

**CAPITAL A BERHAD**  
**201701030323 (1244493-V)**  
**FIRST QUARTER REPORT ENDED 31 MARCH 2024**

**ANNOUNCEMENT**

The Board of Directors of Capital A Berhad (“Capital A” or “the Company”) hereby announces the following unaudited consolidated results of Capital A and its subsidiaries (collectively known as “the Group”) for the period ended 31 March 2024.

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Period ended	Period ended
		31/3/2024 RM'000	31/3/2023 RM'000	31/3/2024 RM'000	31/3/2023 RM'000
Revenue:	<b>10</b>				
- Aviation		4,892,894	2,198,082	4,892,894	2,198,082
- Logistic		221,791	151,966	221,791	151,966
- Digital and others		126,713	179,665	126,713	179,665
		5,241,398	2,529,713	5,241,398	2,529,713
Operating expenses:					
- Staff costs		(639,845)	(427,429)	(639,845)	(427,429)
- Aircraft fuel expenses		(1,885,041)	(958,141)	(1,885,041)	(958,141)
- Maintenance and overhaul		(692,513)	(67,246)	(692,513)	(67,246)
- User charges and other related expenses		(704,080)	(305,054)	(704,080)	(305,054)
- Logistic expenses		(163,365)	(118,010)	(163,365)	(118,010)
- Technology and IT related expenses		(80,996)	(68,502)	(80,996)	(68,502)
- Other operating expenses	<b>11(i)</b>	(173,862)	(86,562)	(173,862)	(86,562)
Other income	<b>11(ii)</b>	131,055	3,459	131,055	3,459
<b>EBITDA</b>		<b>1,032,751</b>	<b>502,228</b>	<b>1,032,751</b>	<b>502,228</b>
Depreciation and amortisation		(45,528)	(37,765)	(45,528)	(37,765)
Depreciation on right of use asset					
- Operating aircraft		(358,483)	(213,026)	(358,483)	(213,026)
- Others		(4,173)	(575)	(4,173)	(575)
Finance income	<b>12</b>	13,944	9,764	13,944	9,764
Finance costs - lease liabilities					
- Operating aircraft		(175,428)	(108,123)	(175,428)	(108,123)
Finance costs	<b>12</b>	(158,213)	(7,376)	(158,213)	(7,376)
<b>Net operating profit/(loss)</b>		<b>304,870</b>	<b>145,127</b>	<b>304,870</b>	<b>145,127</b>
Depreciation on right of use asset					
- Non-operating aircraft		(103,849)	(112,401)	(103,849)	(112,401)
Finance costs - lease liabilities					
- Non-operating aircraft		(79,363)	(60,961)	(79,363)	(60,961)
Foreign exchange (loss)/gain	<b>12</b>	(370,935)	44,773	(370,935)	44,773
Fair value gain on derivatives		418	-	418	-
Share of results of associates/joint venture		(984)	13,352	(984)	13,352
<b>(Loss)/profit before taxation</b>		<b>(249,843)</b>	<b>29,890</b>	<b>(249,843)</b>	<b>29,890</b>
Tax expense	<b>13</b>	(7,071)	(3,876)	(7,071)	(3,876)
Deferred taxation	<b>13</b>	12,635	-	12,635	-
<b>Net (loss)/profit for the financial period</b>		<b>(244,279)</b>	<b>26,014</b>	<b>(244,279)</b>	<b>26,014</b>
Attributable to:					
- Owners of the company		(91,554)	57,095	(91,554)	57,095
- Non-controlling interests		(152,725)	(31,081)	(152,725)	(31,081)
		<b>(244,279)</b>	<b>26,014</b>	<b>(244,279)</b>	<b>26,014</b>

*The Condensed Income Statement in compliance with MFRS 134.*

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 31/3/2024 RM'000	Quarter ended 31/3/2023 RM'000	Period ended 31/3/2024 RM'000	Period ended 31/3/2023 RM'000
<b>Net (loss)/profit for the financial period</b>	(244,279)	26,014	(244,279)	26,014
Other comprehensive expense				
Remeasurement loss on employee benefits liability, net of tax	(3,581)	953	(3,581)	953
Fair value reserve	(9,078)	39,415	(9,078)	39,415
Foreign currency translation differences	(95,617)	70,254	(95,617)	70,254
<b>Total comprehensive (expense)/income</b>	<b>(352,555)</b>	<b>136,636</b>	<b>(352,555)</b>	<b>136,636</b>
Total comprehensive (expense)/income attributable to:				
Owners of the Company	(205,692)	167,717	(205,692)	167,717
Non-controlling interests	(146,863)	(31,081)	(146,863)	(31,081)
	<b>(352,555)</b>	<b>136,636</b>	<b>(352,555)</b>	<b>136,636</b>

The condensed consolidated income statement and consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	AS AT 31/3/2024 RM'000	AS AT 31/12/2023 RM'000
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	14	1,576,986	1,574,711
Right of use assets	14	12,343,143	12,460,280
Investment property		65,121	67,311
Finance lease receivables	14	158,000	158,000
Investment in associates	16	434,842	435,760
Investment in joint venture		-	-
Investment securities	15	184,570	189,984
Intangible assets	24	4,523,078	4,624,514
Deferred tax assets		1,401,964	1,407,161
Receivables and prepayments	17	4,731,440	4,409,803
Deposits on aircraft purchase		668,777	617,412
Derivative financial instruments	22	11,383	11,383
		26,099,304	25,956,319
<b>CURRENT ASSETS</b>			
Inventories		332,527	294,590
Receivables and prepayments	17	1,321,930	1,266,665
Deposits on aircraft purchase		46,345	46,345
Finance lease receivables	14	-	-
Amounts due from associates		31,174	25,440
Amounts due from related parties		100,305	154,640
Derivative financial instruments	22	6	-
Tax recoverable		6,450	8,334
Deposits, bank and cash balances		932,872	702,818
		2,771,609	2,498,832
<b>CURRENT LIABILITIES</b>			
Trade and other payables	18	4,023,726	4,206,264
Aircraft maintenance provisions and liabilities	19	2,014,604	1,782,717
Sales in advance		2,086,697	2,025,298
Amounts due to associates		39,015	7,327
Amounts due to related parties		472,902	570,557
Borrowings	20	810,364	862,308
Current portion of long term debentures	23	187,600	190,800
Lease liabilities	21	5,985,234	5,438,692
Derivative financial instruments		47	467
Provision of taxation		75,351	83,641
		15,695,540	15,168,071
<b>NET CURRENT LIABILITIES</b>		<b>(12,923,931)</b>	<b>(12,669,239)</b>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Note	AS AT 31/3/2024 RM'000	AS AT 31/12/2023 RM'000
<b>NON CURRENT LIABILITIES</b>		
Trade and other payables	67,436	66,094
Aircraft maintenance provisions and liabilities	5,653,563	5,410,700
Borrowings	3,970,007	3,580,599
Non-current portion of long term debentures	345,800	357,510
Lease liabilities	13,366,326	13,750,088
Deferred tax liabilities	537,137	547,107
Provision for retirement benefits	210,370	199,719
Derivative financial instruments	-	-
	24,150,639	23,911,817
	<b>(10,975,266)</b>	<b>(10,624,737)</b>
<b>CAPITAL AND RESERVES</b>		
Share capital	8,711,815	8,711,742
Merger deficit	(5,507,594)	(5,507,594)
Other reserves	127,936	138,642
Foreign exchange reserve	115,568	217,047
Accumulated losses	(12,413,532)	(12,321,978)
	(8,965,807)	(8,762,141)
Non-controlling interests	(2,009,459)	(1,862,596)
Total equity	<b>(10,975,266)</b>	<b>(10,624,737)</b>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<b>(2.11)</b>	<b>(2.06)</b>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to owners of the Company										Non-controlling interests RM'000	Total equity RM'000	
	Number of shares '000	Share Capital RM'000	Merger Deficit RM'000	Foreign exchange reserve RM'000	Share-based payments RM'000	RCUIDS - equity RM'000	Warrant reserve RM'000	Fair value and other reserves RM'000	Remeasurement loss on employee benefits liability RM'000	Accumulated losses RM'000			Total RM'000
<b>At 1 January 2024</b>	4,254,582	8,711,742	(5,507,594)	217,047	21,678	23,161	56,185	35,654	1,964	(12,321,978)	(8,762,141)	(1,862,596)	(10,624,737)
Net profit for the financial period	-	-	-	-	-	-	-	-	-	(91,554)	(91,554)	(152,725)	(244,279)
Other comprehensive income	-	-	-	(101,479)	-	-	-	(9,078)	(3,581)	-	(114,138)	5,862	(108,276)
Conversion of RCUIDS/Warrant reserve	97	73	-	-	-	1,026	(1,028)	-	-	-	71	-	71
Share-based payment expensed	-	-	-	-	1,955	-	-	-	-	-	1,955	-	1,955
<b>At 31 March 2024</b>	<b>4,254,679</b>	<b>8,711,815</b>	<b>(5,507,594)</b>	<b>115,568</b>	<b>23,633</b>	<b>24,187</b>	<b>55,157</b>	<b>26,576</b>	<b>(1,617)</b>	<b>(12,413,532)</b>	<b>(8,965,807)</b>	<b>(2,009,459)</b>	<b>(10,975,266)</b>
<b>At 1 January 2023</b>	4,161,793	8,654,977	(5,507,594)	1,178,273	16,614	126,831	112,736	(45,673)	(6,488)	(10,254,769)	(5,725,093)	(3,791,865)	(9,516,958)
Net loss for the financial year	-	-	-	-	-	-	-	-	-	57,095	57,095	(31,081)	26,014
Other comprehensive income	-	-	-	70,254	-	-	-	39,415	953	-	110,622	-	110,622
Conversion of RCUIDS/Warrant reserve	4,600	3,450	-	-	-	-	-	-	-	-	3,450	-	3,450
Share-based payment expensed	-	-	-	-	672	-	-	-	-	-	672	-	672
<b>At 31 March 2023</b>	<b>4,166,393</b>	<b>8,658,427</b>	<b>(5,507,594)</b>	<b>1,248,527</b>	<b>17,286</b>	<b>126,831</b>	<b>112,736</b>	<b>(6,258)</b>	<b>(5,535)</b>	<b>(10,197,674)</b>	<b>(5,553,254)</b>	<b>(3,822,946)</b>	<b>(9,376,200)</b>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	<b>PERIOD ENDED</b>	<b>PERIOD ENDED</b>
	<b>31/3/2024</b>	<b>31/3/2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/profit before taxation	(249,843)	29,890
Adjustments:		
Property, plant and equipment		
- Depreciation	45,339	37,134
- Loss/(gain) on disposal	634	(5)
- Write off	111	195
Rights of use asset		
- Depreciation	466,505	326,002
Intangible assets		
- Amortisation	189	631
Provision for retirement benefit	8,391	3,629
Aircraft maintenance provisions	419,438	-
Impairment/(reversal of impairment) of receivables, related parties, joint ventures and investment securities	7,676	(3,149)
Fair value gain on derivative financial instruments	(418)	-
Share of results of associates and joint venture	984	(13,352)
Net unrealised foreign exchange losses/(gains)	364,256	(40,507)
Share-based payments	1,955	672
Interest expense	158,213	7,376
Interest on lease liabilities	254,791	169,084
Interest income	(13,944)	(9,764)
	<b>1,464,277</b>	<b>507,835</b>
<b>Changes in working capital</b>		
Inventories	(37,413)	(24,284)
Receivables and prepayments	(347,338)	(105,272)
Trade and other payables and provisions	(349,465)	(250,327)
Sales in advance	77,043	288,995
Intercompany balances	27,933	162,217
<b>Cash generated from operations</b>	<b>835,037</b>	<b>579,164</b>
Interest paid	(30,843)	(48,134)
Interest received	1,132	689
Tax paid, net	(14,547)	(2,072)
Retirement benefit paid	(1,562)	(938)
<b>Net cash generated from operating activities</b>	<b>789,217</b>	<b>528,709</b>

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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	<b>PERIOD ENDED</b>	<b>PERIOD ENDED</b>
	<b>31/3/2024</b>	<b>31/3/2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment		
- Additions	(82,022)	(33,383)
- Proceeds from disposal	1,148	36
Addition in intangible assets	-	(642)
Acquisition of other investments	(4,626)	-
Deposits paid for aircraft purchase/leased engines	(31,870)	(4,075)
Net changes		
- Deposits pledged as securities and restricted cash	3,886	3,478
- Deposits with licensed banks with maturity period of more than 3 months	16,055	(10,099)
<b>Net cash used in investing activities</b>	<b>(97,429)</b>	<b>(44,685)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	351,371	-
Repayment of borrowings	(58,914)	(29,549)
Repayment of lease liabilities	(726,424)	(344,426)
<b>Net cash used in financing activities</b>	<b>(433,967)</b>	<b>(373,975)</b>
<b>NET INCREASE FOR THE FINANCIAL PERIOD</b>	<b>257,821</b>	<b>110,049</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>522,090</b>	<b>336,758</b>
<b>CURRENCY TRANSLATION DIFFERENCES</b>	<b>(7,826)</b>	<b>2,939</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>772,085</b>	<b>449,746</b>
Note:		
Cash and cash equivalents at the end of the financial period	772,085	449,746
Add:		
Deposits pledged as securities and restricted cash	139,974	117,354
Deposits with licensed banks with maturity period of more than 3 months	20,813	22,494
<b>Deposits, cash and bank balances at the end of the financial period</b>	<b>932,872</b>	<b>589,594</b>

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

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**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

**1. Basis of preparation**

The Interim Financial Report is unaudited and has been prepared in accordance with paragraph 9.22 and Appendix 9B of Bursa Malaysia Securities Berhad's ("Bursa Malaysia") Listing Requirements.

The Interim Financial Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2023. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant for understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2023.

**2. Summary of significant accounting policies**

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the Audited Financial Statements for the financial year ended 31 December 2023. Details of standards, amendments to published standards and interpretations to existing standards that are applicable to the Group with effect from 1 January 2023 or later are provided in the notes to the financial statements in the Audited Financial Statements of the Group for the financial year ended 31 December 2023. The Group did not early adopt any new standards, amendments to published standards and interpretation to existing standards.

For the beginning of the financial year 1 January 2024, the standards that become effective do not have any material impact on the financial statements of the Group and the Company for the year.

**3. Auditors' report on preceding annual financial statements**

The auditors have expressed an unqualified opinion on the Group and the Company's audited financial statements for the financial year ended 31 December 2023 in their report dated 30 April 2024.

**4. Seasonality of operations**

The Group's air transportation business is subject to the seasonal demand for air travel.

**5. Unusual items due to their nature, size or incidence**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial period-to-date.



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**6. Changes in composition of the Group**

There are no changes in composition of the Group during the current quarter.

**7. Changes in estimates**

There were no changes in estimates that have had a material effect on the results of the current quarter and financial period-to-date.

**8. Issues, Repurchases and Repayment of Debt and Equity Securities**

During the financial period ended 31 March 2024, the Company issued 96,966 new ordinary shares at a total value of RM72.7 thousand under the conversion of RCUIDS and Warrants.

Apart from the above, there are no issuances, cancellation, repurchase, resale and repayment of debt and equity securities for the period ended 31 March 2024.

**9. Dividends paid and proposed**

No dividend has been proposed during the period ended 31 March 2024.

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**10. Revenue**

	<b>Quarter ended 31/3/2024 RM million</b>	<b>Quarter ended 31/3/2023 RM million</b>
<u>Aviation revenue</u>		
Passenger revenue		
- seat sales	4,036.8	1,804.6
- others	849.2	380.4
Aircraft operating lease income	0.2	13.1
	4,855.7	2,198.1
Aviation Services	51.9	33.3
Logistic	221.8	152.0
<u>Digital &amp; Others revenue</u>		
- AirAsia MOVE	65.9	103.9
- BigPay	11.0	10.7
- Others	4.6	31.7
	5,241.4	2,529.7

**11. (i) Other operating expenses**

Other operating expenses mainly includes advertising and promotion, professional fees, insurance, rentals and maintenance.

**(ii) Other income**

Other income mainly includes commission and advertising income, forfeited revenue, insurance claims, gain on disposal of assets and management fee for provision of shared services to associates.

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

	Quarter ended 31/3/2024 RM million	Quarter ended 31/3/2023 RM million	Period ended 31/3/2024 RM million	Period ended 31/3/2023 RM million
<b>(a) Finance income</b>				
Interest income from:				
- deposits with licensed banks	0.6	0.7	0.6	0.7
- from associates	0.8	0.1	0.8	0.1
- finance lease receivables	11.5	9.0	11.5	9.0
Discounting effect on financial instruments and others	1.0	-	1.0	-
	13.9	9.8	13.9	9.8
<b>(b) Finance costs</b>				
Bank borrowings	(89.4)	(32.8)	(89.4)	(32.8)
RCUIDS profit payment	(14.1)	(15.3)	(14.1)	(15.3)
Discounting effect on financial instruments, bank facilities and other charges	(54.7)	40.8	(54.7)	40.8
	(158.2)	(7.4)	(158.2)	(7.4)
<b>(c) Foreign exchange gain/(loss)</b>				
- realized	(6.8)	4.4	(6.7)	4.4
- unrealized	(364.3)	40.4	(364.3)	40.4
	(370.9)	44.8	(370.9)	44.8

**13. Income tax and Deferred tax**

**Income tax expense**

The current taxation charge for the period to date mainly relates to the corporate income taxes for the subsidiaries in Malaysia.

**Deferred taxation**

RM12,635,000 deferred taxation has been recognised for the period ended 31 March 2024.

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**14. Property, plant and equipment, ROU and Finance Lease receivables**

(a) acquisition and disposals

During the period ended 31 March 2024, the Group acquired property, plant and equipment with a total cost of RM82.0 million (period ended 31 March 2023: RM33.4 million). The acquisition is mainly for the expansion of hangars of ADE.

During the period ended 31 March 2024, the Group received proceeds from the disposal of property, plant and equipment of RM1.1 million (period ended 31 March 2023: RM0.04 million).

(b) revaluation

There was no revaluation of property, plant and equipment in the quarter under review or in the same quarter of the prior year.

(c) impairment

There was no impairment of property, plant and equipment and ROU assets in the quarter under review or in the same quarter of the prior year.

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**15. Quoted investments and properties**

There was no purchase or disposal of quoted securities or properties for the quarter under review and financial period-to-date.

**16. Investments in associates**

	<b>As at 31/3/2024 RM million</b>	<b>As at 31/12/2023 RM million</b>
<b>Cost</b>		
Investment	607.3	607.4
Share of results and reserves	(113.3)	(112.3)
Impairment loss	(59.2)	(59.2)
	434.8	435.8

MFRS128 provides that entities discontinue recognising their share of further losses when its share of the losses equals to or exceeds its interest in the associate. As at 31 March 2024, the Group has recognised all losses in these associates.

**17. Receivables and prepayments**

	<b>As at 31/3/2024 RM million</b>	<b>As at 31/12/2023 RM million</b>
<u>Non-current</u>		
Prepayments	3,566.3	3,404.6
Deposits and other receivables	1,165.1	1,005.2
	4,731.4	4,409.8
<u>Current</u>		
Trade and other receivables	891.7	945.7
Prepayments	237.8	137.0
Deposits	192.4	183.9
	1,321.9	1,266.7

Prepayments include advances for the purchase of fuel as well as prepaid engine maintenance costs to the service provider.

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**18. Trade and other payables**

	As at 31/3/2024 RM million	As at 31/12/2023 RM million
<u>Non-current</u>		
Other payables	67.4	66.1
<u>Current</u>		
Trade payables	850.0	1,445.8
Other payables	917.1	914.4
Accruals for fuel	358.3	206.6
Others	1,898.3	1,639.4
	<u>4,023.7</u>	<u>4,206.2</u>

Other payables and accruals include accruals for operational expenses and passenger service charges payable to airport authorities.

**19. Aircraft maintenance provision and liabilities**

	As at 31/3/2024 RM million	As at 31/12/2023 RM million
Aircraft maintenance provisions	2,164.8	1,900.1
Aircraft maintenance payables	2,114.5	2,235.3
Aircraft maintenance reserve funds	3,388.9	3,058.0
	<u>7,668.2</u>	<u>7,193.4</u>
Current	2,014.6	1,782.7
Non Current	5,653.6	5,410.7
	<u>7,668.2</u>	<u>7,193.4</u>

- (i) Aircraft maintenance provision relates to contractual obligations by the Group to maintain the aircraft during the lease period until redelivery, based on pre-agreed conditions.
- (ii) Aircraft maintenance payables relate to provision for the Group's contractual obligations, in a sales and leaseback agreement, to incur on the return of an aircraft in a pre-agreed conditions.
- (iii) Aircraft maintenance reserve relates to payments made by the lessee subscribing to the engine maintenance programme for agreed maintenance work that has yet to be carried out.

The liabilities of the aircraft provisions/payables are covered through the Group's prepaid engine maintenance cost to a service provider as disclosed in Note 17.

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**20. Borrowings**

	<b>As at 31/3/2024 RM million</b>	<b>As at 31/12/2023 RM million</b>
<u>Short term</u>		
Term loans	518.8	579.2
Revolving credit	7.0	31.8
Convertible loan note	284.6	276.1
	<u>810.4</u>	<u>862.3</u>
<u>Long term</u>		
Term loans	2,419.7	2,282.1
Other facility	858.5	613.4
RCUIDS	691.8	685.1
	<u>3,970.0</u>	<u>3,580.6</u>
Total	<u>4,780.4</u>	<u>4,442.9</u>

The currency profile of borrowings are as follows:

	<b>As at 31/3/2024 RM million</b>	<b>As at 31/12/2023 RM million</b>
Ringgit Malaysia	1,597.7	1,494.1
US Dollar	2,338.4	2,056.5
Philippine Peso	72.9	77.3
Thai Baht	734.1	774.7
Indonesian Rupiah	37.3	40.3
	<u>4,780.4</u>	<u>4,442.9</u>

During the financial period ended 31 March 2024, a total of RM0.07 million RCUIDS were converted into ordinary shares.

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**21. Lease liabilities**

The lease liabilities amounting to RM18.6 billion includes deferred aircraft leases of approximately RM2.3 billion. The lease liabilities are supported by ROU assets of RM12.3 billion.

The Group had completed the restructuring of a total of 161 aircraft leases up to the date of this report including the waiver of lease rentals in arrears, as well as reducing future lease rates with a corresponding longer lease term, where necessary, and return of aircraft.

**22. Derivative financial instruments**

(a) Early redemption option

The RCUIDS issued by the Group allows for an option of refinancing the debt at a price of 105% of the principal.

(b) Interest Rate Hedging

As at 31 March 2024, the Group has interest rate swaps agreements that were measured or disclosed at fair value.

**23. Long-term debentures**

	<b>As at 31/3/2024 RM million</b>	<b>As at 31/12/2023 RM million</b>
Current portion of long-term debentures	187.9	191.4
Less: Front-end fee	(0.3)	(0.6)
Total current portion of long term debentures - net	<u>187.6</u>	<u>190.8</u>
Long term debentures - net of current portion	348.8	361.0
Less: Front-end fee	(3.0)	(3.5)
Total non-current portion of long term debentures - net	<u>345.8</u>	<u>357.5</u>
Total	<u>533.4</u>	<u>548.3</u>



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**24. Intangible assets**

	<b>Goodwill</b>	<b>Landing rights</b>	<b>Internally developed software</b>	<b>Total</b>
	<b>RM million</b>	<b>RM million</b>	<b>RM million</b>	<b>RM million</b>
<u>Cost</u>				
At 1 January 2024	2,417.5	2,430.7	44.0	4,892.3
Disposal	-	-	(10.8)	(10.8)
Exchange differences	(33.9)	(56.9)	-	(90.8)
At 31 March 2024	<u>2,383.6</u>	<u>2,373.9</u>	<u>33.2</u>	<u>4,790.7</u>
<u>Accumulated Amortisation and Impairment</u>				
At 1 January 2024	248.7	-	19.1	267.8
Exchange differences	-	-	(0.2)	(0.2)
At 31 March 2024	<u>248.7</u>	<u>-</u>	<u>18.9</u>	<u>267.6</u>
Carrying amount as at:				
1 January 2024	<u>2,168.8</u>	<u>2,430.8</u>	<u>24.9</u>	<u>4,624.5</u>
31 March 2024	<u>2,134.9</u>	<u>2,373.9</u>	<u>14.3</u>	<u>4,523.1</u>

**25. Contingent assets**

As at the date of this report, the Group does not have any contingent assets.

**26. Changes in contingent liabilities since the last annual balance sheet date**

There were no material changes in contingent liabilities since the audited financial statements of the Group for the financial year ended 31 December 2023.

**27. Capital commitments outstanding not provided for in the interim financial report**

Capital commitments for property, plant and equipment:

	<b>As at 31/3/2024 RM million</b>	<b>As at 31/12/2023 RM million</b>
Approved and contracted for	<u>110,289</u>	<u>107,089</u>

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**28. Material related party transactions**

Significant related party transactions which were entered into on agreed terms and conditions for the quarter ended 31 December 2023 are set out below:

	<b>Quarter ended 31/3/2024 RM million</b>	<b>Quarter ended 31/3/2023 RM million</b>
1. Transaction of the Group with associates of a subsidiary		
a. Purchase of cargo transportation capacity		
- Thai AirAsia	-	4.8
b. Commission charged		
- Thai AirAsia	-	35.8
c. Management fees		
- Thai AirAsia	-	12.1
2. Transaction of the Group with companies with common directors and shareholders		
a. Purchase of cargo transportation capacity		
- AirAsia X	27.6	33.9
- Thai AirAsia X	18.5	15.6
b. Management fees income		
- AirAsia X	2.3	1.5
- Thai AirAsia X	4.1	1.6
c. Commission charged income		
- AirAsia X	5.3	-
- Thai AirAsia X	13.1	-
d. Aircraft maintenance service income		
- AirAsia X	8.5	-
- Thai AirAsia X	0.1	-

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**29. Review of Group Performance**

The segmental information for the reportable segments for the quarters ended 31 March 2024 and 31 March 2023 are as follows:

	<b>Aviation RM'000</b>	<b>Teleport RM'000</b>	<b>Capital Aviation Services RM'000</b>	<b>Move Digital RM'000</b>	<b>Capital A International and Others RM'000</b>	<b>Total Segments RM'000</b>	<b>Elimination Adjustments RM'000</b>	<b>Total RM'000</b>
<b>QTD</b>								
<b>31/3/2024</b>								
Revenue	4,948,629	224,514	250,903	141,212	59,370	5,624,628	(383,230)	5,241,398
Staff costs	(480,249)	(21,772)	(79,095)	(41,947)	(16,882)	(639,945)	100	(639,845)
Fuel costs	(1,885,041)	-	-	-	-	(1,885,041)	-	(1,885,041)
Maintenance and overhaul	(794,980)	(21,367)	(70,570)	(789)	-	(887,706)	195,193	(692,513)
User charges and other related expenses	(750,600)	(163,365)	(25,476)	(21,020)	(209)	(960,670)	93,225	(867,445)
Other operating expenses	(214,732)	(12,719)	(29,620)	(85,571)	(7,771)	(350,413)	95,555	(254,858)
Other income	134,896	-	8	440	-	135,344	(4,289)	131,055
<b>EBITDA</b>	<u>957,923</u>	<u>5,291</u>	<u>46,150</u>	<u>(7,675)</u>	<u>34,508</u>	<u>1,036,197</u>	<u>(3,446)</u>	<u>1,032,751</u>
Depreciation & amortisation								(408,184)
Interest expense								(333,641)
Interest income								13,944
<b>Segment results</b>								<u>304,870</u>
Non- operating aircraft depreciation								(103,849)
Non-operating aircraft interest expense								(79,363)
Derivative gain								418
Share of results of associates/joint venture								(984)
Foreign exchange loss								<u>(370,935)</u>
Profit before taxation								<u><u>(249,843)</u></u>

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**29. Review of Group Performance (cont'd.)**

The segmental information for the reportable segments for the periods ended 31 March 2024 and 31 March 2023 are as follows: (cont'd.)

	<b>Aviation RM'000</b>	<b>Teleport RM'000</b>	<b>Capital Aviation Services RM'000</b>	<b>Move Digital RM'000</b>	<b>Capital A International and Others RM'000</b>	<b>Total Segments RM'000</b>	<b>Elimination adjustments RM'000</b>	<b>Total RM'000</b>
<b>QTD</b>								
<b>31/3/2023</b>								
Revenue	2,239,164	151,966	189,253	169,540	6,057	2,755,980	(226,267)	2,529,713
Staff costs	(234,371)	(17,149)	(85,037)	(57,892)	(35,171)	(429,620)	2,191	(427,429)
Fuel costs	(958,141)	-	-	-	-	(958,141)	-	(958,141)
Maintenance and overhaul	(118,798)	-	(41,251)	(474)	-	(160,523)	93,277	(67,246)
User charges and other related expenses	(345,253)	(118,221)	(13,453)	(30,210)	(57)	(507,194)	84,130	(423,064)
Other operating expenses	(83,800)	(7,601)	(21,989)	(84,879)	(5,989)	(204,258)	49,194	(155,064)
Other income	2,877	33	42	480	27	3,459	-	3,459
<b>EBITDA</b>	<b>501,678</b>	<b>9,028</b>	<b>27,565</b>	<b>(3,435)</b>	<b>(35,133)</b>	<b>499,703</b>	<b>2,525</b>	<b>502,228</b>
Depreciation & amortisation								(251,366)
Interest expense								(115,769)
Interest income								9,764
<b>Segment results</b>								<b>144,857</b>
Non-operating aircraft depreciation								(112,401)
Non-operating aircraft interest expense								(60,691)
Share of results of associates/joint venture								13,352
Foreign exchange loss								44,773
Profit before taxation								<u>29,890</u>

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**29. Review of Group Performance (cont'd.)**

*Consolidated Group Performance*

Driven by the revival of air travel during the period, the Group reported a revenue of RM5,241.4 million for 1Q2024. The reported revenue was more than double the revenue in the same period in 2023. The increase was mainly attributed to the strong recovery in demand from both domestic and international travel.

In the first quarter, 89% of the Group's revenue was attributed to the aviation segment while the logistics, digital and other businesses contributed the remaining 11% to the Group.

The Group reported a positive EBITDA of RM1,032.8 million in 1Q2024 as compared to a EBITDA of RM502.2 million in 1Q2023, driven by the improvement in the overall performance of the aviation segment. The Group reported a net loss of RM244.3 million in 1Q2024 as compared to a net profit of RM26.0 million in 1Q2023. The current quarter recorded foreign exchange loss of RM370.9 million due to the depreciation of local currencies against the USD during the quarter.

About 20% of the fleet (167 operating aircraft as at end of quarter) was not in operation during the quarter., depreciation and finance cost for non operating aircrafts were presented below net operating profit in the consolidated income statement. The net operating profit of the Group is RM 304.9 million, excluding depreciation and finance cost for non-operating aircraft.

**Cashflow commentary for current period against corresponding period**

<b>Net Cash Flow</b>	<b>Period ended 31/3/2024 RM million</b>	<b>Period ended 31/3/2023 RM million</b>
Cash from/(to) Operating activities	789.2	528.7
Cash from/(to) Investing activities	(97.4)	(44.7)
Cash from/(to) Financing activities	(434.0)	(374.0)
Net cash flow for the period	257.8	110.0

Operating Cash flow was positive due to overall improvement in the business. Cash flow from investing activities included the purchase of property, plant and equipment and deposits paid for leased aircraft and engines. Cash flow from financing activities for the current year are proceeds from borrowings and net of payment of debt and aircraft leases.

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**29. Review of Group Performance (cont'd.)**

**(a) Aviation**

**Performance indicators**

	Jan to Mar 2024	Jan to Mar 2023	Change %	YTD 2024	YTD 2023	Change %
Passengers Carried	15,414,351	8,576,362	80%	15,414,351	8,576,362	80%
Capacity	17,048,170	9,794,088	74%	17,048,170	9,794,088	74%
Seat Load Factor	90%	88%	3%	90%	88%	3%
RPK (million)	18,109	9,728	86%	18,109	9,728	86%
ASK (million)	20,237	11,201	81%	20,237	11,201	81%
Average Fare (RM)	264	210	26%	264	210	26%
Unit Passenger Revenue (RM)	321	258	24%	321	258	24%
Revenue / ASK (sen)	24.42	19.75	24%	24.42	19.75	24%
Revenue / ASK (US cents)	5.15	4.51	14%	5.15	4.51	14%
Cost / ASK (sen)	23.36	19.69	19%	23.36	19.69	19%
Cost / ASK (US cents)	4.93	4.49	10%	4.93	4.49	10%
Cost / ASK-ex Fuel (sen)	14.05	11.13	26%	14.05	11.13	26%
Cost / ASK-ex Fuel (US cents)	2.96	2.54	17%	2.96	2.54	17%
Aircraft (end of period)	215	154	40%	215	154	40%
Average Stage Length (km)	1,170	1,140	3%	1,170	1,140	3%
Number of Flights	93,566	53,524	75%	93,566	53,524	75%
Fuel Consumed (Barrels)	3,264,050	1,811,189	80%	3,264,050	1,811,189	80%
Average Fuel Price (US\$ / Barrel)	122	121	1%	122	121	1%

*Note: Jan-Mar 2023 /YTD 2023 excludes results of ThaiAirAsia*

The Aviation Group reported a revenue of RM4,948.6 million for 1Q2024, up 121% compared to the same period last year, in tandem with the upsurge of domestic and international travel.

Overall, the Aviation Group reported an EBITDA of RM957.9 million compared to RM501.7 million in the same period last year, backed by higher passengers carried and capacity, consistent with the higher number of operational aircraft.

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**29. Review of Group Performance (cont'd.)**

**(b) Teleport**

	<b>Jan to Mar 2024</b>	<b>Jan to Mar 2023</b>	<b>change %</b>
<b>Teleport</b>			
Tonnage (tonnes)	63,533	35,723	78%
Yield (RM/kg)	2.60	3.34	-22%
No. of Delivery ('000)	15,634	5,685	175%

Teleport's revenue rose by 48% year-on-year to RM224.5 million in 1Q2024 from RM152.0 million in the same quarter last year, contributed by the increase in volume delivered across the region. Both the cargo tonnage and e-commerce parcels saw YoY growth of 79% and 176%, respectively, while the daily average parcel volumes reached a new high of 172,000 parcels.

A steady growth in the cargo and e-commerce segments supported the EBITDA performance of RM5.3 million during the quarter, against a backdrop of normalising yields across the industry coupled with fixed costs incurred from freighter operation.

Teleport also signed with VietJet Air Cargo in March 2024 as Teleport's newest Air Partner alongside AirAsia and more than 30 other airlines, with the exclusive commercial rights to operate its New Delhi-Ho Chi Minh City sector. This partnership will unlock a wider range of destinations to better serve the growing air cargo demand of Southeast Asia.

**(c) Capital Aviation Services Sdn Bhd (CAPAS)**

CAPAS reported a total revenue of RM250.9 million and an EBITDA of RM 46.1 million for 1Q2024. The revenue is mainly from Asia Digital Engineering (ADE) and Santan.

**(i) Asia Digital Engineering (ADE)**

In 1Q2024, ADE achieved a total revenue of RM167.8m which is a 62% or RM64.5m increase compared to the same period last year. The increase is fueled by a significant uptick in air travel. The company completed 82% more base maintenance checks compared to the same period last year. Additionally, ADE exhibited agility in catering to time sensitive maintenance needs, with line maintenance checks experiencing an 18% YoY increase.

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**29. Review of Group Performance (cont'd.)**

**(c) Capital Aviation Services Sdn Bhd (CAPAS) (cont'd)**

**(ii) Santan**

Santan posted quarterly segmental revenue of RM37.2 million, representing a 59% YoY growth due to the launch of the inflight catering business. The surge in demand for inflight products aligns with the recovery of AirAsia's flight frequencies and strong spending growth. Santan recorded 5.1 million units sold in 1Q2024, up by 13% YoY. The cafe and restaurant segments also observed a revenue increase of 78% due to higher footfall and location changes. Santan achieved a positive EBITDA of RM3.3 million.

**(d) Move Digital**

	<b>Jan to Mar 2024</b>	<b>Jan to Mar 2023</b>	<b>change %</b>
<b>SuperApp</b>			
Monthly Active Users (MAU)('000)	15,344	12,855	19%
No. of Transactions ('000)	4,630	5,980	-23%
Gross Booking Value (RM'mil)	2,699	3,112	-13%
<b>BigPay</b>			
Total Users (cumulative)	4,236,187	3,797,154	12%
Carded Users (cumulative)	1,524,515	1,366,169	12%

Move Digital reported a total revenue of RM141.2 million and a negative EBITDA of RM7.7 million for 1Q24. The revenue is mainly from airasia Move and BigPay.

**(i) airasia Superapp ( "airasia Move")**

airasia MOVE's revenue for the quarter was RM130.3 million, a slight 20% decrease YoY. Flybeyond and Hotel are on an upward trend for 1Q2024 vs. 1Q2023 due to high demand and operational efficiency. EBITDA for the quarter was RM10.4 million, which makes it the seventh consecutive quarter in which airasia MOVE recorded positive EBITDA.

In terms of Monthly Active Users ("MAU"), airasia Move achieved 15.3 million average MAU during the quarter, an increase of 19% YoY. This was primarily due to the continued increase in travel demand and increased user acquisition on the mobile app.



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**29. Review of Group Performance (cont'd.)**

**(d) Move Digital (cont'd)**

**(ii) BigPay Group**

BigPay's year-on-year revenue increased by 2%, driven by higher cross-border fees and top-up fees. Additionally, the lending business grew by 267%.

There was a significant impact from disciplined cost reduction efforts, along with lower staff costs, resulting in a 24% reduction in total operating expenses.

As a result, first quarter EBITDA improved by 35%.

**(e) Capital A International (CAPI) and others**

CAPI reported a total revenue of RM59.4 million and an EBITDA of RM34.5 million for 1Q2024. The revenue of CAPI was driven mainly by brand licensing fees from Aviation and related parties, while the operating expenses were mainly related to staff cost and other operating expenses of CAPI, Capital A Berhad and RedBeat Academy.

**30. Variation of results against preceding quarter**

The Group recorded a positive EBITDA of RM1,032.8 million for the quarter under review, against the EBITDA of RM597.2 million in the preceding quarter ended 31 December 2023. The Group recorded a net loss of RM244.3 million for the quarter under review, against the net profit of RM20.9 million in the immediately preceding quarter mainly due to foreign exchange loss of RM370.9 million in this quarter.

**31. Profit forecast**

No profit forecast has been issued.

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### **32. Commentary on prospects**

We had a strong start to 2024, achieving our highest-ever quarterly performance after a year of revitalising our airline business and aggressively expanding our Capital A companies in 2023. This strong performance was fueled by robust travel demand on the back of school holidays and festive celebrations across Asean together with better operating efficiency.

#### **Aviation Group Outlook**

As we progress into 2Q2024, we expect a stabilisation in demand following the end of the peak travel period. Our ongoing aircraft reactivation program is nearing completion, with only 19 planes left to be reinstated in the second half of 2024. By year-end, we aim to have 202 operational aircraft, boosting our capacity to serve the growing demand across our expanding network. In network strategy, we expect to launch six international routes to capitalise on the anticipated demand growth from the China and India visa-free program in the next two quarters. We are also specifically committed to intensifying our ancillary offerings, building on the momentum from achieving RM 878 million in ancillary income in the first quarter of the year.

In May 2024, we proudly launched our fifth short-haul airline. AirAsia Cambodia commenced its inaugural flight from Phnom Penh to Siem Reap, marking an exciting expansion of our network. While initial operations focus on domestic, passengers in Cambodia can expect even greater travel options with the introduction of international routes in 3Q2024. AirAsia Cambodia is expected to scale up its operation to 3 aircraft this year.

#### **Capital A Companies Outlook**

Mirroring the trajectory of the airline industry, the Capital A companies are also expected to experience healthy growth. The synergy from the ecosystem enables us to fortify our business models, while enhancing our products and services to cater to a broader customer base.

In **Capital A Aviation Services (CAPAS)**, our engineering arm ADE's new hangar in KLIA is progressing according to schedule, maintaining its operational readiness of the first six lines in 3Q2024 and another eight lines in the last quarter. In tandem with the launch of AirAsia Cambodia, ADE has also expanded its line maintenance services into Cambodia. This will be followed by the Philippines and Indonesia, which will commence operations by 2Q2024 and 2H2024 respectively. Santan will continue to ride the surge in AirAsia's passenger traffic. The inflight catering and restaurant business aims to increase the take up rate for inflight meals by reducing its pre-book cut-off time from 24 hours to 1 hour before flight.

2024 marks **Teleport's** next phase of growth to make fast, affordable and reliable next day delivery for all businesses in Asean, for the first time. The roadmap to achieve this is anchored on investing heavily into its first- to last-mile infrastructure, together with its hybrid belly and freighter network to scale, enabled by the right use of technology. Teleport targets to deliver 2 million parcels daily by 2025, on par with global players. This year, Teleport expects a similar year-on-year increase in daily parcel delivery volumes, more than 250% growth while maintaining double digit gross profit margins. As Teleport has been successful in providing value-added incremental revenue on AirAsia's available belly space – contributing 35% growth up to RM732 million (USD154 mil) to AirAsia's cargo revenue in 2023, Teleport is looking to work with other airlines to unlock the same value and maximise their

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

**32. Commentary on prospects (cont'd.)**

existing assets through our Teleport Air Partner programme. VietJet Air Cargo, Teleport's newest Air Partner alongside AirAsia and 30 plus airlines, will commence its New Delhi-Ho Chi Minh City sector.

In parallel, plans are underway to restructure **Move Digital** to have AirAsia Move's Rewards as a direct subsidiary. This is to grant Rewards greater flexibility in running targeted loyalty initiatives to drive user stickiness within the Move Digital portfolio. Through exclusive offers and promotions using points, Rewards aims to increase more flight bookings for AirAsia. Bundled flight and hotel packages will also be used to drive conversion rates, making use of the ecosystem to build a competitive edge in the online travel agency landscape. Our fintech BigPay continues to capitalise on Asean's digital payments boom and is actively exploring the opportunity to transition into an operational regional neobank through strategic partnerships with traditional banking institutions in the region. Combining BigPay's e-wallet expertise with the financial infrastructure and regulatory backing of traditional banking institutions to create innovative digital banking solutions while expanding its reach into the B2B segment.

**Capital A International (CAPI)** plays a pivotal role in managing and maximising value of the AirAsia brand and other intellectual properties within the group. Our current focus is to secure ownership of a portfolio of brands within the Capital A group through IP assignments, finalise brand licensing agreements, pursue brand extensions and collaborations to expand visibility into new industries, and develop and monetise character IPs, starting with AirAsia Buds.

**Corporate Exercises**

On the recent announcement of disposing of our aviation business in April, we will soon be submitting the circular to Bursa Malaysia. We target to obtain the approval from Bursa by the end of June 2024. Subsequently, we plan to convene an Extraordinary General Meeting in 3Q2024 to proceed with the necessary approvals. Simultaneously, we are making strides in finalising the PN17 regularisation plan, which we anticipate to announce in 2H2024. Upon completion of this exercise, shareholders can unlock the full value of both the airline and non-airline businesses. The potential upside of these businesses is significant.

With all of the positive progress, the Board is optimistic on the 2024 prospects and looks forward to delivering a robust performance in the year ahead.

**CAPITAL A BERHAD**  
**201701030323 (1244493-V)**  
**FIRST QUARTER REPORT ENDED 31 MARCH 2024**

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

**33. Material litigation**

As at 29 May 2024, there was no material litigation against the Group.

**34. Earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial period.

	<b>INDIVIDUAL</b>		<b>CUMULATIVE</b>	
	<b>QUARTER</b>		<b>Period ended</b>	<b>Period ended</b>
	<b>Quarter ended</b>	<b>Quarter ended</b>		
	<b>31/3/2024</b>	<b>31/3/2023</b>	<b>31/3/2024</b>	<b>31/3/2023</b>
Net (loss)/profit attributable to owners of the Company (RM'000)	(91,554)	57,095	(91,554)	57,095
Weighted average number of ordinary shares in issue ('000)	4,254,653	4,053,425	4,254,653	4,053,425
Basic earnings per share (sen)	(2.2)	1.4	(2.2)	1.4

**35. Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors.

By order of the Board

CYNTHIA GLORIA LOUIS  
(SSM PC NO. 201908003061) (MAICSA 7008306)  
COMPANY SECRETARY  
29 May 2024