

CAPITAL A BERHAD
201701030323 (1244493-V)
SECOND QUARTER REPORT ENDED 30 JUNE 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 30 June 2024.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Period ended	Period ended
		30/6/2024 RM'000	30/6/2023 RM'000	30/6/2024 RM'000	30/6/2023 RM'000
			Restated		Restated
Revenue:	10				
- Aviation		4,555,832	2,844,385	9,478,726	5,042,467
- Logistic		205,138	165,609	426,929	317,575
- Digital and others		101,883	141,137	198,596	320,802
		4,862,853	3,151,131	10,104,251	5,680,844
Operating expenses:					
- Staff costs		(635,808)	(474,698)	(1,275,653)	(902,127)
- Aircraft fuel expenses		(1,798,223)	(1,128,623)	(3,683,264)	(2,086,764)
- Maintenance and overhaul		(685,512)	(481,518)	(1,378,025)	(548,764)
- User charges and other related expenses		(706,604)	(484,553)	(1,410,684)	(789,607)
- Logistic expenses		(150,553)	(130,473)	(313,918)	(248,483)
- Technology and IT related expenses		(80,181)	(61,264)	(161,177)	(129,766)
- Other operating expenses	11(i)	(160,173)	(86,996)	(334,035)	(173,558)
Other income	11(ii)	89,386	158,940	220,441	162,399
EBITDA		735,185	461,946	1,767,936	964,174
Depreciation and amortisation		(46,357)	(30,768)	(91,885)	(68,533)
Depreciation on right of use asset					
- Operating aircraft		(348,679)	(267,531)	(707,162)	(562,154)
- Others		(21,017)	(14,689)	(25,190)	(17,972)
Finance income	12	27,579	48,384	41,523	58,148
Finance costs - lease liabilities					
- Operating aircraft		(118,109)	(131,963)	(293,537)	(279,736)
Finance costs	12	(176,647)	(125,078)	(334,860)	(132,454)
Net operating profit/(loss)		51,955	(59,699)	356,825	(38,527)
Depreciation on right of use asset					
- Non-operating aircraft		(100,343)	(71,965)	(204,192)	(100,061)
Finance costs - lease liabilities					
- Non-operating aircraft		(76,568)	(104,012)	(155,931)	(125,323)
Foreign exchange (loss)/gain	12	(436,117)	(630,583)	(807,052)	(585,810)
Fair value gain on derivatives		965	(13,531)	1,383	(13,531)
Gain on remeasurement of previously held interest in associate	17	-	1,369,258	-	1,369,258
Share of results of associates/joint venture		(1,687)	(24,360)	(2,671)	(11,008)
(Loss)/profit before taxation		(561,795)	465,108	(811,638)	494,998
Tax expense	13	11,159	(11,662)	4,088	(15,538)
Deferred taxation	13	8,092	3,919	20,727	3,919
Net (loss)/profit for the financial period		(542,544)	457,365	(786,823)	483,379
Attributable to:					
- Owners of the company		(454,180)	646,284	(545,734)	703,379
- Non-controlling interests		(88,364)	(188,919)	(241,089)	(220,000)
		(542,544)	457,365	(786,823)	483,379

The Condensed Income Statement in compliance with MFRS 134.

CAPITAL A BERHAD
201701030323 (1244493-V)
SECOND QUARTER REPORT ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/6/2024 RM'000	Quarter ended 30/6/2023 RM'000	Period ended 30/6/2024 RM'000	Period ended 30/6/2023 RM'000
		Restated		Restated
Net (loss)/profit for the financial period	(542,544)	457,365	(786,823)	483,379
Other comprehensive expense				
Remeasurement loss on employee benefits liability, net of tax	(1,069)	4,969	(4,650)	5,922
Fair value reserve	(17,096)	38,293	(26,174)	77,708
Foreign currency translation differences	252,434	(1,104,853)	156,817	(1,034,599)
Total comprehensive (expense)/income	(308,275)	(604,226)	(660,830)	(467,590)
Total comprehensive (expense)/income attributable to:				
Owners of the Company	(71,338)	(413,365)	(423,893)	(245,648)
Non-controlling interests	(236,937)	(190,861)	(236,937)	(221,942)
	(308,275)	(604,226)	(660,830)	(467,590)

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.

CAPITAL A BERHAD
201701030323 (1244493-V)
SECOND QUARTER REPORT ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Note	AS AT 30/6/2024 RM'000	AS AT 31/12/2023 RM'000	
NON CURRENT ASSETS			
Property, plant and equipment	14	1,507,991	1,574,711
Right of use assets	14	12,050,772	12,460,280
Investment property		63,985	67,311
Finance lease receivables	14	155,623	158,000
Investment in associates	16	429,303	435,760
Investment securities	15	160,184	189,984
Intangible assets	24	4,484,509	4,624,514
Deferred tax assets		1,387,458	1,407,161
Receivables and prepayments	17	5,066,579	4,409,803
Deposits on aircraft purchase		735,788	617,412
Derivative financial instruments	22	11,383	11,383
		26,053,575	25,956,319
CURRENT ASSETS			
Inventories		345,171	294,590
Receivables and prepayments	17	890,141	1,266,665
Deposits on aircraft purchase		46,345	46,345
Amounts due from associates		19,439	25,440
Amounts due from related parties		114,698	154,640
Derivative financial instruments	22	941	-
Tax recoverable		15,185	8,334
Deposits, bank and cash balances		887,561	702,818
		2,319,481	2,498,832
CURRENT LIABILITIES			
Trade and other payables	18	4,725,450	4,206,264
Aircraft maintenance provisions and liabilities	19	1,950,706	1,782,717
Sales in advance		2,041,289	2,025,298
Amounts due to associates		21,297	7,327
Amounts due to related parties		502,283	570,557
Borrowings	20	809,799	862,308
Current portion of long term debentures	23	191,518	190,800
Lease liabilities	21	5,510,697	5,438,692
Derivative financial instruments		24	467
Provision of taxation		45,264	83,641
		15,798,327	15,168,071
NET CURRENT LIABILITIES		(13,478,846)	(12,669,239)

CAPITAL A BERHAD
201701030323 (1244493-V)
SECOND QUARTER REPORT ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	AS AT 30/6/2024 RM'000	AS AT 31/12/2023 RM'000
NON CURRENT LIABILITIES			
Trade and other payables	18	-	66,094
Aircraft maintenance provisions and liabilities	19	5,058,774	5,410,700
Borrowings	20	3,861,273	3,580,599
Non-current portion of long term debentures	23	342,974	357,510
Lease liabilities	21	13,825,318	13,750,088
Deferred tax liabilities		517,565	547,107
Provision for retirement benefits		213,261	199,719
		23,819,165	23,911,817
		(11,244,436)	(10,624,737)
CAPITAL AND RESERVES			
Share capital		8,749,790	8,711,742
Merger deficit		(5,507,594)	(5,507,594)
Other reserves		110,901	138,642
Foreign exchange reserve		369,712	217,047
Accumulated losses		(12,867,712)	(12,321,978)
		(9,144,903)	(8,762,141)
Non-controlling interests		(2,099,533)	(1,862,596)
Total equity		(11,244,436)	(10,624,737)
Net assets per share attributable to ordinary equity holders of the Company (RM)		(2.12)	(2.06)

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.

CAPITAL A BERHAD
201701030323 (1244493-V)
SECOND QUARTER REPORT ENDED 30 JUNE 2024

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		
At 1 January 2024	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 loss for the financial period	-	-	-	-	-	-	-	-	-	(545,734)	(545,734)	(241,089)	(786,823)
Other comprehensive income	-	-	-	152,665	-	-	-	(26,174)	(4,650)	-	121,841	4,152	125,993
Conversion of RCUIDS/Warrant reserve	50,785	38,048	-	-	-	152	(1,026)	-	-	-	37,174	-	37,174
Share-based payment expensed	-	-	-	-	3,957	-	-	-	-	-	3,957	-	3,957
At 30 June 2024	4,305,367	8,749,790	(5,507,594)	369,712	25,635	23,313	55,159	9,480	(2,686)	(12,867,712)	(9,144,903)	(2,099,533)	(11,244,436)
At 1 January 2023	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 profit for the financial period	-	-	-	-	-	-	-	-	-	703,379	703,379	(220,000)	483,379
Remeasurement of previously held interest in associate	-	-	-	-	-	-	-	-	-	-	-	(128,333)	(128,333)
Conversion of debentures	-	-	-	-	-	-	-	-	-	-	-	159,251	159,251
Acquisition of a non-controlling interests in a subsidiary	-	-	-	-	-	-	-	-	-	(2,403,998)	(2,403,998)	2,328,274	(75,725)
Other comprehensive income	-	-	-	(1,032,657)	-	-	-	77,708	5,922	-	(949,027)	(1,942)	(950,969)
Issuance of new shares	6,669	4,675	-	-	-	-	-	-	-	-	4,675	-	4,675
Conversion of RCUIDS/Warrant reserve	-	-	-	-	-	(125,097)	(56,702)	-	-	-	(181,799)	-	(181,799)
Share-based payment expensed	-	-	-	-	1,792	-	-	-	-	-	1,792	-	1,792
At 30 June 2023	4,168,462	8,659,652	(5,507,594)	145,616	18,406	1,734	56,034	32,035	(566)	(11,955,388)	(8,550,071)	(1,654,616)	(10,204,687)

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.

CAPITAL A BERHAD
201701030323 (1244493-V)
SECOND QUARTER REPORT ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	PERIOD ENDED	PERIOD ENDED
	30/6/2024	30/6/2023
	RM'000	RM'000
		Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(811,638)	494,998
Adjustments:		
Property, plant and equipment		
- Depreciation	91,152	67,708
- Loss/(gain) on disposal	689	(204)
- Write off	1,001	710
Rights of use asset		
- Depreciation	936,544	680,187
Intangible assets		
- Amortisation	733	825
Provision for retirement benefit	21,214	7,732
Aircraft maintenance provisions	543,453	210,858
Impairment/(reversal of impairment) of receivables, related parties, joint ventures and investment securities	551	(3,025)
Fair value (gain)/loss on derivative financial instruments	(1,383)	13,531
Share of results of associates and joint venture	4,218	11,008
Gain on remeasurement of previously held interest in associate	-	(1,369,257)
Net unrealised foreign exchange losses	779,474	490,753
Share-based payments	3,957	1,792
Interest expense	334,860	132,454
Interest on lease liabilities	449,468	405,059
Interest income	(41,523)	(58,148)
	2,312,770	1,086,981
Changes in working capital		
Inventories	(56,299)	(39,826)
Receivables and prepayments	(159,767)	13,312
Payables and provisions	(97,470)	(292,247)
Sales in advance	54,816	41,329
Amounts due from/to associates and related parties	100,939	302,586
Cash generated from operations	2,154,989	1,112,135
Interest paid	(104,049)	(93,633)
Interest received	1,758	1,950
Tax paid, net	(39,511)	(4,548)
Retirement benefit paid	(3,607)	(2,261)
Net cash generated from operating activities	2,009,580	1,013,643

CAPITAL A BERHAD
201701030323 (1244493-V)
SECOND QUARTER REPORT ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	PERIOD ENDED	PERIOD ENDED
	30/6/2024	30/6/2023
	RM'000	RM'000
		Restated
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Additions	(241,708)	(58,638)
- Proceeds from disposal	8,535	9
Subsidiary, net of cash acquired	-	228,428
Acquisition of other investments	-	(4,620)
Deposits paid for aircraft purchase/leased engines	(99,691)	(16,717)
Net changes		
- Deposits pledged as securities and restricted cash	23,279	902
- Deposits with licensed banks with maturity period of more than 3 months	36,684	11,582
Net cash (used in)/generated from investing activities	(272,901)	160,946
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	418,826	130,989
Repayment of borrowings	(143,138)	(177,771)
Repayment of lease liabilities	(1,792,676)	(929,609)
Acquisition of non-controlling interests	-	(52,061)
Net cash used in financing activities	(1,516,988)	(1,028,452)
NET INCREASE FOR THE FINANCIAL PERIOD	219,691	146,137
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	522,090	336,758
CURRENCY TRANSLATION DIFFERENCES	25,015	131,365
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	766,796	614,260
Note:		
Cash and cash equivalents at the end of the financial period	766,796	614,260
Add:		
Deposits pledged as securities and restricted cash	120,581	119,930
Deposits with licensed banks with maturity period of more than 3 months	184	813
Deposits, cash and bank balances at the end of the financial period	887,561	735,003

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.

CAPITAL A BERHAD
201701030323 (1244493-V)
SECOND QUARTER REPORT ENDED 30 JUNE 2024

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.

CAPITAL A BERHAD
201701030323 (1244493-V)
SECOND QUARTER REPORT ENDED 30 JUNE 2024

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

6. Changes in composition of the Group

On 15 March 2024, the Group incorporated AirAsia RB 1 Ltd. (“AARB1”), which is the wholly-owned special purpose vehicle of AirAsia Berhad (“AAB”), which in turn is the wholly-owned subsidiary of Capital A. On 21 August 2024 the Group entered into the definitive agreements with aircraft lessors and private credit funds for the issuance by AARB1, of Regulation S secured notes of up to USD443.0 million, due September 2026 and August 2028 (“Revenue Bond”).

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 30 June 2024, the Company issued 50,784,947 new ordinary shares at a total value of RM38.0 million 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 30 June 2024.

9. Dividends paid and proposed

No dividend has been proposed during the period ended 30 June 2024.

CAPITAL A BERHAD
201701030323 (1244493-V)
SECOND QUARTER REPORT ENDED 30 JUNE 2024

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

10. Revenue

	Quarter ended 30/6/2024 RM million	Quarter ended 30/6/2023 RM million
<u>Aviation revenue</u>		
Passenger revenue		
- seat sales	3,714.0	2,271.2
- others	782.9	472.7
Aircraft operating lease income	9.6	74.6
	4,506.5	2,818.5
Aviation Services	82.6	44.8
Logistic	205.1	165.6
<u>Digital & Others revenue</u>		
- AirAsia MOVE	54.4	89.7
- BigPay	9.8	11.0
- Others	4.4	21.5
	4,862.8	3,151.1

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.

CAPITAL A BERHAD
201701030323 (1244493-V)
SECOND QUARTER REPORT ENDED 30 JUNE 2024

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

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

	Quarter ended 30/6/2024 RM million	Quarter ended 30/6/2023 RM million	Period ended 30/6/2024 RM million	Period ended 30/6/2023 RM million
(a) Finance income				
Interest income from:				
- deposits with licensed banks	1.9	1.3	2.5	2.0
- from associates	-	0.3	0.8	0.4
- finance lease receivables	24.7	29.7	36.2	38.6
Discounting effect on financial instruments and others	1.0	17.1	2.0	17.1
	27.6	48.4	41.5	58.1
(b) Finance costs				
Bank borrowings	(97.2)	(36.1)	(186.6)	(68.9)
RCUIDS profit payment	(14.2)	(15.6)	(28.3)	(30.9)
Discounting effect on financial instruments, bank facilities and other charges	(65.2)	(73.4)	(119.9)	(32.6)
	(176.6)	(125.1)	(334.9)	(132.5)
(c) Foreign exchange gain/(loss)				
- realized	(32.2)	(99.4)	(38.9)	(95.1)
- unrealized	(403.9)	(531.2)	(768.2)	(490.7)
	(436.1)	(630.6)	(807.1)	(585.8)

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

RM20,727,000 deferred taxation has been recognised for the period ended 30 June 2024.

CAPITAL A BERHAD
201701030323 (1244493-V)
SECOND QUARTER REPORT ENDED 30 JUNE 2024

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

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

(a) acquisition and disposals

During the period ended 30 June 2024, the Group acquired property, plant and equipment with a total cost of RM241.7 million (period ended 30 June 2023: RM58.6 million). The acquisition is mainly for the expansion of hangars of ADE.

During the period ended 30 June 2024, the Group received proceeds from the disposal of property, plant and equipment of RM8.5 million (period ended 30 June 2023: RM0.01 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.

CAPITAL A BERHAD
201701030323 (1244493-V)
SECOND QUARTER REPORT ENDED 30 JUNE 2024

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

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

	As at 30/6/2024 RM million	As at 31/12/2023 RM million
Cost		
Investment	603.4	607.3
Share of results and reserves	(114.9)	(112.3)
Impairment loss	(59.2)	(59.2)
	429.3	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 30 June 2024, the Group has recognised all losses in these associates.

17. Receivables and prepayments

	As at 30/6/2024 RM million	As at 31/12/2023 RM million
<u>Non-current</u>		
Prepayments	3,671.9	3,404.6
Deposits and other receivables	1,394.7	1,005.2
	5,066.6	4,409.8
<u>Current</u>		
Trade and other receivables	275.3	945.7
Prepayments	336.0	137.0
Deposits	278.8	183.9
	890.1	1,266.6

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

CAPITAL A BERHAD
201701030323 (1244493-V)
SECOND QUARTER REPORT ENDED 30 JUNE 2024

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

18. Trade and other payables

	As at 30/6/2024 RM million	As at 31/12/2023 RM million
<u>Non-current</u>		
Other payables	-	66.1
<u>Current</u>		
Trade payables	937.0	1,445.8
Other payables	967.7	914.4
Accruals for fuel	549.2	206.6
Others	2,271.6	1,639.4
	<u>4,725.5</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	1,454.4	1,900.1
Aircraft maintenance payables	2,100.1	2,235.3
Aircraft maintenance reserve funds	3,455.0	3,058.0
	<u>7,009.5</u>	<u>7,193.4</u>
Current	1,950.7	1,782.7
Non Current	5,058.8	5,410.7
	<u>7,009.5</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.

CAPITAL A BERHAD
201701030323 (1244493-V)
SECOND QUARTER REPORT ENDED 30 JUNE 2024

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

20. Borrowings

	As at 30/6/2024 RM million	As at 31/12/2023 RM million
<u>Short term</u>		
Term loans	520.2	579.2
Revolving credit	7.0	7.0
Convertible loan note	282.6	276.1
	<hr/> 809.8	<hr/> 862.3
<u>Long term</u>		
Term loans	2,305.7	2,282.1
Other facility	893.9	613.4
RCUIDS	661.7	685.1
	<hr/> 3,861.3	<hr/> 3,580.6
Total	<hr/> 4,671.1	<hr/> 4,442.9

The currency profile of borrowings are as follows:

	As at 30/6/2024 RM million	As at 31/12/2023 RM million
Ringgit Malaysia	1,557.6	1,494.1
US Dollar	2,282.7	2,056.5
Philippine Peso	66.0	77.3
Thai Baht	731.7	774.7
Indonesian Rupiah	33.1	40.3
	<hr/> 4,671.1	<hr/> 4,442.9

During the financial period ended 30 June 2024, a total of RM38.0 million RCUIDS were converted into ordinary shares.

CAPITAL A BERHAD
201701030323 (1244493-V)
SECOND QUARTER REPORT ENDED 30 JUNE 2024

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

21. Lease liabilities

The lease liabilities amounting to RM19.3 billion includes deferred aircraft leases of approximately RM2.3 billion. The lease liabilities are supported by ROU assets of RM12.1 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 and foreign exchange forward contracts hedging

As at 30 June 2024, the Group has interest rate swaps agreements and foreign exchange forward contracts that were measured or disclosed at fair value.

23. Long-term debentures

	As at 30/6/2024 RM million	As at 31/12/2023 RM million
Current portion of long-term debentures	192.5	191.4
Less: Front-end fee	(1.0)	(0.6)
Total current portion of long term debentures - net	<u>191.5</u>	<u>190.8</u>
Long term debentures - net of current portion	346.5	361.0
Less: Front-end fee	(3.5)	(3.5)
Total non-current portion of long term debentures - net	<u>343.0</u>	<u>357.5</u>
Total	<u>534.5</u>	<u>548.3</u>

CAPITAL A BERHAD
201701030323 (1244493-V)
SECOND QUARTER REPORT ENDED 30 JUNE 2024

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

24. Intangible assets

	Goodwill	Landing rights	Internally developed software	Total
	RM million	RM million	RM million	RM million
<u>Cost</u>				
At 1 January 2024	2,417.5	2,430.8	44.0	4,892.3
Disposal	-	-	(10.8)	(10.8)
Exchange differences	(47.6)	(80.1)	(1.2)	(128.9)
At 30 June 2024	<u>2,369.9</u>	<u>2,350.7</u>	<u>32.0</u>	<u>4,752.6</u>
<u>Accumulated Amortisation and Impairment</u>				
At 1 January 2024	248.7	-	19.1	267.8
Exchange differences	-	-	0.3	0.3
At 30 June 2024	<u>248.7</u>	<u>-</u>	<u>19.4</u>	<u>268.1</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>
30 June 2024	<u>2,121.2</u>	<u>2,350.7</u>	<u>12.6</u>	<u>4,484.5</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:

	As at 30/6/2024 RM million	As at 31/12/2023 RM million
Approved and contracted for	<u>112,419</u>	<u>107,089</u>

CAPITAL A BERHAD
201701030323 (1244493-V)
SECOND QUARTER REPORT ENDED 30 JUNE 2024

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

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:

	Quarter ended 30/6/2024 RM million	Quarter ended 30/6/2023 RM million
1. Transaction of the Group with associates of a subsidiary		
a. Purchase of cargo transportation capacity		
- Thai AirAsia	-	3.6
b. Commission charged		
- Thai AirAsia	-	28.9
c. Management fees		
- Thai AirAsia	-	3.5
d. Aircraft maintenance service		
- Thai AirAsia	-	0.8
2. Transaction of the Group with companies with common directors and shareholders		
a. Purchase of cargo transportation capacity		
- AirAsia X	44.3	33.2
- Thai AirAsia X	23.5	26.7
b. Management fees		
- AirAsia X	2.0	1.9
- Thai AirAsia X	4.3	1.5
c. Commission charged		
- AirAsia X	3.4	12.0
- Thai AirAsia X	8.1	-
d. Aircraft maintenance service		
- AirAsia X	7.6	6.5
- Thai AirAsia X	0.1	4.3
d. Brand license fee		
- AirAsia X	6.5	8.3
- Thai AirAsia X	-	10.6

CAPITAL A BERHAD
201701030323 (1244493-V)
SECOND QUARTER REPORT ENDED 30 JUNE 2024

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

29. Review of Group Performance

The segmental information for the reportable segments for the quarters ended 30 June 2024 and 30 June 2023 are as follows:

	Aviation RM'000	Teleport RM'000	Capital Aviation Services RM'000	Move Digital RM'000	Capital A International and Others RM'000	Total Segments RM'000	Elimination Adjustments RM'000	Total RM'000
QTD								
30/6/2024								
Revenue	4,611,428	225,174	254,677	137,832	53,740	5,282,851	(419,998)	4,862,853
Staff costs	(483,802)	(21,965)	(77,977)	(37,654)	(14,579)	(635,977)	169	(635,808)
Fuel costs	(1,798,223)	-	-	-	-	(1,798,223)	-	(1,798,223)
Maintenance and overhaul	(769,892)	(22,362)	(72,703)	-	(19)	(864,976)	179,464	(685,512)
User charges and other related expenses	(756,600)	(170,787)	(34,388)	(28,030)	(1,000)	(990,805)	133,648	(857,157)
Other operating expenses	(204,858)	(7,577)	(30,419)	(72,573)	(14,688)	(330,115)	89,761	(240,354)
Other income	109,091	20	(697)	683	677	109,774	(20,388)	89,386
EBITDA	707,144	2,503	38,493	258	24,131	772,529	(37,344)	735,185
Depreciation & amortisation								(416,053)
Interest expense								(294,756)
Interest income								27,579
Segment results								51,955
Non-operating aircraft depreciation								(100,343)
Non-operating aircraft interest expense								(76,568)
Derivative gain								965
Share of results of associates/joint venture								(1,687)
Foreign exchange loss								(436,117)
Loss before taxation								(561,795)

CAPITAL A BERHAD
201701030323 (1244493-V)
SECOND QUARTER REPORT ENDED 30 JUNE 2024

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

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

The segmental information for the reportable segments for the periods ended 30 June 2024 and 30 June 2023 are as follows: (cont'd.)

	Aviation RM'000	Teleport RM'000	Capital Aviation Services RM'000	Move Digital RM'000	Capital A International and Others RM'000	Total Segments RM'000	Elimination adjustments RM'000	Total RM'000
QTD								
30/06/2023								
Revenue	2,886,316	166,990	226,569	180,594	4,954	3,465,423	(314,292)	3,151,131
Staff costs	(320,222)	(18,018)	(71,487)	(43,810)	(18,112)	(471,649)	(3,049)	(474,698)
Fuel costs	(1,128,623)	-	-	-	-	(1,128,623)	-	(1,128,623)
Maintenance and overhaul	(547,442)	(1,881)	(56,216)	(476)	-	(606,015)	124,497	(481,518)
User charges and other related expenses	(572,457)	(130,262)	(16,867)	(22,270)	(1,407)	(743,263)	66,973	(676,290)
Other operating expenses	(70,065)	(7,709)	(39,608)	(85,929)	(5,939)	(209,250)	122,254	(86,996)
Other income	157,194	35	762	198	751	158,940	-	158,940
EBITDA	404,701	9,155	43,153	28,307	(19,753)	465,563	(3,617)	461,946
Depreciation & amortisation								(312,988)
Interest expense								(257,041)
Interest income								48,384
Segment results								<u>(59,699)</u>
Non-operating aircraft depreciation								(71,965)
Non-operating aircraft interest expense								(104,012)
Derivative gain								(13,531)
Gain on remeasurement of previously held interest in associate								1,369,258
Share of results of associates/joint venture								(24,360)
Foreign exchange loss								(630,583)
Profit before taxation								<u><u>465,108</u></u>

CAPITAL A BERHAD
201701030323 (1244493-V)
SECOND QUARTER REPORT ENDED 30 JUNE 2024

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

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 RM4,862.9 million for 2Q2024, registering a growth of more than 50% versus the same period in 2023. The increase was mainly attributed to the strong recovery in demand from both domestic and international travel.

In the second quarter, 87% of the Group's revenue was attributed to the aviation segment while the logistics, digital and other businesses contributed the remaining 13% to the Group.

The Group reported a positive EBITDA of RM735.2 million in 2Q2024 as compared to a EBITDA of RM461.9 million in 2Q2023. The Group reported a net loss of RM542.5 million in 2Q2024 as compared to a net profit of RM457.4 million in 2Q2023 mainly due to the gain on remeasurement of previously held interest in associate recorded in previous financial year. Excluding this gain, 2QFY2023 would have recorded a net loss of RM911.9 million. The current quarter recorded foreign exchange loss of RM436.1 million due to the depreciation of local currencies against the USD during the quarter.

About 20% of the fleet (165 operating aircraft as at end of quarter) was not in operation during the quarter. Depreciation and finance costs for non operating aircrafts were presented below net operating profit in the consolidated income statement. The net operating profit of the Group is RM52.0 million, before accounting for depreciation and finance cost for non-operating aircraft.

Cashflow commentary for current period against corresponding period

Net Cash Flow	Period ended 30/6/2024 RM million	Period ended 30/6/2023 RM million
Cash from/(to) Operating activities	2,054.0	1,013.6
Cash from/(to) Investing activities	(272.9)	160.9
Cash from/(to) Financing activities	(1,561.4)	(1,028.5)
Net cash flow for the period	219.7	146.0

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.

CAPITAL A BERHAD
201701030323 (1244493-V)
SECOND QUARTER REPORT ENDED 30 JUNE 2024

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

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

(a) Aviation

Performance indicators

	Apr to June 2024	Apr to June 2023	Change %	YTD 2024	YTD 2023	Change %
Passengers Carried	15,648,711	11,088,629	41%	32,810,671	19,664,991	67%
Capacity	17,382,712	12,726,758	37%	36,329,690	22,520,846	61%
Seat Load Factor	90%	87%	3%	90%	87%	3%
RPK (million)	18,287	12,868	42%	38,291	22,597	69%
ASK (million)	20,547	15,027	37%	42,888	26,229	64%
Average Fare (RM)	240	205	17%	239	207	15%
Unit Passenger Revenue (RM)	292	254	15%	291	256	14%
Revenue / ASK (sen)	22.52	18.72	20%	22.19	19.16	16%
Revenue / ASK (US cents)	4.76	4.22	13%	4.68	4.28	9%
Cost / ASK (sen)	23.18	22.23	4%	21.97	21.15	4%
Cost / ASK (US cents)	4.90	5.01	-2%	4.64	4.72	-2%
Cost / ASK-ex Fuel (sen)	13.89	14.72	-6%	13.29	13.19	1%
Cost / ASK-ex Fuel (US cents)	2.94	3.32	-11%	2.81	2.95	-5%
Aircraft (end of period)	218	210	4%	218	210	4%
Average Stage Length (km)	1,136	1,143	-1%	1,176	1,141	3%
Number of Flights	95,462	69,639	37%	199,387	123,163	62%
Fuel Consumed (Barrels)	3,438,263	2,433,184	41%	7,045,431	4,244,373	66%
Average Fuel Price (US\$ / Barrel)	111	104	6%	110	110	1%

Note: Apr-Jun 2024 / YTD 2024 includes results of AirAsia Cambodia, Apr-Jun 2023 / YTD 2023 includes 1 month results of Thai AirAsia.

The Aviation Group reported a revenue of RM4,611.4 million for 2Q2024, up 60% 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 RM707.1 million compared to RM404.7 million in the same period last year. Increase in revenue, backed by higher number of passengers/average fare, is partly offset by higher fuel expenses and maintenance costs.

CAPITAL A BERHAD
201701030323 (1244493-V)
SECOND QUARTER REPORT ENDED 30 JUNE 2024

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

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

(b) Teleport

	Apr to Jun 2024	Apr to Jun 2023	change %
Teleport			
Tonnage (tonnes)	60,271	45,250	33%
Yield (RM/kg)	2.80	3.09	-9%
No. of Delivery ('000)	15,323	4,859	215%

Teleport's revenue increased 35% year-on-year to RM225.2 million in 2Q2024, driven by a 2.15X year-on-year increase in volumes delivered. Over 15.3 million parcels were delivered this quarter, bringing our year-to-date total to over 30 million parcels surpassing the total parcels delivered in 2023. Teleport delivered positive EBITDA of RM2.5 million in the quarter, against the backdrop of continued normalising industry yields, and higher freighter fixed maintenance costs.

(c) Capital Aviation Services Sdn Bhd (CAPAS)

CAPAS reported a total revenue of RM254.7 million and an EBITDA of RM38.5 million for 2Q2024. The revenue is mainly from Asia Digital Engineering (ADE) and Santan.

(i) Asia Digital Engineering (ADE)

In 2Q2024 ADE achieved a total revenue of RM173.9 million which is 21% or RM35.9 million increase compared to last year. The increase is fueled by a significant uptick in flight activities.. Additionally, ADE exhibited agility in catering to time sensitive maintenance needs, with line maintenance checks experiencing an 22% YoY increase.

(ii) Santan

Santan posted a quarterly segmental revenue of RM48.8 million, 88% growth YoY due to the launch of the inflight catering business. The surge in demand for inflight products is in line with the recovery of AirAsia flight frequencies and strong spending growth. Santan recorded 5.2 million units sold in 2Q2024, up by 6% YoY. Cafe and restaurant also observed an increase revenue by 68% due to the increase of footfall and change of locations. Santan also achieved a positive EBITDA of RM3.9 million.

CAPITAL A BERHAD
201701030323 (1244493-V)
SECOND QUARTER REPORT ENDED 30 JUNE 2024

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

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

(d) Move Digital

	Apr to Jun 2024	Apr to Jun 2023	change %
SuperApp			
Monthly Active Users (MAU)(’000)	13,013	15,043	-13%
No. of Transactions (’000)	4,291	7,883	-46%
Gross Booking Value (RM’mil)	2,258	3,383	-33%
BigPay			
Total Users (cumulative)	4,312,289	3,929,620	10%
Carded Users (cumulative)	1,549,144	1,414,013	10%

Move Digital reported a total revenue of RM137.8 million and a positive EBITDA of RM0.3 million for 2Q2024. The revenue is mainly from airasia Move and BigPay.

(i) airasia Superapp (“airasia Move”)

While airasia Move’s overall Monthly Active Users (MAUs) are down by 13% YoY, high intent app users have increased by 10% YoY.

Travel: Flights overall transactions are down due to value challenges. Airasia Move is working on addressing it, with recovery to be expected in 3Q2024 and getting back to 2023 level by 1Q2025.

Hotels are on a strong trajectory, posting a 33% YoY growth mainly attributed to improved personalisation and inventory.

Ride Hailing: Airport rides bookings are down by 10% YoY, but completion rate has improved by 2% YoY. Moving forward, airasia Move is focusing more on demand generation and improving the driver app.

AirAsia Rewards and other businesses: Rewards topline grew by 45% YoY on the back of higher points issuance and improved redemption rates of the points. In the future airasia Move is focusing on getting more external partners to join the rewards program.

CAPITAL A BERHAD
201701030323 (1244493-V)
SECOND QUARTER REPORT ENDED 30 JUNE 2024

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

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

(e) Move Digital (cont'd)

(ii) BigPay Group

BigPay continues to intensify efforts to achieve EBITDA profitability, building and nudging users towards features with positive unit economics.

While BigPay's YoY revenue dropped by 5% as the usage of unprofitable features declined, the drop in cost of sales was proportionately larger at -24% YoY. Staff cost reduced by 14% from headcount rationalisation efforts.

In addition, concerted efforts to reduce cost resulted in a -19% drop in other operating expenses from reduction in cost of points and card cost by RM 720k (-70%) and reduction in marketing cost by RM252k (-33%).

As a result, the 2Q2024 negative EBITDA has improved by 25%.

(f) Capital A International (CAPI) and others

CAPI reported a total revenue of RM53.7 million and an EBITDA of RM24.1 million for 2Q2024. 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 RM735.2 million for the quarter under review, against the EBITDA of RM1,032.8 million in the preceding quarter ended 31 March 2024. The Group recorded a net loss of RM542.5 million for the quarter under review, against the net loss of RM244.3 million in the immediately preceding quarter mainly due to lower revenue in the current quarter.

31. Profit forecast

No profit forecast has been issued.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

32. Commentary on prospects

The first half of 2024 marked a period of significant transformation for Capital A. With the corporate exercise plan progressing steadily and gaining positive market traction, Capital A is encouraged by the growing investor confidence in our strategic direction.

Aviation Group Outlook

In the second half, the airline anticipates to reactivate additional 15 planes out of the 22 non-active aircraft and receive additional eight new aircraft, which will allow investment in network growth across the region. With the returning capacity, the airline will be in the position to negotiate for better airport and tourism incentives like the pre-Covid days. This will facilitate its plan to launch 21 new routes in the next quarter. Travel demand is expected to remain robust supported by travel peak periods in China, Korea and India, and also year-end festivities. The immediate focus remains to optimise fares and yield while continuing to monitor the global fuel price given potential escalation of the Middle East conflict. Meanwhile, the airline's ancillary income segment continues to exhibit strong performance, with revenue per pax anticipated to maintain above RM50 in the second half of the year.

With the impending corporate disposal, the airline is working very closely with its long haul counterparts to ensure both groups will realise the operational and commercial synergies. Additionally, the recent signing of USD443 million revenue bond where AirAsia raised USD200 million new fund is a stepstone for the group to strengthen its financial position and to accelerate growth.

Capital A Companies Outlook

The rest of the Capital A companies are also expected to experience the same positive trend as the full aircraft recovery by the airline will have a ripple effect on the ecosystem. Not only that, Capital A companies are also ready to explore growth beyond the ecosystem for the remainder of the year.

In **Capital A Aviation Services (CAPAS)**, the engineering arm ADE is expanding starting with the launch of its line maintenance services in Cambodia, the Philippines and Indonesia. For the base maintenance services, the construction of the new hangar at KLIA is progressing as planned, with the first six lines completed and the remaining eight lines on track for operation by the end of 2024. Following this, ADE will continue to look for opportunities to build more hangar lines and workshops as more capacity is required for ADE to serve AirAsia and other third party airlines. The inflight catering arm, Santan is customising its inflight offerings - from light to jumbo meal sizes to fit the different needs of passengers. The next focus is for Santan to grow their external customers, offering inflight services to other airlines beyond AirAsia, as well as supplying ready-to-eat meals to new on-ground partners like Zus, Tealive and Secret Recipe.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

32. Commentary on prospects (cont'd.)

Teleport's main goal is to deliver two million parcels per day by the end of 2025. To do this, Teleport is aggressively expanding its capacity - not just through AirAsia belly space but also additional third party airline belly capacity via Air Partners, having onboarded major airlines namely Etihad Cargo, Turkish Cargo, and Pakistan International Airlines during 2Q2024. Teleport addressed reliability issues of its freighters in 2Q2024, and moving forward can expect improved performance on its freighter operations in the coming quarters. Optimising its mixed fleet operations of freighters and belly capacity, combined with continued growth via Air Partners as they provide Teleport complementary capacity, trade lanes and network reach, are critical to achieve Teleport's ambitious goal of tenfold parcel growth in the coming year.

AirAsia MOVE under **Move Digital** will prioritise strategic technological enhancement of the app's front and backend infrastructure that will elevate the overall customer experience and increase conversions. Concurrently, AirAsia MOVE will intensify marketing efforts with campaigns such as Mega Sales and the flagship Flyday Flash Sale to drive user acquisition and conversion, leveraging its exclusive access to AirAsia flights inventory. Additionally, securing preferential fare classes and exclusive partnerships with airlines will bolster competitive edge and drive market share growth. Capital A's fintech, BigPay is set to make its EBITDA positive after its success at turning around at gross profit level. Further cost rationalisation is expected with the formation of the Big Fintech Group, which will see BigPay and AirAsia Rewards housed under one holding company. On the revenue side, BigPay aims to target foreign workers and forging partnerships in key markets like Indonesia and Bangladesh to facilitate cross-border remittance. In the payments segment, BigPay will focus on high-margin corridors while deepening its collaboration with AirAsia MOVE by making BigPay the primary payment at checkout.

Corporate Exercises

The Group is making significant progress in its corporate restructuring efforts. The draft circular and notice of Extraordinary General Meeting ("EGM"), outlining the proposed disposal of its aviation business, was submitted to Bursa Malaysia in July for their review and clearance. The proposed disposal will subsequently be tabled for our shareholders' approval at an EGM. Concurrently, the Group is diligently finalising its regularisation plan, with the aim of exiting PN17 status upon obtaining the necessary regulatory approvals. Upon successful completion of both initiatives, shareholders are poised to unlock the full potential of the group's aviation and non-aviation businesses.

Driven by these positive developments, the Board remains optimistic about the Company's prospects for 2024 and is committed to delivering a robust financial performance.

CAPITAL A BERHAD
201701030323 (1244493-V)
SECOND QUARTER REPORT ENDED 30 JUNE 2024

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

33. Material litigation

As at 29 August 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.

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended 30/6/2024	Quarter ended 30/6/2023	Period ended 30/6/2024	Period ended 30/6/2023
Net (loss)/profit attributable to owners of the Company (RM'000)	(454,180)	Restated 646,284	(545,734)	Restated 703,379
Weighted average number of ordinary shares in issue ('000)	4,262,434	4,059,531	4,258,543	4,056,478
Basic earnings per share (sen)	(10.7)	15.5	(12.8)	17.4

35. Prior period adjustment

The following error affecting the results of the prior period has been adjusted retrospectively in accordance with the requirements of MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors.

In prior financial period, the Group had accounted for certain foreign exchange gains or losses arising from intra-group transactions in the statement of other comprehensive income, rather than in the statement of profit or loss.

The financial effects of the above mentioned prior period adjustment and the change in certain comparative amounts to conform to the current period's financial statements presentation of the Group are as follows:

CAPITAL A BERHAD
201701030323 (1244493-V)
SECOND QUARTER REPORT ENDED 30 JUNE 2024

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

35. Prior period adjustment (cont'd.)

Unaudited condensed consolidated statement of financial position
As at 30 June 2023

	As previously stated RM'000	Adjustment RM'000	As restated RM'000
Capital and reserve			
Foreign exchange reserve	(1,657,962)	1,803,578	145,616
Accumulated losses	(10,151,810)	(1,803,578)	(11,955,388)

Unaudited condensed consolidated income statement and statement of comprehensive income
For the period ended 30 June 2023

	As previously stated RM'000	Adjustment RM'000	As restated RM'000
Foreign exchange loss	(113,813)	(471,997)	(585,810)
Profit before tax	966,995	(471,997)	494,998
Taxation	(11,619)	-	(11,619)
Loss for the period	955,376	(471,997)	483,379
Other comprehensive loss			
Foreign currency translation reserve	(1,506,596)	471,997	(1,034,599)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(1,506,596)	471,997	(1,034,599)

CAPITAL A BERHAD
201701030323 (1244493-V)
SECOND QUARTER REPORT ENDED 30 JUNE 2024

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

35. Prior period adjustment (cont'd.)

For the quarter ended 30 June 2023

	As previously stated RM'000	Adjustment RM'000	As restated RM'000
Foreign exchange loss	(158,586)	(471,997)	(630,583)
Profit before tax	937,105	(471,997)	465,108
Taxation	(7,743)	-	(7,743)
Loss for the period	929,362	(471,997)	457,365
Other comprehensive loss			
Foreign currency translation reserve	(1,576,850)	471,997	(1,104,853)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(1,576,850)	471,997	(1,104,853)

Unaudited condensed consolidated cash flow statements

For the period ended 30 June 2023

	As previously stated RM'000	Adjustment RM'000	As restated RM'000
Cash flows from operating activities			
Profit before taxation	966,995	(471,997)	494,998
Adjustment for:			
Net unrealised foreign exchange loss	18,756	471,997	490,753

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

36. Status of corporate proposal announced

On 25 April 2024 and 26 July 2024, RHB Investment Bank Berhad had, on behalf of our Board, announced that our Company proposes to undertake the following corporate proposals:

- (a) the proposed disposal of our 100% equity interest in AirAsia Aviation Group Limited (“**AAAGL**”) to AirAsia X Berhad (“**AAX**”) for a disposal consideration of RM3,000.0 million to be satisfied entirely via the allotment and issuance of 2,307,692,307 new ordinary shares in AAX (“**AAX Shares**”) at an issue price of RM1.30 each (“**Proposed AAAGL Disposal**”);
- (b) the proposed disposal of our Company of our 100% equity interest in AirAsia Berhad (“**AAB**”) to AAX for a disposal consideration of RM3,800.0 million to be satisfied entirely via the assumption by AAX of an amount of RM3,800.0 million owing by our Company to AAB (“**Proposed AAB Disposal**”); and
- (c) the proposed distribution of new ordinary shares in AAX (“**AAX Shares**”) to be received as consideration shares for the Proposed AAAGL Disposal of approximately RM2,200.0 million in value (“**Distribution Shares**”), to the entitled shareholders of our Company (“**Entitled Shareholders**”) based on their respective shareholdings in our Company on an entitlement date to be determined later (“**Entitlement Date**”) by way of distribution-in-specie via a reduction and repayment of our Company’s share capital pursuant to Section 116 of the Companies Act 2016 (“**Proposed Distribution**”).

The Proposed AAAGL Disposal and Proposed AAB Disposal shall collectively be referred to as “**Proposed Disposals**”.

The Proposed Disposals are intended to be undertaken by our Company to streamline our Group’s core business activities to focus on aviation services and digital businesses which are essential and complementary to the passenger airlines business. The Entitled Shareholders will be able to continue participating in the business of the enlarged aviation group comprising AAX, AAAGL, AAB and their respective subsidiaries via AAX Shares held pursuant to the Proposed Distribution.

The Proposed Disposals are also expected to result in greater clarity of investment which would facilitate business-centric valuation of the separate entities. Additionally, our Company is expected to record a gain on remeasurement of remaining interest in AAAGL and gain on disposal of AAB and is thereby expected to improve the shareholders’ equity of our Group in our effort to regularise our financial conditions.

CAPITAL A BERHAD
201701030323 (1244493-V)
SECOND QUARTER REPORT ENDED 30 JUNE 2024

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

36. Status of corporate proposal announced (cont'd.)

The Proposed Distribution to be undertaken in conjunction with the Proposed AAAGL Disposal is intended to reward the Entitled Shareholders for their continuous support by providing them with an opportunity to invest directly in AAX, while allowing clarity of investment in two distinct entities with different business activities, namely aviation businesses and aviation services and digital businesses, as well as enable the Entitled Shareholders to potentially benefit directly from the future performance of AAX.

The draft circular to shareholders in relation to the above corporate exercise has been submitted to Bursa Securities for their review.

37. 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 August 2024