

AIRASIA X BERHAD
[REGISTRATION NO. 200601014410 (734161-K)]
(Incorporated in Malaysia)

Dear Valued Shareholders of AIRASIA X BERHAD,

ERRATA TO THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022 CONTAINED IN THE ANNUAL REPORT 2022 OF THE COMPANY

Reference is made to the Audited Financial Statements for the financial period ended 31 December 2022 (“AFS FPE 2022”) contained in the Annual Report 2022 of AirAsia X Berhad (“the Company”), which was issued to the shareholders and submitted to Bursa Malaysia Securities Berhad on 28 April 2023.

We wish to inform that amendments have been made to the relevant sections on the following pages of the Annual Report 2022 of the Company by this Errata. Appendix 1 enclosed herewith:-

	Details of Sections	Page No. In the Annual Report 2022
1	Directors’ Report Financial Results	Page 56
2	Statement of Profit or Loss for the financial period ended 31 December 2022	Pages 61 to 62
3	Statement of Financial Position as at 31 December 2022	Pages 63, 64, 66
4	Statement of Cash Flows for the financial period ended 31 December 2022	Pages 71, 73
5	Notes to Financial Statements 2.1 Basis of preparation 3 (v). Provision for termination 25. Amount due from an associate 42. Segmental information 46. Prior year adjustment	Pages 74, 75 Page 98 Page 128 Pages 159, 162, 163 Page 171

Save for the abovesaid amendment, the other details and information contained in the Annual Report 2022 remains valid and unchanged.

Yours faithfully
For and on behalf of
AIRASIA X BERHAD

BENYAMIN ISMAIL
Chief Executive Officer
Date: 2 May 2023

Appendix 1

DIRECTORS' REPORT

Directors' report

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

Principal activities

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

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

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

Change of financial year end

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

Financial results

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

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

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

Share capital

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

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

STATEMENTS OF PROFIT OR LOSS

For the financial period ended 31 December 2022

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

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

Appendix 1

STATEMENTS OF COMPREHENSIVE INCOME

For the financial period ended 31 December 2022

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

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Note	31.12.2022	30.06.2021	01.01.2020
		RM'000	RM'000	RM'000
			Restated	Restated
Group				
Assets				
Non-current assets				
Property, plant and equipment	16	159,037	-	623,445
Right-of-use assets	17	1,013,394	-	4,959,771
Deferred tax assets	18	612,240	-	-
Finance lease receivables	19	-	-	842,043
Investment in an associate	21	-	-	-
Investment in a joint venture	22	-	-	-
Trade and other receivables	24	117,059	1,571,017	1,574,356
Amount due from an associate	25	-	23,434	50,165
Derivative financial assets		-	-	1,311
		1,901,730	1,594,451	8,051,091
Current assets				
Inventories	23	9,190	-	13,102
Trade and other receivables	24	230,634	119,604	671,902
Amount due from an associate	25	29	150,540	117,772
Amount due from a joint venture		-	-	4,501
Amount due from related parties	27	131,848	4,068	119,328
Finance lease receivables	19	-	-	170,631
Derivative financial assets		-	-	44,615
Tax recoverable		1,735	1,694	1,481
Deposits, cash and bank balances	31	176,710	74,110	357,961
		550,146	350,016	1,501,293
Total assets		2,451,876	1,944,467	9,552,384

Appendix 1

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Note	31.12.2022 RM'000	30.06.2021 RM'000 Restated	01.01.2020 RM'000 Restated
Group (cont'd.)				
Equity and liabilities				
Current liabilities				
Sales in advance	35	391,373	504,841	730,725
Derivative financial liabilities		-	-	2,317
Trade and other payables	32	411,047	1,587,120	823,811
Provision for termination	10	-	25,163,344	-
Amount due to an associate	28	3,380	3,625	45,391
Amount due to related parties	30	8,469	353,906	30,616
Borrowings	33	57,033	6,766,607	860,070
Provision for aircraft maintenance	34	28,169	29,469	88,710
		899,471	34,408,912	2,581,640
Net current liabilities		(349,325)	(34,058,896)	(1,080,347)
Non-current liabilities				
Derivative financial liabilities		-	-	3,541
Sales in advance	35	352,139	-	-
Trade and other payables	32	-	589	14,818
Amount due to an associate	28	-	170,284	213,708
Borrowings	33	1,005,449	2	5,405,541
Provision for aircraft maintenance	34	256,775	931,781	1,195,266
Provision for additional loss in the investment in IAAX	3(viii)	223,245	-	-
		1,837,608	1,102,656	6,832,874
Total liabilities		2,737,079	35,511,568	9,414,514
Net liabilities		(285,203)	(33,567,101)	137,870
Equity attributable to equity holders of the Company				
Share capital	36	1,534	1,534,044	1,534,043
Warrant reserve	37	-	-	62,222
Other reserves	37	-	-	30,452
Currency translation reserve		(14)	727	89
Accumulated losses		(286,751)	(35,101,872)	(1,488,936)
Total equity		(285,203)	(33,567,101)	137,870

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

Appendix 1

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Note	31.12.2022 RM'000	30.06.2021 RM'000 Restated	01.01.2020 RM'000 Restated
Company (cont'd.)				
Equity and liabilities				
Current liabilities				
Sales in advance	35	391,373	504,841	730,725
Derivative financial liabilities		-	-	2,317
Trade and other payables	32	282,401	1,431,922	811,539
Provision for termination	10	-	25,163,344	-
Amount due to subsidiaries	29	635	153,500	2,898
Amount due to an associate	28	3,380	41,870	72,013
Amount due to related parties	30	8,469	353,906	33,084
Borrowings	33	57,033	6,851,341	876,590
Provision for aircraft maintenance	34	27,974	29,469	88,710
		771,265	34,530,193	2,617,876
Net current liabilities		(337,248)	(34,142,233)	(1,103,537)
Non-current liabilities				
Sales in advance	35	352,139	-	-
Derivative financial liabilities		-	-	3,541
Trade and other payables	32	-	589	14,818
Amount due to an associate	28	-	170,284	213,708
Borrowings	33	1,005,449	2	5,479,458
Provision for aircraft maintenance	34	256,775	931,781	1,195,266
Provision for additional loss in the investment in IAAX	3(vii)	223,245	-	-
		1,837,608	1,102,656	6,906,791
Total liabilities		2,608,873	35,632,849	9,524,667
Net liabilities		(273,122)	(33,650,434)	122,961
Equity attributable to equity holders of the Company				
Share capital	36	1,534	1,534,044	1,534,043
Warrant reserve	37	-	-	62,222
Other reserves	37	-	-	30,452
Accumulated losses		(274,656)	(35,184,478)	(1,503,756)
Total equity		(273,122)	(33,650,434)	122,961

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

STATEMENTS OF CASH FLOWS

For the financial period ended 31 December 2022

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

STATEMENTS OF CASH FLOWS

For the financial period ended 31 December 2022

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The registered office and principal place of business of the Company is located at RedQ, Jalan Pekeliling 5, Lapangan Terbang Antarabangsa Kuala Lumpur (KLIA2), 64000 KLIA, Selangor Darul Ehsan.

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

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

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

2. Summary of significant accounting policies

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

2.1 Basis of preparation

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

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

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

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

The global economy and in particular, the commercial airline industry are recovering from the COVID-19 pandemic. The relaxation of travel and border restrictions implemented by countries around the world have contributed to an improved demand for international air travel. Comparatively, the Group's and the Company have reported a net profit of RM33.28 billion and RM 33.38 billion (30 June 2022: net loss of RM33.68 billion and RM33.74 billion) respectively for the financial period ended 31 December 2022. In addition, the Group and the Company also reported an improved shareholders' deficit of RM 285.20 million and RM 273.12 million (30 June 2021: RM 33.57 billion and RM33.65 billion) respectively.

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

2.1 Basis of preparation (cont'd.)

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

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

2.2 Adoption of new and revised pronouncements

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

Effective for annual periods beginning on or after 1 January 2021

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

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

Appendix 1

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

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

(iv) Provision for aircraft maintenance

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

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

(v) Provision for termination

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

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

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

(vi) Impairment assessment of financial assets

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

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

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

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

Appendix 1

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

25. Amount due from an associate

	Group		Company	
	31.12.2022	30.6.2021	30.12.2022	30.6.2021
	RM'000	RM'000	RM'000	RM'000
Non-current				
Amount due from an associate	-	23,434	-	23,434
Current				
Amount due from an associate	755,518	539,869	-	18,481
Less: Allowance for impairment of amount due from subsidiaries	(755,489)	(389,329)	-	-
	29	150,540	-	18,481
	29	173,974	-	41,915

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

	Group		Company	
	RM'000	RM'000	RM'000	RM'000
At 1 July 2021/1 January 2020	(389,239)	-	-	-
Allowance for impairment (Note 9)	(366,160)	(389,239)	-	-
At 31 December 2022/30 June 2021	(755,489)	(389,239)	-	-

The amount due from an associate, Thai AirAsia X Co. Ltd, are unsecured, bearing effective weighted average interest rate of 10.6% per annum and repayable over 6 years.

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

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

26. Amount due from subsidiaries

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

42. Segmental information

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

42. Segmental information (cont'd.)

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

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

^ Excluding investment in an associate and a joint venture.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

42. Segmental information (cont'd.)

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

43. Unconsolidated structured entities

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

The aircraft and the corresponding term loans and finance costs associated with the SPC have been recognised by the Group and Company upon the purchase of the aircraft. During the financial period, subsequent to the completion of the debt restructuring on 16 March 2022, the term loan was waived by BNP Paribas S.A..

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

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

The details of the SPC entities are as follows:

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

46. Prior year adjustments (cont'd.)

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

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

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

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

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