2021 RM'000
Amount due to related parties	(8,469)	(353,906)	(8,469)	(353,906)
Related parties				
- AirAsia Berhad	-	(315,077)	-	(315,077)
- Ground Team Red Sdn Bhd	-	(15,978)	-	(15,978)
- PT Indonesia Airasia	-	(5,374)	-	(5,374)
- AirAsia SEA	(3,720)	(1,646)	(3,720)	(1,646)
- Thai AirAsia Co. Ltd	(1,807)	(10,828)	(1,807)	(10,828)
- Others	(2,942)	(5,003)	(2,942)	(5,003)
Amount due to related parties	(8,469)	(353,906)	(8,469)	(353,906)

30. Amount due to related parties (cont'd.)

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

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

	Group		Company	
	31.12.2022 RM'000	30.6.2021 RM'000	31.12.2022 RM'000	30.6.2021 RM'000
Ringgit Malaysia	(6,546)	(335,948)	(6,546)	(335,948)
US Dollar	(1,829)	(16,389)	(1,770)	(16,389)
Others	(94)	(1,569)	(153)	(1,569)
	(8,469)	(353,906)	(8,469)	(353,906)

31. Deposits, cash and bank balances

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

	Group		Company	
	31.12.2022 RM'000	30.6.2021 RM'000	31.12.2022 RM'000	30.6.2021 RM'000
Cash and bank balances	18,632	14,090	18,295	13,973
Deposits with licensed banks	158,078	60,020	158,078	60,020
Total deposits, cash and bank balances	176,710	74,110	176,373	73,993
Less: Deposits pledged as securities	-	(5,644)	-	(5,644)
Cash and cash equivalents	176,710	68,466	176,373	68,349

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

	Group		Company	
	31.12.2022 RM'000	30.6.2021 RM'000	31.12.2022 RM'000	30.6.2021 RM'000
Ringgit Malaysia	130,423	11,303	130,414	11,295
US Dollar	3,449	53,702	3,394	53,645
Australian Dollar	23,614	498	23,312	446
Euro	145	54	145	54
Indian Rupee	2,667	28	2,667	28
Chinese Renminbi	104	5,311	104	5,311
Japanese Yen	1,395	2,262	1,395	2,262
Others	14,913	952	14,942	952
	176,710	74,110	176,373	73,993

31. Deposits, cash and bank balances (cont'd.)

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

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

32. Trade and other payables

	Note	Group		Company	
		31.12.2022 RM'000	30.6.2021 RM'000 Restated	31.12.2022 RM'000	30.6.2021 RM'000 Restated
Current					
Trade payables	(a)	74,242	1,174,795	72,975	1,040,301
Other payables and accruals	(b)	336,805	410,213	209,426	389,509
Deferred lease income	(c)	-	2,112	-	2,112
		411,047	1,587,120	282,401	1,431,922
Non-current					
Deferred lease income	(c)	-	589	-	589
Total trade and other payables		411,047	1,587,709	282,401	1,432,511

(a) Trade payables

The credit term of trade payables granted to the Group and the Company is 7 to 30 days (2021: 7 to 90 days).

(b) Other payables and accruals

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

(c) Deferred lease income

Deferred lease income represent the differences between fair value of non-current rental deposits recognised at initial recognition and the nominal deposit amount, which are amortised on a straight-line basis over the lease terms ranging from 7 to 11 years (2021: 7 to 11 years).

32. Trade and other payables (cont'd.)

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

	Group and Company	
	RM'000	RM'000
At 1 July 2021/1 January 2020	2,701	6,632
Impact of discounting effect on financial instruments (net)	(2,701)	(3,931)
At 31 December 2022/30 June 2021	-	2,701
Representing:		
Current	-	2,112
Non-current	-	589
	-	2,701

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

	Group		Company	
	31.12.2022 RM'000	30.6.2021 RM'000 Restated	31.12.2022 RM'000	30.6.2021 RM'000 Restated
Ringgit Malaysia	139,816	212,246	139,816	212,246
US Dollar	71,872	1,274,618	71,872	1,116,898
Australian Dollar	-	6,960	-	9,482
Euro	279	1,567	279	1,567
Indian Rupee	2,768	8,302	2,768	8,302
Chinese Renminbi	-	23,821	-	23,821
Japanese Yen	-	21,976	-	21,976
Others	196,312	38,219	67,666	38,219
	411,047	1,587,709	282,401	1,432,511

33. Borrowings

	Group		Company	
	31.12.2022 RM'000	30.6.2021 RM'000	31.12.2022 RM'000	30.6.2021 RM'000
Current				
Secured:				
- Lease liabilities	57,033	6,473,678	57,033	6,558,412
- Term loans	-	292,916	-	292,916
- Hire purchase	-	13	-	13
	57,033	6,766,607	57,033	6,851,341
Non-current				
Secured:				
- Lease liabilities	1,005,449	-	1,005,449	-
- Hire purchase	-	2	-	2
	1,005,449	2	1,005,449	2
Total borrowings	1,062,482	6,766,609	1,062,482	6,851,343

	Group		Company	
	31.12.2022 %	30.6.2021 %	31.12.2022 %	30.6.2021 %
Weighted average rate of finance				
- Lease liabilities	6.56	4.90	6.56	4.76
- Term loans	-	2.46	-	2.46
- Hire purchase	5.12	5.12	5.12	5.12

Total borrowings consist of the following banking facilities:

	Group		Company	
	31.12.2022 RM'000	30.6.2021 RM'000	31.12.2022 RM'000	30.6.2021 RM'000
Fixed rate borrowings	1,062,482	6,473,693	1,062,482	6,558,427
Floating rate borrowings	-	292,916	-	292,916
	1,062,482	6,766,609	1,062,482	6,851,343

33. Borrowings (cont'd.)

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

	Group		Company	
	31.12.2022 RM'000	30.6.2021 RM'000	31.12.2022 RM'000	30.6.2021 RM'000
Not later than 1 year	57,033	6,766,607	57,033	6,851,341
Later than 1 year and not later than 5 years	285,165	2	285,165	2
Later than 5 years	720,284	-	720,284	-
	1,062,482	6,766,609	1,062,482	6,851,343

The currency profile of borrowings are as follows:

	Group		Company	
	31.12.2022 RM'000	30.6.2021 RM'000	31.12.2022 RM'000	30.6.2021 RM'000
Ringgit Malaysia	-	36,590	-	36,590
US Dollar	1,062,482	6,730,019	1,062,482	6,814,753
	1,062,482	6,766,609	1,062,482	6,851,343

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

	31.12.2022		30.6.2021	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group				
Lease liabilities	1,062,482	1,062,482	6,473,678	6,473,678
Company				
Lease liabilities	1,062,482	1,062,482	6,558,412	6,558,412

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

33. Borrowings (cont'd.)

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

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

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

(a) Assignment of rights under contract with Airbus over each aircraft;
(b) Assignment of insurance of each aircraft; and
(c) Assignment of airframe and engine warranties of each aircraft.

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

Group	Lease Liabilities RM'000	Term loans RM'000	Hire purchase RM'000	Total RM'000
Balance as at 1 July 2021	6,473,678	292,916	15	6,766,609
Changes from financing cash flows				
Additions	1,052,998	-	-	1,052,998
Lease modification	(84,734)	-	-	(84,734)
Finance costs (Note 12(b))	753,580	-	-	753,580
Repayment of borrowings	(20,084)	-	(15)	(20,099)
Settlement via redelivery of the aircrafts	-	(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

33. Borrowings (cont'd.)

Reconciliation of movement of liabilities to cash flows arising from financing activities are as follows: (cont'd.)

Group	Lease Liabilities RM'000	Term loans RM'000	Hire purchase RM'000	Total RM'000
Balance as at 1 January 2020	5,961,665	303,913	33	6,265,611
Changes from financing cash flows				
Lease modification	(75,230)	-	-	(75,230)
Finance costs (Note 12(b))	764,493	6,268	2	770,763
Repayment of borrowings	(211,336)	(21,180)	(20)	(232,536)
Total changes from financing cash flows	6,439,592	289,001	15	6,728,608
Other changes				
Liability-related				
Unrealised foreign exchange losses	34,086	3,915	-	38,001
Balance as at 30 June 2021	6,473,678	292,916	15	6,766,609

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 12(b))	753,580	-	-	753,580
Payments	(20,084)	-	(15)	(20,099)
Settlement via redelivery of the aircrafts	-	(292,916)	-	-
Debt restructuring	(7,287,339)	-	-	(7,287,339)
Total changes from financing cash flows	1,057,567	-	-	1,350,483
Other changes				
Liability-related				
Unrealised foreign exchange loss	4,915	-	-	4,915
Balance as at 31 December 2022	1,062,482	-	-	1,355,398

33. Borrowings (cont'd.)

Reconciliation of movement of liabilities to cash flows arising from financing activities are as follows: (cont'd.)

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

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

34. Provision for aircraft maintenance

	Group		Company	
	31.12.2022 RM'000	30.6.2021 RM'000 Restated	31.12.2022 RM'000	30.6.2021 RM'000 Restated
Aircraft maintenance provision				
Current	28,169	29,469	27,974	29,469
Non-current	256,775	931,781	256,775	931,781
	284,944	961,250	284,749	961,250

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

The movements in the provision account are as follows:

	Group		Company	
	31.12.2022 RM'000	30.6.2021 RM'000 Restated	31.12.2022 RM'000	30.6.2021 RM'000 Restated
At 1 July	961,250	1,298,394	961,250	1,298,394
Additions during the financial period	515,039	203,601	514,844	203,601
Write off during the financial period	(1,191,345)	(540,745)	(1,191,345)	(540,745)
At 31 December/30 June	284,944	961,250	284,749	961,250

35. Sales in advance

	Group		Company	
	31.12.2022 RM'000	30.6.2021 RM'000	31.12.2022 RM'000	30.6.2021 RM'000
Current	391,373	504,841	391,373	504,841
Non-current	352,139	-	352,139	-
Total	743,512	504,841	743,512	504,841

Included in sales in advance in the current financial period is the provision of travel vouchers of RM434.0 million (2021: Nil) relating to promotional air travel privileges to its passengers at the discretion of the Group in accordance with the scheme of arrangement sanctioned by the High Court of Malaya on 16 March 2022.

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.

36. Share capital

	Group and Company	
	31.12.2022 RM'000	30.6.2021 RM'000
Issued and fully paid up:		
At beginning of financial period	1,534,044	1,534,043
Share capital reduction	(1,532,510)	-
Issued during the financial period	-	1
At end of financial period	1,534	1,534,044

On 24 January 2022, the High Court of Malaya approved the petition by the Company to reduce its share capital pursuant to Section 116 of the Companies Act 2016 in Malaysia from RM1,534,043,652 to RM1,534,043, 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.

37. Warrant and other reserves

	Group and Company	
	Cash flow hedge reserve	
	31.12.2022 RM'000	30.6.2021 RM'000
At 1 July/1 January	-	30,452
Net change in fair value, net of deferred tax	-	(30,452)
At 31 December/30 June	-	-

37. Warrant and other reserves (cont'd.)

Warrant reserve

On 11 June 2015, the Company completed a renounceable rights issue of new ordinary shares of RM0.15 each in the Company together with free detachable warrants for working capital purpose. As a result, 1,777,777,790 ordinary shares of RM0.15 each were issued during the financial year ended 31 December 2015. These new ordinary shares rank pari passu with the existing ordinary shares. Each warrant was entitled at any time during the exercise period, to subscribe for one new ordinary share at the exercise price of RM0.46. The warrants expired on 5 June 2020.

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

38. Capital commitments

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

	Group and Company	
	31.12.2022	30.6.2021
	RM'000	RM'000
Property, plant and equipment		
approved and contracted for:		
- within 1 year	49,256	-
- later than 1 year and not later than 5 years	2,232,412	65,122,636
- later than 5 years	1,522,460	71,687,097
	3,804,128	136,809,733

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

39. Significant related party transactions

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

The related parties of the Group and of the Company and their relationships at 31 December 2022 are as follows:

Name of Companies	Relationship
AirAsia X Services Pty Ltd	Subsidiary
AirAsia X Mauritius One Ltd	Subsidiary
Thai AirAsia X Co., Ltd	Associate
PT Indonesia AirAsia Extra	Joint Venture
AirAsia Berhad	Shareholder of the Company for which there is no control, significant influence or joint control; common Directors and shareholders
<u>Subsidiaries of AirAsia Group Berhad</u>	
- AirAsia SEA Sdn Bhd	Common Directors and shareholders
- Rokki Sdn Bhd	Common Directors and shareholders
- BIGLIFE Sdn Bhd	Common Directors and shareholders
- Ground Team Red Sdn Bhd	Common Directors and shareholders
- Teleport Commerce Malaysia Sdn Bhd (formerly known as Red Cargo Logistics Sdn Bhd)	Common Directors and shareholders
- Teleport Everywhere Pte Ltd	Common Directors and shareholders
- AirAsia (Guanghou) Aviation Service Limited	Common Directors and shareholders
<u>Associates of AirAsia Group Berhad</u>	
- Thai AirAsia Co., Ltd	Common Directors and shareholders
- PT Indonesia AirAsia	Common Directors and shareholders
- Philippines AirAsia Inc	Common Directors and shareholders
<u>Other related entities</u>	
- Ormond Lifestyle Services Sdn Bhd (formerly known as Yummy Kitchen Sdn Bhd)	Common Directors and shareholders
- Tune Insurance Malaysia Berhad	Common Directors and shareholders
- AirAsia (India) Pvt Ltd	Common Directors and shareholders

39. 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 39(f).

	Group		Company	
	1.7.2021 to 31.12.2022 RM'000	1.1.2020 to 30.6.2021 RM'000	1.7.2021 to 31.12.2022 RM'000	1.1.2020 to 30.6.2021 RM'000
(a) Income:				
Aircraft operating lease income for leased aircraft				
- AAX Mauritius One Limited	-	-	143,701	489,559
- PT Indonesia AirAsia Extra	-	62,154	-	62,154
- Thai AirAsia X Co., Ltd	143,701	489,559	-	-
Commission on travel insurance for passengers charged to Tune Insurance Malaysia Berhad	-	455	-	455
Provision of lounge services to AirAsia Berhad	-	280	-	280
Sale of ticket and other ancillary revenue to BIGLIFE Sdn Bhd	-	753	-	753
Ground handling fees charged to Thai AirAsia Co., Ltd	-	285	-	285
Ground handling fees charged to Philippines AirAsia Inc	-	859	-	859
Sale of cargo transportation to Teleport Everywhere Pte Ltd	346,197	56,591	346,197	56,591

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

	Group 1.7.2021 to 31.12.2022 RM'000	Group 1.1.2020 to 30.6.2021 RM'000	Company 1.7.2021 to 31.12.2022 RM'000	Company 1.1.2020 to 30.6.2021 RM'000
(a) Income (cont'd.):				
Sale of cargo transportation to Teleport Commerce Malaysia Sdn Bhd	-	83,061	-	83,061
(b) Recharges:				
Recharges of expenses to				
- Philippines AirAsia Inc	595	3,809	595	3,809
- Thai AirAsia Co., Ltd	11,990	410	11,990	410
- AirAsia Japan Co., Ltd	-	131	-	131
- PT Indonesia AirAsia	5,897	24	5,897	24
- Thai AirAsia X Co., Ltd	4,951	18,481	4,951	18,481
- PT Indonesia AirAsia Extra	536	2,589	536	2,589
- AirAsia (Guanghou) Aviation Service Limited	1,068	2,355	1,068	2,355
- AirAsia SEA Sdn Bhd	1,001	-	1,001	-
- Ground Team Red Sdn Bhd	15,979	-	15,979	-
Recharges of expenses by				
- AirAsia Berhad	(4,275)	(6,064)	(4,275)	(6,064)
- AirAsia Japan Co., Ltd	-	(678)	-	(678)
- AirAsia (India) Pvt Ltd	-	(388)	-	(388)
- AirAsia SEA Sdn Bhd	-	(517)	-	(517)
- Ground Team Red Sdn Bhd	-	187	-	187
(c) Other charges:				
Management fees charged by AirAsia X Services Pty Ltd (Note 9)	-	-	(1,838)	(7,285)
Brand license fee charged by AirAsia Berhad	-	(4,715)	-	(4,715)
Office rental charged by AirAsia Berhad	-	(5,040)	-	(5,040)

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

	Group		Company	
	1.7.2021 to 31.12.2022 RM'000	1.1.2020 to 30.6.2021 RM'000	1.7.2021 to 31.12.2022 RM'000	1.1.2020 to 30.6.2021 RM'000
(c) Other charges (cont'd.):				
In-flight entertainment system and software expense charged by Rokki Sdn Bhd	1,972	(1,119)	1,972	(1,119)
Shared service management fee charged by AirAsia SEA Sdn Bhd	(4,819)	(2,760)	(4,819)	(2,760)
Provision of food catering services charged by Ormond Lifestyle Services Sdn Bhd	-	(333)	-	(333)
Ground handling services charged by Ground Team Red Sdn Bhd	(6,157)	(9,995)	(6,157)	(9,995)
Purchase of loyalty point from BIGLIFE Sdn Bhd	-	(620)	-	(620)
Turnaround charges charged by AirAsia (Guanghou) Aviation Service Limited	(105)	(651)	(105)	(651)
Marketing funds charged by AirAsia (Guanghou) Aviation Service Limited	-	(1,009)	-	(1,009)
Premium collected on travel insurance for passengers paid to Tune Insurance Malaysia Berhad	-	(1,819)	-	(1,819)

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

	Group		Company	
	31.12.2022 RM'000	30.6.2021 RM'000	31.12.2022 RM'000	30.6.2021 RM'000
(d) Receivables:				
- AAX Mauritius One Limited	-	-	-	170,238
- Thai AirAsia X Co., Ltd	29	173,974	-	41,915
- Airasia Com Travel Sdn Bhd	7,491	-	7,491	-
- Ikhlas Com Travel Sdn Bhd	6,277	-	6,277	-
- AirAsia Berhad	73,801	-	73,801	-
- Others	1,122	7	1,854	7
-Teleport Everywhere Pte Ltd	43,157	4,061	43,157	4,061
	131,877	178,042	132,580	216,221
(e) Payables:				
- Thai AirAsia X Co., Ltd	3,380	173,909	3,380	212,154
- Teleport Everywhere Pte Ltd				
- AASEA				
- Airasia X Services Pty Ltd	-	-	304	415
- AirAsia Berhad	-	315,077	-	315,077
- AirAsia Leasing One Ltd	-	-	-	8,837
- AirAsia Leasing Two Ltd	-	-	-	46,262
- AirAsia Leasing Three Ltd	-	-	-	3,736
- AirAsia Leasing Four Ltd	-	-	-	5,158
- AirAsia Leasing Five Ltd	-	-	-	3,245
- AirAsia Leasing Six Ltd	-	-	-	4,325
- AirAsia Leasing Seven Ltd	-	-	-	3,357
- AirAsia Leasing Eight Ltd	-	-	-	5,709
- AirAsia Leasing Nine Ltd	-	-	-	30,114
- AirAsia Leasing Ten Ltd	-	-	331	1,847
- AirAsia Leasing Eleven Ltd	-	-	-	40,495

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

	Group		Company	
	31.12.2022 RM'000	30.6.2021 RM'000	31.12.2022 RM'000	30.6.2021 RM'000
(e) Payables: (cont'd.)				
- AirAsia (Guanghou) Aviation Service Limited	-	1,782	-	1,782
- AASEA				
- Philippines AirAsia Inc	-	-		-
- AirAsia Sea	3,720	1,646	3,720	1,646
- PT Indonesia AirAsia	-	5,374	-	5,374
- Thai AirAsia Co., Ltd	1,807	10,828	1,807	10,828
- Ground Team Red Sdn Bhd	-	15,978	-	15,978
- Others	2,942	3,221	2,942	3,221
	11,849	527,815	12,484	719,560

(f) Key management personnel compensation:

	Group		Company	
	1.7.2021 to 31.12.2022 RM'000	1.1.2020 to 30.6.2021 RM'000	1.7.2021 to 31.12.2022 RM'000	1.1.2020 to 30.6.2021 RM'000
Basic salaries, bonus and allowances	1,415	6,254	1,415	6,254
Defined contribution plan	170	594	170	594
	1,585	6,848	1,585	6,848

40. Financial risk management policies

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

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The management team then establishes detailed policies such as risk identification and measurement, exposure limits and risk management strategies. Risk management policies and procedures are reviewed regularly to reflect changes in the market condition, and the Group's and the Company's activities.
The Group and the Company also seek to ensure that the financial resources that are available for the development of the Group's and the Company's businesses are constantly monitored and managed by implementing the turnaround plans as further disclosed in Note 45(a).

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

(a) Market risk

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

(i) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

In prior years, in view of the substantial borrowings taken to finance the acquisition of aircraft, the Group's and the Company's income and operating cash flows were influenced by changes in market interest rates. Interest rate exposure arises from the Group's and the Company's floating rate borrowings and deposits. Surplus funds are placed with reputable financial institutions at the most favourable interest rate.

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

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

(a) Market risk (cont'd.)

(i) Interest rate risk (cont'd.)

At 31 December 2022, if interest rate on USD denominated borrowings had been 60 basis points higher/lower with all other variables held constant, the impact on the post-tax (loss)/profit for the financial period are tabulated below:

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

(ii) Foreign currency risk

Apart from Ringgit Malaysia ("RM"), the Group and the Company transact business in various foreign currencies including United States Dollar ("USD"), Australian Dollar ("AUD"), EURO, Indian Rupee ("INR"), Chinese Renminbi ("RMB") and Japanese Yen ("JPY"). In addition, the Group and the Company have significant borrowings in USD (Note 33), mainly to finance the purchase of aircraft and pre-delivery payments in respect of the Group's and the Company's firm order of Airbus A330-300 aircraft. Therefore, the Group and the Company are exposed to currency exchange risk. These exposures are managed, to the extent possible, by natural hedges that arise when payments for foreign currency payables are matched against receivables denominated in the same foreign currency, or whenever possible by intragroup arrangements and settlements.

As at 31 December 2022, if RM had weakened/strengthened by 5% against the USD with all other variables held constant, the impact on the post-tax (loss)/profit for the financial period are tabulated below:

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

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

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

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

(b) Credit risk

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

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

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

(c) Liquidity and cash flow risk

The Group's and the Company's policy on liquidity risk management is to maintain sufficient cash and cash equivalents and to have available funding through adequate amounts of committed credit facilities and credit lines for working capital requirements.

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

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

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

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 2022					
Lease liabilities	33	57,033	114,066	171,099	720,284
Trade and other payables	32	411,047	-	-	-
Amount due to an associate	28	3,380	-	-	-
Amount due to related parties	30	8,469	-	-	-
		479,929	114,066	171,099	720,284
At 30 June 2021 (Restated)					
Term loans	33	292,916	-	-	-
Hire purchase	33	13	2	-	-
Lease liabilities	33	6,473,678	-	-	-
Trade and other payables	32	1,587,120	-	-	589
Provision for termination claims	10	25,163,344	-	-	-
Amount due to an associate	28	3,625	-	-	170,284
Amount due to related parties	30	353,906	-	-	-
		33,874,602	2	-	170,873

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

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

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

	Note	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Company					
At 31 December 2022					
Lease liabilities	33	57,033	114,066	171,099	720,284
Trade and other payables	32	282,401	-	-	-
Amount due to subsidiaries	29	635	-	-	-
Amount due to an associate	28	3,380	-	-	-
Amount due to related parties	30	8,469	-	-	-
		351,918	114,066	171,099	720,284
At 30 June 2021 (Restated)					
Term loans	33	292,916	-	-	-
Hire purchase	33	13	2	-	-
Lease liabilities	33	6,558,412	-	-	-
Trade and other payables	32	1,431,922	-	-	589
Provision for termination	10	25,163,344	-	-	-
Amount due to subsidiaries	29	153,500	-	-	-
Amount due to an associate	28	41,870	-	-	170,284
Amount due to related parties	30	353,906	-	-	-
		33,995,883	2	-	170,873

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

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

(d) Capital risk management

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.

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

	Group		Company	
	31.12.2022 RM'000	**30.6.2021 RM'000**	**31.12.2022 RM'000**	**30.6.2021 RM'000**
Total borrowings (Note 33)	1,062,482	6,766,609	1,062,482	6,851,343
Less: Cash and cash equivalents (Note 31)	(176,710)	(68,466)	(176,373)	(68,349)
Net debt	885,772	6,698,143	886,109	6,782,994
Total equity attributable to equity holders of the Group and Company	(285,203)	(33,567,101)	(273,122)	(33,650,434)
Total capital	600,569	(26,868,958)	612,987	(26,867,440)
Gearing ratio	1.47	(0.25)	1.45	(0.25)

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

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

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

(e) Fair value measurement

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

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

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

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

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

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

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

41. Financial instruments

(a) Financial instruments by category

	Group Amortised cost RM'000	Company Amortised cost RM'000
31 December 2022		
Assets as per statement of financial position		
Trade and other receivables excluding prepayments and deferred lease expense	287,949	175,985
Amount due from an associate	29	-
Amount due from related parties	131,848	132,580
Deposits, cash and bank balances	176,710	176,373
Total	596,536	484,938

41. Financial instruments (cont'd.)

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

Liabilities as per statement of financial position

	Group Amortised cost RM'000	Company Amortised cost RM'000
31 December 2022		
Borrowings	1,062,482	1,062,482
Trade and other payables excluding deferred lease income	411,047	282,401
Amount due to subsidiaries	-	635
Amount due to an associate	3,380	3,380
Amount due to related parties	8,469	8,469
Total	1,485,378	1,357,367

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

41. Financial instruments (cont'd.)

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

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

41. Financial instruments (cont'd.)

(b) Credit quality of financial assets

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

	Group		Company	
	31.12.2022 RM'000	30.6.2021 RM'000	31.12.2022 RM'000	30.6.2021 RM'000
Counterparties without external credit rating				
Group 1	-	-	-	-
Group 2	38,138	238	38,138	238
Total trade receivables that are neither past due nor impaired (Note 24 (a)(i))	38,138	238	38,138	238

	Note	Group		Company	
		31.12.2022 RM'000	30.6.2021 RM'000	31.12.2022 RM'000	30.6.2021 RM'000
Deposits, cash and bank balances					
AAA to A-		176,177	6,248	176,177	6,248
BBB to BBB-		375	67,689	38	67,572
		176,552	73,937	176,215	73,820
Cash on hand		158	173	158	173
Total	31	176,710	74,110	176,373	73,993

41. 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	
	31.12.2022 RM'000	30.6.2021 RM'000	31.12.2022 RM'000	30.6.2021 RM'000
Amount due from subsidiaries, an associate, a joint venture and related parties				
Group 1	-	-	-	-
Group 2	29	41,579	-	41,579
Total	29	41,579	-	41,579

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

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

All other receivables and deposits are substantially with existing counterparties.

42. Segmental information

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

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

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

42. Segmental information (cont'd.)

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

2022	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination adjustments RM'000	Total RM'000
Segment results					
Revenue	825,860	1,006,211	-	-	1,832,071
Operating expenses					
- Cost of sales and service			-		
- Staff costs	(106,442)	(25,546)	(5)	-	(131,993)
- Depreciation of property, plant and equipment and ROU assets	(39,604)	(67,425)	(119)	-	(107,148)
- Aircraft fuel expenses	(354,896)	(89,598)	-	-	(444,494)
- Maintenance and overhaul	(560,290)	(68,731)	-	-	(629,021)
- User charges	(96,965)	(30,886)	-	-	(127,851)
- Aircraft operating lease expenses	(33,637)	(47,817)	-	-	(81,454)
- Other operating expenses	(275,115)	(67,522)	(87)	-	(342,724)
- Provision for termination	-	-	-	-	-
- Provision for additional loss in the investment in IAAX	(223,245)	-	-	-	(223,245)
Other income	34,328,563	6,487	-	-	34,335,050
Operating profit/ (loss)	33,464,229	615,173	(211)	-	34,079,191
Finance income	19,814	11,716	-	-	31,530
Finance costs	(765,931)	(63,147)	-	-	(829,078)
Net operating profit/(loss)	32,718,112	563,742	(211)	-	33,281,643
Net foreign exchange (loss)/ gain	(47,742)	(81,664)	67	-	(129,339)
Profit/(loss) before taxation	32,670,370	482,078	(144)	-	33,152,304

42. Segmental information (cont'd.)

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

2022 (cont'd.)	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination adjustments RM'000	Total RM'000
Segment results (cont'd.)					
Profit/(loss) before taxation	32,670,370	482,078	(144)	-	33,152,304
Taxation	612,241	375	-	-	612,616
Profit/(loss) after taxation	33,282,611	482,453	(144)	-	33,764,920

2021	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination adjustments RM'000	Total RM'000
Segment results					
Revenue	1,132,624	536,965	832	(244,582)	1,425,839
Operating expenses					
- Staff costs	(248,318)	(106,036)	(1,273)	-	(355,627)
- Depreciation of property, plant and equipment and ROU assets	(961,502)	(572,883)	(2,458)	307,131	(1,229,712)
- Aircraft fuel expenses	(538,450)	(364,959)	(223)	-	(903,632)
- Maintenance and overhaul	(702,506)	(352,844)	(35,777)	182,428	(908,699)
- User charges	(96,979)	(62,812)	5,256	-	(154,535)
- Aircraft operating lease expenses	(2,417)	-	(64,475)	64,475	(2,417)
- Other operating expenses	(6,106,334)	(991,978)	(7,760)	-	(7,106,072)
- Provision for termination	(25,163,344)	-	-	-	(25,163,344)
Other income	6,997	19,630	1	-	26,628
Operating (loss)/ profit	(32,680,229)	(1,894,917)	(105,877)	309,452	(34,371,571)
Finance income	130,917	15,200	13	(62,277)	83,853
Finance costs	(1,034,161)	(138,737)	(36)	-	(1,172,934)
Net operating (loss)/profit	(33,583,473)	(2,018,454)	(105,900)	247,175	(35,460,652)
Net foreign exchange loss	(80,764)	(124,068)	(16,906)	(2,321)	(224,059)
Other (losses)/gains	(10,928)	6,053	-	-	(4,875)
(Loss)/profit before taxation	(33,675,165)	(2,136,469)	(122,806)	244,854	(35,689,586)

42. Segmental information (cont'd.)

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

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination adjustments RM'000	Total RM'000
2021 (cont'd.)					
Segment results (cont'd.)					
(Loss)/profit before taxation	(33,675,165)	(2,136,469)	(122,806)	244,854	(35,689,586)
Taxation	7	907	-	-	914
(Loss)/profit after taxation	(33,675,158)	(2,135,562)	(122,806)	244,854	(35,688,672)
2022					
Segment assets					
Non-current assets^	1,901,730	1,162,663	3,008	(268,288)	2,799,113
Current assets	550,146	689,738	133,518	(152,690)	1,220,712
	2,451,876	1,852,401	136,526	(420,978)	4,019,825
Segment liabilities					
Non-current liabilities	(1,837,608)	(1,141,210)	7,121	23,434	(2,948,263)
Current liabilities	(899,471)	(2,486,426)	(624,733)	152,690	(3,857,940)
	(2,737,079)	(3,627,636)	(617,612)	176,124	(6,806,203)
2021					
Segment assets					
Non-current assets^	1,594,451	920,123	5,241	(268,288)	2,251,527
Current assets	350,016	322,049	135,060	(152,690)	654,435
	1,944,467	1,242,172	140,301	(420,978)	2,905,962

42. Segmental information (cont'd.)

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

	Malaysia RM'000	Thailand RM'000	Indonesia RM'000	Elimination adjustments RM'000	Total RM'000
2021 (cont'd.)					
Segment liabilities					
Non-current liabilities	(1,102,656)	(1,765,099)	(6,189)	23,434	(2,850,510)
Current liabilities	(34,408,912)	(1,796,505)	(604,128)	152,690	(36,656,855)
	(35,511,568)	(3,561,604)	(610,317)	176,124	(39,507,365)

^ Excluding investment in an associate and a joint venture.

	2022 RM'000	2021 RM'000
(a) Reconciliation of segment revenue to reported revenue:		
Segment revenue	1,832,071	1,425,839
Less: Revenue from an associate and a joint venture which were not consolidated	(1,006,211)	(293,215)
	825,860	1,132,624
(b) Reconciliation of segment loss before taxation to reported loss before taxation:		
Segment loss before taxation	33,152,304	(35,689,586)
Add: Expenses from an associate and a joint venture which were not consolidated	(481,934)	2,014,421
	32,670,370	(33,675,165)
(c) Reconciliation of segment assets to reported total assets:		
Segment assets	4,019,825	2,905,962
Less: Assets of an associate and a joint venture which were not consolidated	(1,567,949)	(961,495)
	2,451,876	1,944,467

42. Segmental information (cont'd.)

	2022 RM'000	2021 RM'000
(d) Reconciliation of segment liabilities to reported total liabilities:		
Segment liabilities	(6,806,203)	(39,507,365)
Add: Liabilities of an associate and a joint venture which were not consolidated	4,069,124	3,995,797
	(2,737,079)	(35,511,568)

43. Unconsolidated structured entities

The Group and the Company have set up Merah X Enam Limited in the previous financial year, special purpose companies ("SPC") pursuant to aircraft related borrowings obtained from various financial institutions. Under the arrangement, the Group and the Company entered into an Aircraft Instalment Sale Agreement with the SPC, permitting the company to possess and operate each of the Airbus A330-300 aircraft financed under the facility.

The aircraft and the corresponding term loans and finance costs associated with the SPC have been recognised by the Group and Company upon the purchase of the aircraft. During the financial period, subsequent to the Debt Restructuring taking effect on 16 March 2022, the term loan is considered waived by BNP Paribas S.A..

On 26 March 2022, the Company entered into two operating lease agreement with Red X 6 Limited to lease and operate the Airbus A330-343. Red X 6 Limited is a special purpose company ("SPC") set up pursuant to Companies Law (Revised) of the Cayman Island.

The SPC are orphan trust companies in which the Group and the Company have no equity interest.

The details of the SPC entities are as follows:

Name	Country of incorporation	Purpose
Merah X Enam Limited	Malaysia	Purchase of 2 Airbus A330-300 aircraft
Red X 6 Limited	Malaysia	Lease of 2 Airbus A330-300 aircraft

During the financial period, Merah X Enam Limited has became dormant.

The SPC do not incur any losses or earn any income during the financial period ended 31 December 2022.

The Group and the Company do not provide any financial support to the SPC or have any contractual obligation to make good the losses, if any.

44. Other matters

Claim filed by BOC Aviation Limited ("BOCA")

AAX and AAX Leasing Two Ltd ("AAX Leasing Two"), an indirect wholly-owned subsidiary of AAX, had on 25 August 2020, received a letter dated 19 August 2020 issued by Morgan, Lewis & Bockius UK LLP ("Morgan Lewis") enclosing, amongst others, a particulars of claim dated 19 August 2020 ("Particulars of Claim") filed by Morgan Lewis on behalf of BOCA against AAX and AAX Leasing Two in the High Court of Justice - Business and Property Courts of England and Wales ("High Court of England and Wales") ("said Claim").

BOCA is an aircraft operating leasing company. AAX Leasing Two has leased 4 aircraft from BOCA pursuant to 4 individual aircraft lease agreements, all dated 24 November 2014 as novated, amended and restated on 28 December 2018 ("BOCA Lease Agreements").

In the Particulars of Claim, BOCA claimed that the said Claim is in relation to:-

(a) the alleged breach of AAX Leasing Two's obligations under the BOCA Lease Agreements; and

(b) the alleged breach of AAX's obligations under 4 guarantees, all dated 28 December 2018 issued by AAX in favour of BOCA pursuant to the BOCA Lease Agreements ("Guarantees").

In connection to the said Claim, BOCA had in the Particulars of Claim claimed for, amongst others, the sum of USD22,975,392 from AAX and AAX Leasing Two, representing the outstanding amounts due as a debt under the BOCA Lease Agreements and the Guarantees.

On 20 November 2020, AAX announced that AAX and AAX Leasing Two had respectively been served with a sealed copy of the order dated 6 November 2020 made by the High Court of England and Wales in respect of the said Claim ("said Order").

The High Court of England and Wales has in the said Order ordered, amongst others, the following:-

(a) BOCA is granted summary judgment against the Company and AAX Leasing Two on the said Claim;

(b) AAX and AAX Leasing Two shall pay:-

    (1) a sum of USD23,376,779, comprising the sum of (aa) USD22,975,392 (inclusive of interest to 30 June 2020) claimed in the said Claim and (bb) USD401,387 in respect of interest between 1 July 2020 and 6 November 2020;

    (2) post-judgement interest on the above sum at the Default Rate (as defined in the BOCA Lease Agreements); and

44. Other matters (cont'd.)

Claim filed by BOC Aviation Limited ("BOCA") (cont'd.)

The High Court of England and Wales has in the said Order ordered, amongst others, the following:- (cont'd.)

(3) a sum of £75,000.00, being BOCA's cost of the said Claim (summarily assessed).

AAX and AAX Leasing Two had respectively been served with the Notice to Judgment Debtors of Registration of Foreign Judgment dated 7 December 2020 filed in the High Court at Kuala Lumpur in respect of the registration of the said Order by BOCA as a Judgment of the High Court.

AAX had on 14 December 2020 filed and served on the solicitors of BOCA an application to set aside the registration of the said Order as a Judgment of the High Court. AAX, AAX Leasing Two and BOCA had on 25 May 2021 filed their respective written submissions and thereafter reply submissions were filed by the parties on 12 July 2021 and 14 July 2021 respectively. The hearing initially fixed on 27 October 2021 was vacated and has now been converted into a case management.

The Judgment Debtors' application to set aside the registration of the Summary Judgment was withdrawn on 20 January 2022. The judgment debt due and owing to the Judgement Creditor under the Summary Judgment has been fully compromised by AAX's scheme of arrangement and is subject to its settlement terms (Note (45)).

Claim filed by International Lease Finance Corporation ("ILFC")

AAX and its subsidiaries, AAX Mauritius One Ltd. ("AAX Mauritius") and AAX Leasing Four Ltd. ("AAX Leasing Four") had on 19 November 2020, each been served with a Judgement for claimant (in default) dated 13 November 2020 (and sealed on 18 November 2020) ("Judgement") obtained by ILFC (as trustee) ("Claimant") against AAX, AAX Mauritius and AAX Leasing Four respectively, in the High Court of Justice, Queens Bench Division, Commercial Court ("High Court of Justice").

ILFC is an aircraft operating leasing company. AAX Leasing Four has leased 2 aircraft from ILFC pursuant to 2 individual aircraft lease agreement ("ILFC Lease Agreement"), all dated 14 September 2012, as novated, amended and restated on 29 March 2019. The ILFC Lease Agreement had been terminated pursuant to 2 termination notice, all dated 29 December 2020.

The High Court of Justice has pursuant to the Judgement, ordered each of AAX, AAX Mauritius and AAX Leasing Four to pay the sum of £6,581,868 (inclusive of costs and interests to the date of the judgement) to the Claimant.

44. Other matters (cont'd.)

Claim filed by International Lease Finance Corporation ("ILFC") (cont'd.)

As at the 29 October 2021, AAX has not received any notice in relation to the registration of the Judgment by ILFC with the High Court of Justice pursuant to the Reciprocal Enforcement of Judgments Act 1958.

In any event, the judgment debt due and owing to ILFC under ILFC's judgement in default has been fully compromised by AAX's scheme of arrangement and is subject to its settlement terms.

Claim filed by Malaysia Airports (Sepang) Sdn Bhd ("MASSB")

On 10 December 2018, MASSB initiated a civil suit against AAX for outstanding passenger service charges and late payment charges.

On 18 July 2019, the High Court allowed summary judgment against AAX for the sum of RM26,718,142 in outstanding passenger service charges and RM661,749 in outstanding late payment charges.

The claim by MASSB is currently pending appeal to the Court of Appeal, which is fixed for hearing on 27 January 2022.

The solicitors of AAX are of the view that AAX has a fair chance of success in the appeal.

Federal Court has vacated hearing on 11 August 2022 as AAX and MASSB jointly agreed to discontinue the proceedings.

Claim filed by AAX and AirAsia Berhad against Malaysia Airports (Sepang) Sdn Bhd ("MASSB")

On 2 October 2019, AAX together with AirAsia Berhad (affiliate company of AAX) filed a Writ of Summons at the High Court against MASSB for the sum of RM479,781,285, being loss and damage caused by negligence and breaches of contract on the part of MASSB, its servants and/or agents in the management, operation, maintenance and/or provision of airport services and facilities at KLIA 2.

The matter is presently pending the decision on AAX and AirAsia Berhad's joint application to expunge an affidavit filed by MASSB which contains without prejudice communications and the expungement application is fixed for hearing on 10 December 2021.

Further, there are 2 other pending applications in the suit, being MASSB's application to strike out the claim, and secondly, MASSB's application for further and better particulars of the claim, both of which are fixed for case management on 13 October 2021.

At the case management on 5 April 2022, AAX also informed the High Court that it would be withdrawing its claim against MASSB.

44. Other matters (cont'd.)

Claim filed by AAX and AirAsia Berhad against Malaysia Airports (Sepang) Sdn Bhd ("MASSB") (cont'd.)

High Court and Court of Appeal have vacated future court dates as AAB and AAX jointly agreed with MASSB to discontinue the action and appeal on 9 August 2022.

Claim filed by Malaysia Airports (Sepang) Sdn Bhd ("MASSB")

AAX had on 23 October 2020, been served with an unsealed copy of the Writ of Summons and Statement of Claim, both dated 22 October 2020, filed by MASSB against the AAX in the High Court of Kuala Lumpur ("MASSB Claim").

In the Statement of Claim, MASSB claimed that the MASSB Claim is in respect of the sum of RM78,162,965, being the outstanding amount for various aeronautical charges which comprised of passenger service charges, passenger service security charges, aerobridge charges, aircraft parking charges, check-in counter charges, landing charges and late payment charges pursuant to the Malaysian Aviation Commission (Aviation Services Charges) Regulations 2016 and/or the conditions of use for Kuala Lumpur International Airport ("Condition of Use").

In connection to the MASSB Claim, MASSB had also sought for, amongst others, an order that MASSB's contractual and continual lien over any aircraft, parts, accessories, vehicles, equipment and/or any other property belonging to and/or under the AAX's control or any ground handler appointed by the Company under the Condition of Use shall only be discharged upon full settlement by AAX of the full sum owing to MASSB.

In response AAX filed its Statement of Defence which includes (inter alia) a counterclaim to recover amounts paid to MASSB since the coming into force of the MAVCOM Act on 1 March 2016.

Subsequently, MASSB had on 11 November 2020 filed an application for Summary Judgment ("MASSB Summary Judgment Application") solely in respect of the purportedly outstanding passenger service charges and late payment charges claimed in the Statement of Claim amounting to RM62,937,145 on the same grounds it relied on in its Statement of Claim, to which AAX has filed a reply on 4 December 2020. In addition, BNP Paribas, Singapore Branch as well as a group of 8 passengers also filed applications to intervene in the MASSB Claim.

AAX thereafter filed an application to stay all proceedings in the MASSB Claim pending the determination of the application for Proposed Debt Restructuring as well as the appeal in Section 7.4 of this Explanatory Statement, as some of which raise similar issues for the Court of Appeal's determination in relation to passenger service charges.

At the case management on 5 April 2022, MASSB informed the High Court that they were withdrawing their claim and summary judgment application against AAX as the sums claimed were compromised by AAX's scheme of arrangement.

44. Other matters (cont'd.)

Claim filed by Malaysia Airports (Sepang) Sdn Bhd ("MASSB") (cont'd.)

The application by AAX to stay all proceedings was subsequently withdrawn with no order to costs on 25 March 2021 pursuant to the agreement between the parties on the terms of the AAX Restraining Order. On 21 September 2021, the applications to intervene by BNP Paribas, Singapore Branch was heard and a Consent Order was recorded allowing BNP Paribas, Singapore Branch to intervene but only in respect of MASSB's prayers relating to the detention and sale of AAX's property. Further, the application to intervene by the 8 passengers was withdrawn with liberty to file afresh. There has yet to be a hearing date fixed for the MASSB Summary Judgment Application.

At the case management on 5 April 2022, MASSB informed the High Court that they were withdrawing their claim and summary judgment application against AAX as the sums claimed were compromised by AAX's scheme of arrangement.

Claim filed by Safran Landing Systems Singapore Pte Ltd ("Safran") against AAX

On 15 March 2021, Safran had filed an originating summons against AAX and Minsheng Financial Co Ltd in the Kuala Lumpur High Court to, inter alia, take control of the aircraft to remove landing gears installed on the said aircraft. Safran's claim is premised on AAX failure to pay Safran the sum of USD1,305,066 for the landing gears and the overhaul services it provided.

On 21 June 2021, the solicitors of AAX informed the Honourable Court that the matter was to be restrained and/or stayed in view of the extension of the Restraining Order until 17 March 2022. In view of the above, the learned Judge has fixed the matter for a case management on 21 March 2022.

On 21 March 2022, Safran withdrew its originating summons against AAX pursuant to a settlement agreement between the parties. Accordingly, the High Court struck out Safran's originating summons with no liberty to file afresh and with no order as to cost.

Cybersecurity attack

The Group has entered into a shared service agreement with a related party. The related party rely on integrated information system ("IIS") to process the data from the Group operations. The related party obtained the licensed to use the IIS from the vendors of the system.

On 12 November 2022, the related party experienced a cybersecurity breach incident whereby certain of their servers were encrypted with a ransomware. The related party has engaged a third-party consultant to assess the nature and extent of the cybersecurity breach.

The cybersecurity attack was on redundant systems of the Group and did not affect the Group's critical systems. The Group had taken all measures to immediately resolve this incident and has implemented measures to prevent such future incidents.

44. Other matters (cont'd.)

Cybersecurity attack (cont'd.)

To the best of the Group's knowledge and as at the date of this report, the Group has not been made aware of any pending litigation or claims against the Company relating to the incident.

45. Turnaround plans

Given that the Group and Company announced has re-emerged from the impact of the COVID-19 pandemic and is well on its path towards recovery, the Group and Company continues to turnaround plans through the measures as follows:

a. Debt Restructuring

On 6 October 2020, the Group and the Company announced a Proposed Debt Restructuring exercise which contemplated the settling and waiving the debts owed to Scheme Creditors under Section 366 of the Companies Act 2016. On 22 February 2021, the Group and the Company obtained a court order to convene a creditors' meeting ("CCM") within six months. The scheme of arrangement involves the classification of creditors into three categories: Class A (secured creditors), Class B (unsecured creditors), and Class C (Airbus) (collectively known as the "Scheme Creditors").

As at 30 June 2021, the Company has outstanding accrued liabilities of RM8.97 billion and provided for provision for termination claim of RM25.16 billion ("Provisional Scheme amount").

An application for an extension of time was then approved, which extended the validity period until 17 March 2021. On 17 March 2021, the High Court of Malaya granted a Restraining Order pursuant to Section 368 of the Companies Act 2016, which was valid until 16 March 2022.

On 12 November 2021, the Company announced that a requisite majority of 75% of each Class A Creditors, Class B Creditors and Class C Creditor has been obtained at their respective CCMs held on even date, the Proposed Debt Restructuring has accordingly been approved by the Scheme Creditors.

On 16 December 2021, the Company had filed an application to the High Court of Malaya pursuant to Section 366 of the Companies Act, 2016 for approval and/or sanction of the Proposed Debt Restructuring and the High Court of Malaya had, at the even date, granted an order thereof ("Sanction Order"). The Proposed Debt Restructuring will take effect upon lodgement of the Sanction Order with the Registrar of Companies of Malaysia.

45. Turnaround plans (cont'd.)

a. Debt Restructuring (cont'd.)

On 16 March 2022, a copy of the Sanction Order has been duly lodged with the Registrar of Companies in accordance with Section 366(5) of the Companies Act 2016 and accordingly, the Proposed Debt Restructuring took effect on even date (hereinafter known as "Debt Restructuring").

Under the Debt Restructuring, as agreed with the Scheme Creditors, on 16 March 2023, the first anniversary of the restructuring effective date, a settlement sum will be paid out, equivalent to 0.5% of the shortfall between outstanding liabilities as of 30 June 2020 and any exercisable securities, to the Scheme Creditors. Additionally, Class A and Class B creditors will be entitled to an annual profit-sharing mechanism, calculated based on the pro-rating of the payout pool, which equates to 20% of the excess over RM300 million of earnings before interest, taxes, depreciation, amortisation and lease rentals ("EBITDAR") for the years 2023 to 2026.

b. Revised business plan

(i) Rationalisation of network

AAX continues to rationalise its network plan (by suspension and/or termination of unprofitable and/or immature routes), shifting its focus from market share to that of sustainability and yield and driving profitability, focusing on routes that have proven load and yield performance. The initial phase of the network recovery plan involves the resumption of operations to selected markets with historically proven performance. During the first 6 months of network resumption beginning July 2022, the Group and the Company gradually resume flights to destinations such as primary cities in Australia, China, Taiwan, Japan, Korea, the United States (via Japan) and India. The Group and the Company plan to resume operation to all destinations in selected markets by end of 2022. The key criteria of the market selection are driven by historical profitability and demand forecast as the Group and the Company will focus on business sustainability and profitability moving forward.

Upon the full resumption of all targeted routes in the revised business plan, AAX will focus on rebuilding flight frequency to optimal levels and avoid deploying excess capacity in its markets. In view of the current recovery of the post COVID-19 situation, AAX will continuously review its network resumption timeline, in tandem with the uplifts of travel restrictions, travel bubbles and border policies of individual countries. AAX also continues to engage with tourism and airport authorities, governments and other industry stakeholders to pave the way for the prospect of travel bubbles in green zone countries and reinstate the public's confidence to travel.

45. Turnaround plans (cont'd.)

b. Revised business plan (cont'd.)

(ii) Leaner and more sustainable cost structure

AAX will continue its focus on medium to long haul flight operations within the 5 to 8-hour range and defer investment in new or immature routes while reopening, defending and building load and yield in its core routes. To streamline the Group's and the Company's cost base, it has reviewed and restructured most contracts, agreements and/or arrangements to better align with the Group's and the Company's future size and requirements and lowering costs significantly. In addition, the Group and the Company will undertake manpower consolidation and optimisation in tandem with the rationalised network ramp up plan. By significantly reducing the cost base, the Group and the Company seek to achieve a revised cost structure that matches the revenue generation trajectory and business recovery post COVID-19.

(iii) Optimisation of fleet

The Group and the Company remain engaged with all key business partners in respect of contracts, agreements and/or arrangements which are required to ensure the recovery of the Group and the Company post Covid-19. These contracts, agreements and/or arrangements will be based on terms to be agreed upon that are reflective and supportive of the revised business plan. The Group and the Company will need the support and understanding of its business partners to execute the revised business plan. After the Debt Restructuring taking effect on 16 March 2022, AAX has entered into new contracts, agreements and/or arrangements, among others, requirements of AAX and terms offered by the Scheme Creditors (which shall be based on market rates), with relevant parties for necessary services and supplies to support the revised business plan.

Accordingly, the directors are of the opinion that the going concern basis used in the preparation of financial statements is appropriate and no adjustments was necessary to be made to the financial statements. Should the going concern basis for the preparation of the financial statements be no longer appropriate, adjustments will have to be made to state the assets at their realisable values and to provide for further liabilities which may arise.

46. Prior year adjustments

(i) The Group and Company recorded provisions on maintenance and overhaul works based on obligations payable to an engine maintenance service provider. The Group and the Company recorded prepayments based on those provisions and also deposited funds into a maintenance reserve account with aircraft lessors. However, in previous years, certain portion of these prepayments and deposits were erroneously recorded as assets, along with corresponding provisions for aircraft maintenance and payables, even though the payments has yet to be made. In the current financial period, the Group and Company corrected this error by restating their financial statements which involved the correction of overstatement of trade and other receivables of RM548 million and an overstatement of trade and other payables of RM562 million. These overstatements arose from the previously recorded unpaid prepayments and deposits. The Group and Company also made a restatement for the discounting effect related to the unpaid maintenance reserve account deposit.

(ii) The Group and Company has acted as an intermediate lessor for an associate. External aircraft lessors billed the MRF Deposit for aircraft subleased to associate. The Group and Company made payment for the MRF Deposit on behalf of the associate and recharged the amount to the associate. However, in previous financial period, the Group and Company incorrectly recorded an expense for the MRF Deposit billed by external aircraft lessors and a corresponding revenue for the MRF Deposit to be claimed back from the associate, resulting in an overstatement of revenue and operating expenses of RM83 million. In the current financial period, the Group and Company made a restatement to correct this overstatement.

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

Impact on equity (increase/(decrease) in equity)

	Group		Company	
	30.6.2021 RM'000	1.1.2020 RM'000	30.6.2021 RM'000	1.1.2020 RM'000
Trade and other receivables	(547,765)	(14,477)	(547,765)	(14,477)
Total assets	(547,765)	(14,477)	(547,765)	(14,477)
Trade and other payables	(154,300)	-	(39,142)	-
Provision for aircraft maintenance	(408,028)	(14,418)	(408,028)	(14,418)
Amount due to subsidiaries	-	-	(115,158)	-
Total liabilities	(562,328)	(14,418)	(562,328)	(14,418)
Net impact on equity	14,563	(59)	14,563	(59)

46. Prior year adjustments (cont'd.)

The Group and the Company restated the affected financial statement line items for prior periods to correct (i) and (ii), as follows (cont'd.):

Impact on statement of profit or loss (increase/(decrease) in loss)

	Group and Company 1.1.2020 to 30.6.2021 RM'000
Revenue	(82,919)
Operating expenses	82,919
Finance income	(13,134)
Finance costs	29,049
Net foreign exchange loss	(1,293)
Net impact on loss for the period	14,622
Attributable:	
Owners of the Company	14,622

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

	Group 1.1.2020 to 30.6.2021 RM'000	Company 1.1.2020 to 30.6.2021 RM'000
Loss before tax	14,622	14,622
Impact of discounting effect on financial instruments (net)	(15,915)	(15,915)
Net foreign exchange differences	1,293	1,293
Operating loss before working capital change	-	-
Decrease in trade and other receivables	533,280	533,280
Decrease in trade and other payables	(533,280)	(418,122)
Decrease in related parties balance	-	(115,158)
Net impact on cash and cash equivalents	-	-

46. Prior year adjustments (cont'd.)

The Group and the Company restated the affected financial statement line items for prior periods to correct (i) and (ii), as follows (cont'd.):

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

	Group and Company 1.1.2020 to 30.6.2021 sen
Loss per share	
Basic and diluted, profit for the year attributable to ordinary equity holders of the parent	0.35

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AirAsia X Berhad
(Incorporated in Malaysia)

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

We, Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin and Ahmad Al Farouk bin Ahmad Kamal, being two of the Directors of AirAsia X Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 8 to 134 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and cash flows for the financial period then ended.

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

Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin
Director

Ahmad Al Farouk bin Ahmad Kamal
Director

Kuala Lumpur, Malaysia

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

I, Goh Shu Wai, the officer primarily responsible for the financial management of AirAsia X Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 8 to 134 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Goh Shu Wai at Kuala Lumpur in the Federal Territory on 28 April 2023.

Goh Shu Wai

Before me,

Commissioner for Oaths
Kuala Lumpur

PESURUHJAYA SUMPAH
W 800
AMIR BIN ISMAIL
01.01.2023-31.12.2025
MALAYSIA

NO. 33-4, JALAN MEDAN TUANKU
50300 KUALA LUMPUR.

Building a better
working world

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
SST ID: W10-2002-32000062
Chartered Accountants
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia

Tel: +603 7495 8000
Fax: +603 2095 5332 (General line)
+603 2095 9076
+603 2095 9078
ey.com

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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 2022 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 period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 8 to 134.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial period then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Key audit matters

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

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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 period ended 31 December 2022, revenue from scheduled flights and ancillary services accounted for 42% of the Group's total revenue, as compared to 68% for the financial year ended 30 June 2021.The Group and the Company relies 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. The flight reservation system is managed by third party vendor. 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. The above factors gave rise to higher risk of material mistatement in the timing and amount of revenue recognised. Accordingly, we identified revenue recognition to be a area of focus.	To address this area of focus, we performed, amongst others, the following procedures: a) Performed data analytics to reconcile the revenue recognised in respect of scheduled flight and ancillary services and the amount of sales in advance to the payments received from passengers; b) Performed procedures to corroborate the occurrence of revenue by tracing samples of revenue recognised to settlement reports from financial institutions; c) Assessed the reconciliation of data between the flight reservation system and the general ledger to corroborate the completeness of revenue; and d) Performed cut-off procedures to determine if revenue from scheduled flight and ancillary revenue are recorded in the correct accounting period.

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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
Revenue recognition from scheduled flights and sales in advance (cont'd.) The notes relating to schedule and ancillary revenue are disclosed in Notes 2.20 and 4 to the financial statements.	
Provision for aircraft maintenance As of 31 December 2022, AAX was operating 13 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. 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 utilisation 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.	To address this area of focus, we performed, amongst others, the following procedures: a) Gained an understanding of the management's process for estimating aircraft maintenance costs for aircraft held under lease arrangements, including understanding the contractual obligations of the Group and of the Company arising from the lease arrangements; b) Evaluated the key assumptions adopted by management by discussing with the relevant fleet maintenance engineers and tested, on a sample basis, the accuracy of the data on aircraft utilisation statistics; c) Compared the historical overhaul costs by aircraft components or quotations by suppliers for the overhaul costs against the amount of provision made by the Group and by the Company to assess the adequacy of the provision; and d) Performed recalculation of the aircraft maintenance costs provision based on the key assumptions adopted by Management.

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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.) A provision of RM285 million was recorded by AAX for the year, which represents a decrease from RM961 million as at 30 June 2021. The provision for aircraft maintenance has been identified as an area of audit focus due to the significant amount involved and the high level of judgment and estimates applied by management in determining the provision. The notes relating to provision for aircraft maintenance are disclosed in Notes 2.11, 3(iv) and 34 to the financial statements.	
Cybersecurity breach The Group has entered into a shared service agreement with a related party. The related party rely on integrated information system ("IIS") to process the data from the Group operations. The related party obtained the licensed to use the IIS from the vendors of the system. On 12 November 2022, the related party experienced a cybersecurity breach incident whereby certain of their servers were encrypted with a ransomware. The related party has engaged a third-party consultant to assess the nature and extent of the cybersecurity breach.	To address this area of focus, we performed, amongst others, the following procedures: a) Obtained an understanding of the nature and extent of the cybersecurity incident and assessed its impact to the Group's financial reporting systems; b) Assessed the procedures and findings by the third-party consultants. We have conducted interviews with the consultant and assessed his competency, capability and objectivity. We have included our in-house specialist team in this assessment; c) Assessed procedures performed by management in their evaluation of the impact of the cybersecurity breach to those systems whose data were used in the preparation of the Group's financial statements;

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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
Cybersecurity breach (cont'd.)	
As the Group relies on the IIS to process its data from operations, the risk of material misstatement could arise as incomplete or inaccurate data may have been used to prepare the financial statements. Accordingly, we have identified this as an area of audit focus. The note relating to cybersecurity is disclosed in Note 44 to the financial statements.	To address this area of focus, we performed, amongst others, the following procedures: (cont'd.) d) Performed additional audit procedures to assess the completeness and accuracy of data on suspected compromised systems; These procedures include among others, the following: i) Performed data analytics on revenue, receivables and cash to identify any unusual transactions; ii) Tested additional samples of the hours flown from the manually kept flight log to the data recorded in the system; and iii) Matched samples of the source data in the employee files to the payroll summary report.

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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
Recognition of Deferred Tax Assets	
As at 31 December 2022, the Group and the Company recognised deferred tax assets amounting to RM612 million, in relation to unutilised investment allowance, unused tax losses, sales in advance and other deductible temporary differences ("unused tax losses/ allowances and deductible temporary differences") to the extent that it is probable that future taxable profits will be available against which these unused tax losses/ allowances and deductible temporary differences can be utilised. The assessment of future taxable profits is a complex process and requires significant management's judgments, in particular the judgments applied in respect of the expected future economic conditions of the industry which impact the revenue growth rates and operating costs of the entities being assessed. In view of the significance of the amount of deferred tax assets recognised in current year, and involvement of significant management's judgements and estimates, we consider this to be a key audit matter. The notes relating to deferred tax assets are disclosed in Notes 2.18(ii) and Note 18 to the financial statements.	To address this area of focus, we performed, amongst others, the following procedures: a) Evaluated the key assumptions made by management to derive their future taxable profits, focusing on their estimates for revenue growth rates, operating costs and comparing them to past actual outcome taking into consideration future economic conditions; and b) Assessed the adequacy of the Group's and the Company's disclosures on the deferred tax assets in Note 2.18(ii) and Note 14 to the financial statements.

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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 Note 3(vii) to the financial statements, during the financial year 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") requesting IAAX to pay RM200.7 million relating to underpayment of tax in respect of the fiscal year 2017. The ITO is currently performing tax audits on IAAX in respect of the fiscal years 2018 and 2019 which are expected to be concluded no later than December 2023 and December 2024 respectively. Whilst the tax audits for fiscal years 2018 and 2019 have not been finalised, it is possible that the ITO would use the same approach as the tax audit for the fiscal year 2017 which may result in additional tax to be paid by IAAX.

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

Our response

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

a) We held discussions with the Directors to understand the matters which gave rise to the issuance of the Tax Underpayment Assessment Letter by ITO;

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

c) We evaluated the basis and assumptions applied by the Directors to determine the amount of provision for additional losses in respect of investment in IAAX by discussing with our internal tax specialists; and

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

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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 additional loss in the investment in PT Indonesia AirAsia Extra (cont'd.) Based on the prevailing tax regulation in Indonesia, tax collection actions shall be carried out against "tax bearers" of corporate taxpayers in the event of non-payment by the corporate taxpayers. Tax bearers are defined under the tax regulations to include shareholders of corporate taxpayers. Accordingly, the Company as a shareholder of IAAX may be responsible for the settlement of IAAX's tax payable of RM98.3 million for fiscal year 2017, computed based on the Company's equity interest in IAAX. The Directors of the Company are of the opinion that it is more likely than not that an outflow of resources by the Group and by the Company in respect of IAAX's tax payable will occur. Accordingly, a provision for additional losses in respect of investment in IAAX of RM223.2 million is made as at 31 December 2022. This amount includes the Directors' estimates of the Company's share of additional tax payable by IAAX for the fiscal years 2018 and 2019, determined based on the level of operations for the fiscal years 2018 and 2019 and based on the same approach as the tax audit for the fiscal year 2017. The estimates of the outcome and financial effects of this tax dispute involve significant judgment and are highly subjective. Accordingly, we consider this area to be an area of audit focus.	

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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, which we obtained prior to the date of this auditors' report, and the remaining other information expected to be included in the Annual Report, which is expected to be made available to us after the date of this auditors' report.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining other information expected to be included in the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the Directors for the financial statements

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

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

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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.)
(Incorporated in Malaysia)

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
28 April 2023