

Financial Report 2025

Ready, Set,
Grow

201701030323 (1244493-V)

**Capital A Berhad
(Incorporated in Malaysia)**

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Directors' report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2025.

Principal activities

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are mainly provision of maintenance, repair and overhaul, logistics, online travel agency, food and beverages, brand and intellectual property and fintech services. Further details of the principal activities of the subsidiaries are described in Note 13 to the financial statements. There were no significant changes in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit net of tax	<u>13,433,736</u>	<u>1,222,157</u>
Profit net of tax attributable to:		
Owners of the parent	13,018,058	1,222,157
Non-controlling interests	415,678	-
	<u>13,433,736</u>	<u>1,222,157</u>

Reserves and provisions

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

Dividend

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

Share capital

During the financial year, the issued and paid-up share capital of the Company increased following the conversion of Redeemable Convertible Unsecured Islamic Debt Securities ("RCUIDS") and the exercise of warrants.

The RCUIDS were converted into a total of 90,126,728 ordinary shares, comprising 36,810,086 shares at an issue price of RM0.75 per share and 53,316,642 shares at an issue price of RM0.21 per share. In addition, 9,635,012 warrants were exercised into ordinary shares, comprising 9,576,697 shares at RM1.00 per share and 58,315 shares at RM0.28 per share. All new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

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RCUIDS and Warrants

Units of RCUIDS convertible into ordinary shares of the Company as at the financial year ended 31 December 2025 are as follows:

Expiry date	Conversion price (RM)	Units of RCUIDS
29 December 2028	0.21	815,230,589

Salient terms of the RCUIDS are disclosed in Note 29 to the financial statements.

Number of warrants with options to subscribe for ordinary shares of the Company as at the financial year ended 31 December 2025 are as follows:

Expiry date	Exercise price (RM)	Units of warrants
29 December 2028	0.28	640,035,136

Salient terms of the warrants are disclosed in Note 36 to the financial statements.

Directors

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

Datuk Kamarudin Bin Meranun*
Tan Sri Anthony Francis Fernandes*
Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar
Dato' Mohamed Khadar Bin Merican
Dato' Fam Lee Ee*
Brigadier General Dato' Fadzillah Binti Abdullah (Retired)

* These Directors are also Directors of the Company's subsidiaries.

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

Aaron Gomez	Army Aditya	Chan May May
Adam Nicholas James Rhodes	Augustus Ralph Marshall	Chan Yeng Han
Aim Prachyaset	Bawornpak Siripanich	Craig Matthews
Aireen Omar	Cao Nghi Hoang	Dato' Sreesanthan A/L
Anajuk Chareonwongsak	Carlo Emmanuel M/ Locsin	Eliathamby
Anthony Chai Kwok Seng	Chandran S/O Urath	Dato' Hisham Bin Othman
Arifin Eko Prasetyo	Sankaran Nair	Frederick M Arejola

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Directors (cont'd.)

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

Francis Anthony Anthony Mariedass	Mark Xavier D. Oyales Mihai-Gabriel Simionescu	Randy Fernando Manongga Raja Hamzah Abidin Bin Raja
Ernest D. Bernal	Milan Dhingra	Nong Chik
Eric Lim Soon Huat	Mohamad Hafidz Bin Mohd Fadzil	Ramanathan A/L A.M.N Thiagarajan
Goh Hui Loon	Manolito Alvarez Manolo	Ras Adiba Binti Mohd Radzi
Hanim Hamzah	Mounir Klinkhamer	Riad Asmat
Hee Joon Kim	Muhammad Hafiz Bin Khairudin	Ricardo P. Isla Rozman Bin Omar
Jan Philipp Poter	Muhammad Hazwan Bin Muhammad Hatta	Sami Joseph El Hadery Severino Miguel. B Sanchez
Joanna Binti Ibrahim	Marrisa Ann Jessudass	Siti Nurdiana Binte Mohamed Ramli
John Paul V. De Leon	Nadia Zahir Omer	Siti Melisa Binti Mohd Irwan Abdullah
Joshua Alexander Harris	Nam Vissoth	Subashini A/P Silvadas @ Silvadar
Karena Fernandes	Natacha Sabrina Kong Hung Cheong	Tan Lih Shan
Kartina Binti Mohd Tahir	Natasha Binti Kamaluddin	Tanarat Wachirakul
Keith Lingam A/L Mahalingam	Nguyen Thi Bich Lien	Tan Siew Lee
Kerry Cheng Davis	Nicholas Chua	Tassapon Bijleveld
Kesavan Sivanandam	Nipun Anand	Teh Mun Hui
Kok Ding Chan	Nur Airin Zairin Binti Zainul Bahrin	V Loganathan S/O Velaitam
Leo Francis F. Abot	Olivier Petra	Wee Choo Peng
Leong Shir Mein	Pattra Boosarawongse	Yeoh Sai Ho
Lou Chiu Chern	Prashanth Ahobala	Yona Chandrawati
Low Kar Chuan	Nagabushan	
Ikhlas Bin Kamarudin		
Isharidah Binti Ishak		
Mahesh Kumar A/L Jaya Kumar		
Manfredi Lefebvre D' Ovidio Clunieres Di Balsorano		

Directors' benefits

During and at the end of the financial year ended 31 December 2025, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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Directors' benefits (cont'd.)

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit other than benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements or the fixed salary of a full-time employee of the Company by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 5(b) and Note 5(c) to the financial statements.

Details of Directors' remuneration of the Group and of the Company for the financial year ended 31 December 2025 are as follows:

	Group RM'000	Company RM'000
Directors of the Company:		
Salaries, bonus, allowances and other employee benefits	90,753	55,253
Defined contribution plan	11,343	7,083
Fees	2,158	2,158
	<u>104,254</u>	<u>64,494</u>

Indemnity and insurance for Directors, officers and auditors

The Directors and officers of the Group and of the Company are covered under a Directors' and Officers' Liability Insurance up to an aggregate limit of RM100,000,000 against any legal liability, if incurred by the Directors and officers of the Group and of the Company in the discharge of their duties while holding office for the Company and its subsidiaries.

During the financial year, the total amount of indemnity coverage and insurance premium paid for Directors and officers of the Group and of the Company were RM1,260,000.

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

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Directors' interests

According to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of the Directors in office at the end of the financial year in the ordinary shares, warrants and/or RCUIDS of the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			At 31.12.2025
	At 1.1.2025	Acquired	Disposed	
Direct interests in the Company				
Datuk Kamarudin Bin Meranun ¹	2,000,000	-	-	2,000,000
Tan Sri Anthony Francis Fernandes ²	2,000,000	300,000	-	2,300,000
Dato' Mohamed Khadar Bin Merican	100,000	-	-	100,000
Indirect interests in the Company				
Tan Sri Anthony Francis Fernandes ³	1,025,485,082	-	-	1,025,485,082
Datuk Kamarudin Bin Meranun ⁴	1,026,558,782	300,000	-	1,026,858,782
Number of redeemable convertible unsecured islamic debt securities ("RCUIDS")				
	Number of redeemable convertible unsecured islamic debt securities ("RCUIDS")			At 31.12.2025
	At 1.1.2025	Acquired	Disposed	
Direct interests in the Company				
Dato' Mohamed Khadar Bin Merican	250,000	-	-	250,000
Indirect interests				
Tan Sri Anthony Francis Fernandes [^]	343,028,359	-	-	343,028,359
Datuk Kamarudin Bin Meranun ^{^^}	344,532,759	1,746,600	-	346,279,359

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Directors' interests (cont'd.)

According to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of the Directors in office at the end of the financial year in ordinary shares, warrants and/or RCUIDS over ordinary shares in the Company and its related corporations during the financial year were as follows: (cont'd.)

	Number of Warrants			At 31.12.2025
	At 1.1.2025	Acquired	Disposed	
Indirect interests				
Tan Sri Anthony Francis				
Fernandes ²	171,514,179	-	-	171,514,179
Datuk Kamarudin Bin				
Meranun ¹	171,514,179	-	-	171,514,179

¹ Shares held under HSBC Nominees (Tempatan) Sdn. Bhd.

² Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. and Alliancegroup Nominees (Tempatan) Sdn. Bhd.

³ By virtue of his interests in shares of more than 20% in the substantial shareholders of the Company, Tune Air Sdn. Bhd. ⁴ ("TASB") and Tune Live Sdn. Bhd. ⁵ ("TLSB"), Tan Sri Anthony Francis Fernandes is deemed to have interests in the Company to the extent of TASB's and TLSB's interests therein, in accordance with Section 8 of the Companies Act, 2016 ("the Act").

⁴ By virtue of his interest in more than 20% of the shares in the substantial shareholders of the Company, namely TASB ⁴, TLSB ⁵ and his child's shareholding in the Company, Datuk Kamarudin Bin Meranun is deemed to have interests in the Company to the extent of TASB's and TLSB's interests therein, in accordance with Section 8 of the Act and the interest held through his child in accordance with Section 59(11)(c) of the Act.

⁵ Shares held under HSBC Nominees (Tempatan) Sdn. Bhd. for TASB.

⁶ Shares held under RHB Capital Nominees (Tempatan) Sdn. Bhd. and HSBC Nominees (Tempatan) Sdn. Bhd. for TLSB.

[^] Deemed interested by virtue of Section 8 of the Act through a shareholding of more than 20% in Sky Accord Sdn. Bhd.

^{^^} Deemed interested by virtue of Section 8 and Section 59(11)(c) of the Act through a shareholding of more than 20% in Sky Accord Sdn. Bhd. and the interest held through his child.

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

No options were granted to any person to take up the unissued shares of the Company during the financial year other than the issue of options pursuant to the Long Term Incentive Scheme ("LTIS") which is governed by LTIS By-Laws and RCUIDS with free detachable warrants.

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Statutory information on the financial statements

- (a) Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

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Statutory information on the financial statements (cont'd.)

- (f) In the opinion of the Directors:
- (i) the results of the operations of the Group and of the Company during the financial year were otherwise not substantially affected by any item, transaction or event of a material and unusual nature, other than gain on disposal of subsidiaries of RM11,320,177,000 in the Group's and loss on disposal of subsidiaries of RM2,129,651,000 in the Company's financial statements;
 - (ii) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.
- (g) The Board of Directors is confident that based on the working capital management and funding plans disclosed in Note 2.1 to the financial statements which discussed in detail management's steps to address the current Practice Note 17 status of the Company are expected to be achievable, hence the Group and the Company will be in good stead to weather the current challenging environment.

Significant and subsequent events

Following the corporate proposals approved on 14 October 2024 by non-interested shareholders of Capital A Berhad:

- (a) AirAsia Aviation Group Limited ("AAAGL") Disposal has been completed on 16 January 2026 following settlement of consideration via the allotment and issuance of 2,307,692,307 consideration shares by AirAsia X Berhad ("AAX") to Capital A Berhad and the Entitled shareholders of Capital A under the Distribution on even date.
- (b) AirAsia Berhad (AAB) Disposal has been completed on 16 January 2026 following settlement of consideration via the debt settlement where by AAX has assumed an amount of RM3,800,000,000 owing by Capital A Berhad to AAB on even date.

The Company has submitted a supplementary application to the High Court of Malaya on 3 December 2025 for reduction in Company's issued share capital pursuant to Distribution by RM2,741,538,641. The High Court has confirmed the reduction in Company's share capital on 8 December 2025. The reduction in Company's share capital has taken effect upon the lodgement of the sealed order of the High Court of Malaya with Registrar of Companies on 16 January 2026.

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Significant and subsequent events (cont'd.)

Following the proposed regularisation plan approved by Bursa Securities on 7 March 2025 and shareholders of the Company on 7 May 2025, the Company has submitted a petition to the High Court of Malaya on 3 December 2025 to obtain an order for the reduction in the Company's issued share capital by RM5,507,594,000. The High Court has confirmed the reduction in the Company's issued share capital on 21 January 2026. The reduction in Company's share capital has taken effect upon the lodgement of the sealed order of the High Court of Malaya with Registrar of Companies on 23 January 2026.

Further details of significant and subsequent events are disclosed respectively in Notes 45 and 46 respectively to the financial statements.

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Auditors

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2025 were as follows:

	Group	Company
	RM'000	RM'000
Continuing operations		
Statutory audit		
BDO PLT	1,477	419
Member firms of BDO PLT	766	-
Other auditors	325	-
Other services		
BDO PLT	2,980	25
Member firms of BDO PLT	5,634	-
	<u>11,182</u>	<u>444</u>
Discontinued operations		
Statutory audit		
BDO PLT	1,629	-
Member firms of BDO PLT	1,626	-
	<u>3,255</u>	<u>-</u>
	<u>14,437</u>	<u>444</u>

Signed on behalf of the Board in accordance with a resolution of the Directors dated 10 April 2026.

Datuk Kamarudin Bin Meranun

Tan Sri Anthony Francis Fernandes

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

We, Datuk Kamarudin Bin Meranun and Tan Sri Anthony Francis Fernandes, being two of the Directors of Capital A Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 21 to 182 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 10 April 2026.

Datuk Kamarudin Bin Meranun

Tan Sri Anthony Francis Fernandes

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

I, Tan Sri Anthony Francis Fernandes, being the Director primarily responsible for the financial management of Capital A Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 21 to 182 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
above named Tan Sri Anthony Francis Fernandes
at Kuala Lumpur in Malaysia
on 10 April 2026

Tan Sri Anthony Francis Fernandes

Before me,

Commissioner for Oaths
Kuala Lumpur

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Independent auditors' report to the members of
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Report on the audit of the financial statements

Opinion

We have audited the financial statements of Capital A Berhad, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Company, and income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 21 to 182.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), as applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.



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Independent auditors' report to the members of
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Key Audit Matters

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

Key Audit Matters of the Group

Impairment assessment of the carrying amount of goodwill on consolidation

The carrying amount of goodwill on consolidation as at 31 December 2025 amounted to RM227,737,000 as disclosed in Note 17 to the financial statements.

We determined the annual assessment of impairment of goodwill to be a key audit matter because of the significance of the asset to the consolidated financial position of the Group and it requires significant management judgements and assumptions in determining the value-in-use of the Cash-Generating Units ("CGUs") to determine the expected cash flows. These judgements and key assumptions include projected growth in future revenue, pre-tax discount rates and terminal values.

Audit response

Our audit procedures included the following:

- a. compared cash flow projections against recent performance and evaluate the key assumptions used in the projections by comparing to actual historical operating profit margins and growth;
- b. compared prior period budgets to actual outcomes to assess reliability of management's forecasting process;
- c. evaluated appropriateness of pre-tax discount rates used for each CGU by comparing to the weighted average cost of capital of the Group and relevant risk factors; and
- d. performed sensitivity analysis to stress test the key assumptions in the impairment model.



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Key Audit Matters (cont'd.)

Key Audit Matters of the Group (cont'd.)

Recoverability of trade receivables

As at 31 December 2025, the net carrying amount of trade receivables of the Group were RM287,934,000 as disclosed in Note 19 to the financial statements. The Group has impaired trade receivables of RM9,897,000 as at 31 December 2025.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables as well as the use of appropriate forward-looking information.

Audit response

Our audit procedures included the following:

- a. assessed the adequacy of credit impaired assessment performed by the management on trade receivables exceeding their credit terms and long overdue and old balances;
- b. tested the accuracy of trade receivables' ageing;
- c. assessed the expected credit loss ("ECL") for portfolios of trade receivables based on customer segments, historical information on payment trend and forward-looking information;
- d. recomputed the probability of default using historical data and forward-looking information adjustment applied by the Group;
- e. recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical credit losses to determine the appropriateness of the forward-looking information used by the Group;
- f. inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses; and
- g. assessed cash receipts subsequent to the end of the reporting period for its effect in reducing amounts outstanding as at the end of the reporting period.



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Key Audit Matters (cont'd.)

Key Audit Matters of the Group (cont'd.)

Revenue recognition from passenger seat sales, ancillary services and sales in advance

For the financial year ended 31 December 2025, revenue from passenger seat sales was RM13,253,911,000 as disclosed in Note 4 to the financial statements, accounted for 71% of the Group's total revenue.

The Group relies on an integrated information technology system (including the flight reservation and revenue accounting systems) to account for passenger seat sales and ancillary revenue. These systems process high volumes of individually low-value transactions, and the flight reservation system is managed by a third-party vendor.

We determined this to be a key audit matter because the high level of automation in revenue recognition from passenger seat sales, ancillary services and sales in advance.

Audit response

Our audit procedures included the following:

- a. obtained an understanding of, and evaluated, the Group's information technology systems and key controls supporting revenue recognition from passenger seat sales, ancillary services and sales in advance, including the interfaces between the flight reservation system, revenue accounting systems and the general ledger;
- b. where components of the flight reservation system are managed by third party service providers, we have evaluated the relevant external assurance reports and evaluated the design and operating effectiveness of the controls over those systems;
- c. involved information technology specialists to test the design and operating effectiveness of IT General Controls and key automated controls within the revenue related systems, including controls over access, system configurations, and automated revenue recognition logic;
- d. tested relevant non automated controls over revenue recognition to ensure the completeness and accuracy of revenue recognised;
- e. performed data analytics to reconcile passenger seat sales revenue recognised during the year with movements in sales in advance and payments received from passengers;



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Key Audit Matters (cont'd.)

Key Audit Matters of the Group (cont'd.)

Revenue recognition from passenger seat sales, ancillary services and sales in advance (cont'd.)

Audit response (cont'd.)

Our audit procedures included the following (cont'd):

- f. tested on a sample basis, to corroborate the occurrence of revenue by tracing revenue recognised to supporting evidence such as settlement reports from financial institutions;
- g. tested the reconciliation between the flight reservation system and the general ledger to assess the completeness and accuracy of revenue recorded; and
- h. performed procedures to verify that revenue from passenger seat sales and ancillary services was recognised in the appropriate accounting period by testing flights operated before and after year end.

Key Audit Matters of the Group and Company

Proposed disposal of Airasia Aviation Group Limited ("AAAGL") and AirAsia Berhad ("AAB") to AirAsia X Berhad ("AAX")

As disclosed in Note 2.1.1 to the financial statements, the Company has entered into conditional share sale and purchase agreements with AAX for the disposal of AAAGL and AAB.

Upon the announcement made by the Company which bind the Company to its shareholders on the Distribution Shares, as well as cessation of reporting from the Directors and management of AAAGL and AAB to the Board of Directors of the Company, the date of loss of control by the Company in AAAGL and AAB was determined as 3 December 2025.

Audit response

Our audit procedures included the following:

- a. read the sale and purchase agreements and correspondence between the Company and AAX and assessed whether the disposal has been accounted for in line with the terms of the agreements;
- b. determined the accuracy of the carrying amount of cost of investment and disposal group to supporting information;



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Key Audit Matters (cont'd.)

Key Audit Matters of the Group and Company (cont'd.)

Audit response (cont'd.)

Our audit procedures included the following: (cont'd.)

- c. performed re-computation of the gain on disposal of AAAGL and AAB;
- d. assessed the adequacy of the disclosures in respect of the disposal of investments in the financial statements; and
- e. involved our internal technical specialists to evaluate the appropriateness of management's determination of the date of loss of control and the accounting treatment applied to the disposal with reference to MFRSs.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditors' report, and Annual Report, which is expected to be made available to us after that date, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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



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Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.



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Independent auditors' report to the members of
Capital A Berhad (cont'd.)
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (cont'd.)

- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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



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Independent auditors' report to the members of
Capital A Berhad (cont'd.)
(Incorporated in Malaysia)

Report on the audit of the financial statements (cont'd.)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd.)

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 13 to the financial statements.

Other Matters

The financial statements of the Group and of the Company for the financial year ended 31 December 2024 were audited by another firm of Chartered Accountant whose report dated 30 April 2025 express an unqualified opinion on those statements.

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

BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Ng Soe Kei
02982/08/2027 J
Chartered Accountant

Kuala Lumpur, Malaysia
10 April 2026

Capital A Berhad
(Incorporated in Malaysia)

Income statements

For the financial year ended 31 December 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Continuing operations					
Revenue	4(a)	1,866,939	1,709,682	3,478,577	10,000
Other income	4(b)	11,331,781	31,024	18,082	21,994
Operating expenses					
- Staff costs	5(a)	(679,922)	(682,021)	(90,199)	(58,441)
- Depreciation of property, plant and equipment	11	(58,386)	(46,132)	(227)	(182)
- Depreciation of right-of- use assets	31	(49,493)	(15,386)	-	-
- Consumables	7(d)	(271,425)	(233,865)	-	-
- Logistic expenses	7(e)	(677,461)	(673,261)	-	-
- Other operating expenses		(750,992)	(779,740)	(2,161,723)	(781,057)
Operating profit/(loss)		10,711,041	(689,699)	1,244,510	(807,686)
Finance income	8(a)	14,658	1,439	51,096	62,412
Finance costs	8(b)	(209,170)	(165,247)	(90,077)	(85,880)
Net operating profit/(loss)		10,516,529	(853,507)	1,205,529	(831,154)
Foreign exchange gain/ (loss)	8(c)	14,486	(37,587)	16,628	(740)
Net fair value loss on derivatives	8(d)	(2,519)	-	-	-
Profit/(Loss) before taxation carried forward		10,528,496	(891,094)	1,222,157	(831,894)

Capital A Berhad
(Incorporated in Malaysia)

Income statements

For the financial year ended 31 December 2025 (cont'd.)

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit/(Loss) before taxation brought forward		10,528,496	(891,094)	1,222,157	(831,894)
Taxation					
- Current taxation	9	(15,805)	(1,642)	-	-
- Deferred taxation	9	12,852	11,045	-	-
		<u>(2,953)</u>	<u>9,403</u>	<u>-</u>	<u>-</u>
Net profit/(loss) for the financial year from continuing operations		10,525,543	(881,691)	1,222,157	(831,894)
Discontinued operations					
Profit for the financial year from discontinued operations	42	2,908,193	421,223	-	-
Profit/(Loss) for the financial year		<u>13,433,736</u>	<u>(460,468)</u>	<u>1,222,157</u>	<u>(831,894)</u>
Net profit/(loss) for the financial year attributable to:					
<u>Owners of the parent:</u>					
- continuing operations		10,517,544	(896,003)		
- discontinued operations		2,500,514	394,757		
		<u>13,018,058</u>	<u>(501,246)</u>		
<u>Non-controlling interests</u>					
- continuing operations		7,999	14,312		
- discontinued operations		407,679	26,466		
		<u>415,678</u>	<u>40,778</u>		
Earnings/(Loss) per share attributable to owners of the parent (sen per share)					
• continuing operations					
- Basic	10	242.2	(20.9)		
- Diluted	10	<u>133.3</u>	<u>(15.4)</u>		
• discontinued operations					
- Basic	10	57.6	9.2		
- Diluted	10	<u>31.7</u>	<u>6.8</u>		

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

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Capital A Berhad
(Incorporated in Malaysia)

Statements of comprehensive income
For the financial year ended 31 December 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Net profit/(loss) for the financial year		13,433,736	(460,468)	1,222,157	(831,894)
Other comprehensive income/(loss)					
Continuing operations					
<i>Items that may be subsequently reclassified to profit or loss</i>					
Foreign currency translation differences, representing net other comprehensive income that may be reclassified to profit or loss in subsequent periods		17,883	50,223	-	-
<i>Items that will not be subsequently reclassified to profit or loss</i>					
Remeasurement gain on employee benefits liability, net of tax		(163)	12	-	-
Conversion of RCUIDS into ordinary shares		529	410	529	410
Net movement in other reserves	36	263,198	-	276,923	-
Net movement on investment securities		3,080	(13,342)	6,991	-
Net other comprehensive income/(loss) that may not be reclassified to profit or loss in subsequent periods		266,644	(12,920)	284,443	410

Capital A Berhad
(Incorporated in Malaysia)

Statements of comprehensive income
For the financial year ended 31 December 2025 (cont'd.)

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Discontinued operations					
<i>Items that may be subsequently reclassified to profit or loss</i>					
Cash flow hedges		-	3,830	-	-
Foreign currency translation differences, representing net other comprehensive income that may be reclassified to profit or loss in subsequent periods		306,148	486,249	-	-
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		306,148	490,079	-	-
<i>Items that will not be subsequently reclassified to profit or loss</i>					
Remeasurement loss on employee benefits liability, net of tax		(680)	(71,793)	-	-
Net movement on investment securities		(1,944)	7,419	-	-
Net other comprehensive loss that may not be reclassified to profit or loss in subsequent periods		(2,624)	(64,374)	-	-
Other comprehensive income for the financial year, net of tax carried forward		588,051	463,008	284,443	410
Total comprehensive income/ (loss) for the financial year		14,021,787	2,540	1,506,600	(831,484)
Group					
	Note	2025 RM'000	2024 RM'000		
Total comprehensive income/ (loss) attributable to:					
- Owners of the parent		13,639,429	(35,237)		
- Non-controlling interests		382,358	37,777		
		14,021,787	2,540		

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

201701030323 (1244493-V)

Capital A Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2025

		Group	
	Note	2025	2024
		RM'000	RM'000
Non-current assets			
Property, plant and equipment	11	312,289	228,200
Investment properties	12	-	-
Right-of-use assets	31	571,761	404,072
Finance lease receivables	31	-	-
Investment in a joint venture	14	-	-
Investment in associates	15	-	-
Investment securities	16	167,926	68,094
Intangible assets	17	238,059	245,022
Deferred tax assets	18	56,025	1,652
Receivables and prepayments	19	1	1
Derivative financial instruments	20	11,383	11,383
		<u>1,357,444</u>	<u>958,424</u>
Current assets			
Inventories	21	206,523	147,481
Receivables and prepayments	19	433,531	391,252
Amounts due from associates	23	8,653	26,971
Amounts due from related parties	24	5,097,401	78,329
Tax recoverable		20,186	18,760
Derivative financial instruments	20	11,545	-
Deposits, cash and bank balances	25	432,612	431,185
		<u>6,210,451</u>	<u>1,093,978</u>
Assets of disposal groups classified as held for sale	42	-	28,683,745
Total assets		<u>7,567,895</u>	<u>30,736,147</u>

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Capital A Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2025 (cont'd.)

		Group	
	Note	2025	2024
		RM'000	RM'000
Current liabilities			
Trade and other payables	26	3,702,084	653,558
Current portion of long term debentures	30	-	-
Aircraft maintenance provisions and liabilities	27	-	-
Sales in advance	28	2,895	12,050
Amounts due to associates	23	116	131
Amounts due to related parties	24	1,254,708	58,230
Borrowings	29	730,893	635,964
Lease liabilities	31	7,276	1,575
Tax payables		7,572	10,661
Derivative financial instruments	20	2,668	-
		<u>5,708,212</u>	<u>1,372,169</u>
Non-current liabilities			
Trade and other payables	26	11,465	5,961
Non-current portion of long term debentures	30	-	-
Deferred tax liabilities	18	67,309	25,763
Borrowings	29	550,774	839,720
Lease liabilities	31	297,933	112,223
Provision for retirement benefits	32	10,962	10,799
		<u>938,443</u>	<u>994,466</u>
Liabilities of disposal groups classified as held for sale	42	-	38,384,479
Total liabilities		<u>6,646,655</u>	<u>40,751,114</u>
Net assets/(liabilities)		<u>921,240</u>	<u>(10,014,967)</u>

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Capital A Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2025 (cont'd.)

		Group	
	Note	2025	2024
		RM'000	RM'000
Capital and reserves			
Share capital	33	8,819,438	8,768,569
Merger deficit	35	-	(5,507,594)
Foreign exchange reserve		6,849	756,520
Accumulated losses		(5,323,010)	(12,833,474)
Reserves	36(a)	(2,548,936)	41,792
Total shareholders' equity/(deficit)		954,341	(8,774,187)
Non-controlling interests	13	(33,101)	(1,240,780)
Total equity/(deficit)		921,240	(10,014,967)

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

201701030323 (1244493-V)

Capital A Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2025

	Note	Company 2025 RM'000	2024 RM'000
Non-current assets			
Property, plant and equipment	11	672	891
Investment in subsidiaries	13	648,358	647,080
Investment securities	16	112,354	-
Derivative financial instruments	20	11,383	11,383
		<u>772,767</u>	<u>659,354</u>
Current assets			
Receivables and prepayments	19	7,365	2,928
Amounts due from subsidiaries	22	4,550,153	4,819,900
Amounts due from related parties	24	4,384,894	-
Deposits, cash and bank balances	25	15,160	1,545
		<u>8,957,572</u>	<u>4,824,373</u>
Assets held for sale	42	-	6,199,535
Total assets		<u>9,730,339</u>	<u>11,683,262</u>
Current liabilities			
Trade and other payables	26	2,954,577	6,917
Amounts due to subsidiaries	22	48,414	4,091,604
Amounts due to related parties	24	581,586	1,135
Borrowings	29	441,181	222,872
		<u>4,025,758</u>	<u>4,322,528</u>
Non-current liabilities			
Deferred tax liabilities	18	24,746	25,275
Borrowings	29	417,446	683,824
		<u>442,192</u>	<u>709,099</u>
Total liabilities		<u>4,467,950</u>	<u>5,031,627</u>
Net assets		<u>5,262,389</u>	<u>6,651,635</u>

201701030323 (1244493-V)

Capital A Berhad
(Incorporated in Malaysia)

Statements of financial position
As at 31 December 2025 (cont'd.)

	Note	Company 2025 RM'000	2024 RM'000
Capital and reserves			
Share capital	33	8,819,438	8,768,569
Accumulated losses		(972,825)	(2,194,982)
Reserves	36(a)	<u>(2,584,224)</u>	<u>78,048</u>
Total equity		<u>5,262,389</u>	<u>6,651,635</u>

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

Capital A Berhad
(Incorporated in Malaysia)

Consolidated statement of changes in equity
For the financial year ended 31 December 2025

	-----> Attributable to owners of the parent <----->										
	-----> Non-distributable <----->										
	Number of shares '000	Share capital RM'000 (Note 33)	Merger deficit RM'000 (Note 35)	Foreign exchange reserve RM'000	RCUIDS reserves RM'000 (Note 36(a))	Warrants reserves RM'000 (Note 36(a))	Other reserves RM'000 (Note 36(a))	Accumulated losses RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 January 2025	4,330,434	8,768,569	(5,507,594)	756,520	21,863	56,185	(36,256)	(12,833,474)	(8,774,187)	(1,240,780)	(10,014,967)
Net profit for the financial year	-	-	-	-	-	-	-	13,018,058	13,018,058	415,678	13,433,736
Other comprehensive income/(loss)	-	-	-	357,351	529	-	263,491	-	621,371	(33,320)	588,051
Total comprehensive income	-	-	-	357,351	529	-	263,491	13,018,058	13,639,429	382,358	14,021,787
Disposal of subsidiaries	-	-	5,507,594	(1,107,022)	-	-	(2,874,515)	(5,507,594)	(3,981,537)	825,321	(3,156,216)
Issuance of new warrants	-	-	-	-	-	21,867	-	-	21,867	-	21,867
Conversion of RCUIDS into ordinary shares	90,127	41,265	-	-	(2,119)	-	-	-	39,146	-	39,146
Exercise of warrants into ordinary shares	9,635	9,604	-	-	-	19	-	-	9,623	-	9,623
At 31 December 2025	4,430,196	8,819,438	-	6,849	20,273	78,071	(2,647,280)	(5,323,010)	954,341	(33,101)	921,240

Capital A Berhad
(Incorporated in Malaysia)

Consolidated statement of changes in equity
For the financial year ended 31 December 2025 (cont'd.)

	←----- Attributable to owners of the parent ----->											
	←----- Non-distributable ----->											
	Number of shares '000	Share capital RM'000 (Note 33)	Merger deficit RM'000 (Note 35)	Foreign exchange reserve RM'000	Share option reserves RM'000 (Note 36(a))	RCUIDS reserves RM'000 (Note 36(a))	Warrants reserves RM'000 (Note 36(a))	Other reserves RM'000 (Note 36(a))	Accumulated losses RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 January 2024	4,254,582	8,711,742	(5,507,594)	217,047	21,678	23,161	56,185	37,618	(12,357,440)	(8,797,603)	(1,294,821)	(10,092,424)
Net (loss)/profit for the financial year	-	-	-	-	-	-	-	-	(501,246)	(501,246)	40,778	(460,468)
Other comprehensive income/(loss)	-	-	-	539,473	-	410	-	(73,874)	-	466,009	(3,001)	463,008
Total comprehensive income/(loss)	-	-	-	539,473	-	410	-	(73,874)	(501,246)	(35,237)	37,777	2,540
Investment in a subsidiary	-	-	-	-	-	-	-	-	-	-	16,264	16,264
Conversion of RCUIDS into ordinary shares	75,852	56,827	-	-	-	(1,708)	-	-	-	55,119	-	55,119
Share-based payments	-	-	-	-	3,534	-	-	-	-	3,534	-	3,534
Expiry of share-based payments	-	-	-	-	(25,212)	-	-	-	25,212	-	-	-
At 31 December 2024	4,330,434	8,768,569	(5,507,594)	756,520	-	21,863	56,185	(36,256)	(12,833,474)	(8,774,187)	(1,240,780)	(10,014,967)

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

Capital A Berhad
(Incorporated in Malaysia)

Statement of changes in equity
For the financial year ended 31 December 2025

	Number of shares '000	Share capital RM'000 (Note 33)	<----- Non-distributable ----->				Warrants reserves RM'000 (Note 36(a))	Accumulated losses RM'000	Total equity RM'000
			Share option reserves RM'000 (Note 36(a))	Fair value reserves RM'000 (Note 36(a))	Distribution reserves RM'000 (Note 36(a))	RCUIDS reserves RM'000 (Note 36(a))			
At 1 January 2025	4,330,434	8,768,569	-	-	-	21,863	56,185	(2,194,982)	6,651,635
Net profit for the financial year	-	-	-	-	-	-	-	1,222,157	1,222,157
Other comprehensive income	-	-	-	283,914	-	529	-	-	284,443
Total comprehensive income	-	-	-	283,914	-	529	-	1,222,157	1,506,600
Disposal of subsidiary	-	-	-	(203,077)	(2,741,538)	-	-	-	(2,944,615)
Conversion of RCUIDS into ordinary shares	90,127	41,265	-	-	-	(2,119)	-	-	39,146
Exercise of warrants into ordinary shares	9,635	9,604	-	-	-	-	19	-	9,623
At 31 December 2025	4,430,196	8,819,438	-	80,837	(2,741,538)	20,273	56,204	(972,825)	5,262,389
At 1 January 2024	4,254,582	8,711,742	21,395	-	-	23,161	56,185	(1,389,172)	7,423,311
Net loss for the financial year	-	-	-	-	-	-	-	(831,894)	(831,894)
Other comprehensive income	-	-	-	-	-	410	-	-	410
Total comprehensive income/(loss)	-	-	-	-	-	410	-	(831,894)	(831,484)
Conversion of RCUIDS into ordinary shares	75,852	56,827	-	-	-	(1,708)	-	-	55,119
Share-based payments	-	-	4,689	-	-	-	-	-	4,689
Expiry of share-based payments	-	-	(26,084)	-	-	-	-	26,084	-
At 31 December 2024	4,330,434	8,768,569	-	-	-	21,863	56,185	(2,194,982)	6,651,635

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

Capital A Berhad
(Incorporated in Malaysia)

Statements of cash flows
For the financial year ended 31 December 2025

	Note	Group 2025 RM'000	2024 RM'000	Company 2025 RM'000	2024 RM'000
Cash flows from operating activities					
Profit/(Loss) before taxation		10,528,496	(891,094)	1,222,157	(831,894)
Adjustments for:					
Property, plant and equipment:					
- Depreciation		58,386	46,132	227	182
- Loss on disposals	6	2,071	756	-	-
- Impairment	6	2,288	-	-	-
Right-of-use assets:					
- Depreciation		49,493	15,386	-	-
- Impairment	6	1,654	-	-	-
Intangible assets:					
- Amortisation	17	7,147	8,216	-	-
Impairment/(Reversal) of impairment on					
- trade and other receivables	6	3,825	7,591	-	-
- amounts due from subsidiaries	6	-	-	(30,296)	504,132
- investment in a subsidiary	6	-	-	-	238,257
Fair value loss on investment in securities	6	7,654	-	-	-
Share-based payments	5(a)	-	1,904	-	573
Provision for retirement benefits		1,388	7,083	-	-
Net fair value loss on derivatives	8(d)	2,519	-	-	-
(Gain)/Loss on disposal of subsidiaries		(11,320,177)	-	2,129,651	(3,973)
Gain on disposal of investment in securities	4(b)	(238)	-	-	-
Net unrealised foreign exchange (gain)/loss	8(c)	(30,506)	34,623	(16,429)	755
Dividend income		-	-	(3,468,577)	-
Interest expense	8(b)	175,190	147,098	90,077	85,880
Interest expense - Lease liabilities	8(b)	33,980	18,149	-	-
Interest income	8(a)	(14,658)	(1,439)	(51,096)	(62,412)
Operating loss carried forward		(491,488)	(605,595)	(124,286)	(68,500)

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Statements of cash flows
For the financial year ended 31 December 2025 (cont'd.)

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash flows from operating activities (cont'd.)					
Operating loss brought forward		(491,488)	(605,595)	(124,286)	(68,500)
Changes in working capital:					
Inventories		(59,086)	(8,806)	-	-
Receivables and prepayments		(56,327)	(116,228)	(4,607)	339
Payables and provisions		110,521	(48,311)	6,782	3,017
Sales in advance		(9,052)	9,551	-	-
Amounts due from/to subsidiaries, associates, joint venture and related parties		977,381	(14,217)	206,564	142,210
Cash generated from/(used in) operations		471,949	(783,606)	84,453	77,066
Interest paid		(2,869)	(65,219)	-	(4,853)
Interest received		2,828	1,424	-	-
Taxes (paid)/refunded		(19,941)	(10,912)	-	150
Retirement benefits paid		(945)	(4,833)	-	-
Operating cash flow from/(used in) continuing operations		451,022	(863,146)	84,453	72,363
Operating cash flow from discontinued operations		5,216,061	4,686,740	-	-
Net cash from operating activities		5,667,083	3,823,594	84,453	72,363

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Statements of cash flows
For the financial year ended 31 December 2025 (cont'd.)

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash flows from investing activities					
Property, plant and equipment					
- Additions		(163,123)	(231,838)	(8)	(865)
- Proceeds from disposals		13,964	18,011	-	-
Addition in intangible assets		(518)	(1,687)		-
Proceeds from disposals of investment securities		751	-	-	-
Net cash outflow from disposal of:					
- subsidiaries	13	(1,674,450)	-	-	-
Net changes:					
- Deposits pledged as securities and restricted cash		40,885	2,157	-	-
- Deposits with licensed banks with maturity period of more than 3 months		(7,696)	396	-	-
Additional subscription of shares in					
- investment securities	16	(1,490)	(272)	(1,490)	-
Investing cash flow used in continuing operations		(1,791,677)	(213,233)	(1,498)	(865)
Investing cash flow from discontinued operations		166,486	18,781	-	-
Net cash used in investing activities		(1,625,191)	(194,452)	(1,498)	(865)

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Statements of cash flows

For the financial year ended 31 December 2025 (cont'd.)

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash flows from financing activities					
Proceeds from borrowings		49,851	212,850	-	-
Repayment of borrowings		(294,454)	(109,302)	(78,899)	(71,337)
Proceeds from warrants exercise		9,604	-	9,604	-
Payment of lease liabilities		(43,119)	(4,597)	-	-
Financing cash flow (used in)/ from continuing operations		(278,118)	98,951	(69,295)	(71,337)
Financing cash flow used in discontinued operations		(4,188,055)	(3,524,241)	-	-
Net cash used in financing activities		<u>(4,466,173)</u>	<u>(3,425,290)</u>	<u>(69,295)</u>	<u>(71,337)</u>
Net (decrease)/increase for the financial year		(424,281)	203,852	13,660	161
Currency translation differences		(28,697)	76,371	(45)	5
Cash and cash equivalents at beginning of the financial year		<u>802,313</u>	<u>522,090</u>	<u>1,545</u>	<u>1,379</u>
Cash and cash equivalents at end of the financial year		<u>349,335</u>	<u>802,313</u>	<u>15,160</u>	<u>1,545</u>

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Statements of cash flows
For the financial year ended 31 December 2025 (cont'd.)

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

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<u>Continuing operations</u>					
Deposits, bank and cash balances		432,612	431,185	15,160	1,545
Less:					
Deposits pledged as securities and restricted cash		(72,391)	(113,276)	-	-
Deposits with licensed banks with maturity period of more than 3 months		(10,886)	(3,290)	-	-
		<u>349,335</u>	<u>314,619</u>	<u>15,160</u>	<u>1,545</u>
<u>Discontinued operations</u>					
Deposits, bank and cash balances		-	624,247	-	-
Less:					
Deposits pledged as securities and restricted cash		-	(115,166)	-	-
Deposits with licensed banks with maturity period of more than 3 months		-	(21,387)	-	-
		<u>-</u>	<u>487,694</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of the financial year		<u>349,335</u>	<u>802,313</u>	<u>15,160</u>	<u>1,545</u>

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

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Notes to the financial statements
For the financial year ended 31 December 2025

1. General information

Capital A Berhad ("CAB" or "the Company") is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The address of the registered office and the principal place of business of the Company is as follows:

Wisma Capital A,
19-04-02, 19, Lorong Dungun,
Bukit Damansara,
50490 Kuala Lumpur
Wilayah Persekutuan
Malaysia

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are described in Note 13 to the financial statements. There were no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 10 April 2026.

2. Material accounting policy information

Following the Amendments to MFRS 101 "Disclosure of Accounting Policies", only material accounting policy information, where, when considered together with other information included in these financial statements, can reasonably be expected to influence decisions made by users are disclosed under this note. The following material accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements, and to all the financial periods presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards 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 convention, unless otherwise disclosed in the 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 Directors are of the opinion that it is appropriate to prepare the financial statements of the Group and of the Company on a going concern basis as the Directors believe that the Group and the Company would be able to successfully complete the following to regularise and improve the financial condition of the Group and of the Company.

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2. Material accounting policy information (cont'd.)

2.1 Basis of preparation (cont'd.)

The Company has taken active steps to regularise and improve our financial condition. The Company has completed the following exercises in an attempt to regularise our business:

2.1.1 Proposed Corporate Exercises

On 25 April 2024, the Company proposes to undertake the Proposed AAAGL Disposal, Proposed AAB Disposal and Proposed Distribution (“Proposed Corporate Exercises”).

On 14 October 2024, the Company obtained the approvals from our non-interested shareholders and the non-interested holders of the RCUIDS at our EGM and RCUIDS holders meeting in respect of the Proposed Corporate Exercises.

On 21 March 2025, the High Court of Malaya has confirmed the Company’s issued share capital reduction and repayment under Section 116 of the Companies Act 2016 pursuant to the Proposed Distribution, and that the exact amount of the issued share capital of the Company to be reduced to facilitate the Proposed Distribution will depend on the application by our Company to the High Court of Malaya after the Entitlement Date based on the prevailing market price of AAX Shares. For clarity, further to the aforementioned confirmation granted by the High Court of Malaya, the Proposed Corporate Exercises are still subject to the fulfilment and/or waiver (as the case may be) of certain conditions precedent of the SSPAs. The Entitlement Date will be determined and announced later by our Company after all the conditions precedent of the SSPAs have been fulfilled and/or waived (as the case may be).

Pursuant to the Proposed Corporate Exercises, AAX will undertake a Private Placement of RM1 billion to strengthen the financial position of the enlarged aviation group (AAX Group, AAB Group and AAAGL Group).

The Company has submitted a supplemental application to the High Court of Malaya on 3 December 2025 to obtain an ancillary order from the High Court of Malaya pursuant to Section 116 of the Act for the reduction in Company’s issued share capital pursuant to the Distribution by RM2,741,538,641 based on the closing market price of AAX Shares of RM1.62 on 3 December 2025, being the Entitlement Date and also the Accounting Completion Date for the Proposed AAAGL Disposal and Proposed AAB Disposal.

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2. Material accounting policy information (cont'd.)

2.1 Basis of preparation (cont'd.)

The Company has taken active steps to regularise and improve our financial condition. The Company has completed the following exercises in an attempt to regularise our business (cont'd.):

2.1.1 Proposed Corporate Exercises (cont'd.)

The High Court of Malaya has confirmed the reduction in Company's issued share capital pursuant to the Distribution by RM2,741,538,641 on 8 December 2025.

The AAAGL Disposal has been completed on 16 January 2026 in accordance with the terms and conditions of the AAAGL SSPA following the settlement of the AAAGL Disposal Consideration via the allotment and issuance of 2,307,692,307 Consideration Shares (including the Distribution Shares) by AAX to Capital A and the Entitled Shareholders of Capital A under the Distribution on even date. Consideration Shares were listed and quoted on the Main Market of Bursa Securities on 19 January 2026. Accordingly, the Distribution has been completed following the listing of and quotation for 1,692,307,692 Distribution Shares on the Main Market of Bursa Securities on even date.

The AAB Disposal has also been completed on 16 January 2026 in accordance with the terms and conditions of the AAB SSPA following the settlement of the AAB Disposal Consideration via the Debt Settlement whereby AAX has assumed an amount of RM3,800.0 million owing by Capital A to AAB on even date.

The reduction in the Company's issued share capital by RM2,741,538,641.04 pursuant to the Distribution has taken effect upon the lodgement of the sealed order of the High Court of Malaya with the Registrar of Companies on 16 January 2026.

As at the date of this report, the transfer of the shares in AAB and AAAGL has yet to be reflected in the register of members of AAB and AAAGL respectively pending the endorsement of stamp duty exemption on the instruments of transfer by the Inland Revenue Board of Malaysia.

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2. Material accounting policy information (cont'd.)

2.1 Basis of preparation (cont'd.)

The Company has taken active steps to regularise and improve our financial condition. The Company has completed the following exercises in an attempt to regularise our business (cont'd.):

2.1.2 Proposed Regularisation Plan

On 23 December 2024, the application in relation to the Proposed Regularisation Plan has been submitted to Bursa Securities on 23 December 2024.

On 7 March 2025, Bursa Securities had, vide its letter dated 7 March 2025, granted its approval for the Proposed Regularisation Plan, subject to the conditions as set out in Section 10 of the Circular.

On 15 April 2025, the Circular in relation to the Proposed Regularisation Plan has been issued to shareholders of the Company and the extra general meeting was held on 7 May 2025.

The Company has submitted a petition to the High Court of Malaya on 3 December 2025 to obtain an order from the High Court of Malaya pursuant to Section 116 of the Act for the reduction in the Company's issued share capital pursuant to the Proposed Regularisation Plan by RM5,507,594,000.

The High Court of Malaya has confirmed the reduction in the Company's issued share capital pursuant to the Regularisation Plan by RM5,507,594,000 on 21 January 2026.

The Capital Reduction has taken effect upon the lodgement of the sealed order of the High Court of Malaya with the Registrar of Companies on 23 January 2026. Accordingly, the Regularisation Plan has been completed following the completion of the Capital Reduction on even date.

2.1.3 Capital A Remaining Businesses

After the completion of the Proposed Corporate Exercises, the Group will strategically diversify from being one of the major low-cost carriers in Southeast Asia into a diversified ecosystem of aviation and digital services. This shift is designed to capture opportunities beyond traditional airline operations, directly responding to evolving consumer demands and technological advancements. After the completion of the Proposed Corporate Exercises, the Group's core verticals shall comprise ADE, Santan, Teleport, MOVE as well as AirAsia Brand.

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2. Material accounting policy information (cont'd.)

2.1 Basis of preparation (cont'd.)

The Company has taken active steps to regularise and improve its financial condition. The Company has undertaken the following exercises in an attempt to regularise the business: (cont'd.)

2.1.4 Funding

Teleport Everywhere Pte. Ltd., had on 22 January 2026 entered into a Subscription Agreement ("Agreement") with funds managed by HPS Investment Partners ("Subscriber" or "HPS"). HPS has agreed to subscribe for, and Teleport has agreed to issue and allot to HPS, redeemable convertible perpetual securities ("RCPS") for a total consideration of USD50 million, on and subject to the terms and conditions of the Agreement. Teleport had on 6 February 2026 completed its issuance of RCPS following the fulfillment of all conditions precedent pursuant to the Agreement and upon receipt of the subscription proceeds of USD50 million (equivalent to RM195 million, based on the exchange rate of USD1: RM3.90).

Move Travel Sdn. Bhd. had on 14 November 2025, accepted a letter of offer from a local bank for a term loan facility of RM77 million.

Asia Digital Engineering Sdn. Bhd. ("ADE") has accepted a letter of offer from a financial institution for a credit facility of USD100 million.

2.2 Standards, amendments to published standards and interpretations that are effective

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 121 Lack of Exchangeability	1 January 2025

The Amendments introduce guidance on determining the appropriate exchange rate when a currency lacks exchangeability and require disclosures on the nature of the restrictions, the basis for estimating the exchange rate and the resulting effects on the entity's financial position, financial performance and cash flows.

This Amendment had no impact on the consolidated financial statements of the Group as the Group was not exposed to any non-exchangeable currencies as at the reporting date.

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2. Material accounting policy information (cont'd.)

2.3 Standards issued but not yet effective

The amendments, standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these amendments, standards and interpretations, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
MFRS 9 and MFRS 7: Classification and Measurement of Financial Instruments (Amendments to MFRS 9 and MFRS 7)	1 January 2026
MFRS 1, MFRS 7, MFRS 9, MFRS 10 and MFRS 107: Annual Improvements to MFRS Standards Volume 11 (Amendments to MFRS 1, MFRS 7, MFRS 9, MFRS 10 and MFRS 107)	1 January 2026
MFRS 9 and MFRS 7: Contracts Referencing Nature-dependent Electricity (Amendments to MFRS 9 and MFRS 7)	1 January 2026
MFRS 18: Presentation and Disclosure in Financial Statements (Amendments to MFRS 18)	1 January 2027
MFRS 19: Subsidiaries without Public Accountability: Disclosures (Amendments to MFRS 19)	1 January 2027
Amendment to MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	Deferred

The Directors expect that the adoption of the above amendments, standards and interpretations will have no material impact on the financial statements in the period of initial application, except for the changes in presentation and disclosures of financial information arising from the adoption of these Amendments to MFRSs as discussed below:

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 will replace MFRS 101 Presentation of Financial Statements. It preserves the majority requirements of MFRS 101 while introducing additional requirements. In addition, narrow-scope amendments have been made to MFRS 107 Statement of Cash Flows and some requirements of MFRS 101 have been moved to MFRS 108 Basis of Preparation of Financial Statements.

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2. Material accounting policy information (cont'd.)

2.3 Standards issued but not yet effective (cont'd.)

MFRS 18 Presentation and Disclosure in Financial Statements (cont'd.)

MFRS 18 additional requirements are as follows:

(i) Statement of Profit or Loss and Other Comprehensive Income

MFRS 18 introduces newly defined “operating profit or loss” and “profit or loss before financing and income tax” subtotal which are to be presented in the statement of profit or loss, while the net profit or loss remains unchanged.

Statement of profit or loss to be presented in five categories: operating, investing, financing, income taxes and discontinued operations.

(ii) Statement of Cash Flows

The standard modifies the starting point for calculating cash flows from operations using the indirect method, shifting from “profit or loss” to “operating profit or loss”. It also provides guidance on classification of interest and dividend in statement of cash flows.

(iii) New disclosures of expenses by nature

Entities are required to present expenses in the operating category by nature, function or a mix of both. MFRS 18 includes guidance for entities to assess and determine which approach is most appropriate based on the facts and circumstances.

(iv) Management-defined Performance Measures (MPMs)

The standard requires disclosure of explanations of the entity’s company-specific measures that are related to the statement of profit or loss, referred to MPMs. MPMs are required to be reconciled to the most similar specified subtotal in MFRS Accounting Standards.

(v) Enhanced Guidance on Aggregation and Disaggregation

MFRS 18 provides enhanced guidance on grouping items based on shared characteristics and requires disaggregation when items have dissimilar characteristics or when such disaggregation is material.

The Group and the Company are currently assessing the impact of MFRS 18, particularly with respect to the structure of the statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group and the Company are also assessing the impact on aggregation and disaggregation on how information is grouped in the financial statements.

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2. Material accounting policy information (cont'd.)

2.4 Basis of consolidation

2.4.1 Subsidiaries

Subsidiaries are consolidated using the acquisition method except for those subsidiaries acquired under common control. Under the acquisition method, identifiable assets, liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. The excess of the consideration over the Group's share of fair value of the identifiable net assets acquired at the acquisition date is reflected as goodwill. Any gain from bargain purchase is recognised directly in profit or loss.

Non-controlling interests arising from a business combination are measured based on their proportionate share of the fair value of net assets acquired. Equity components that are not entitled to the entity's proportionate share of net assets are measured at their acquisition-date fair values. Transactions with owners of non-controlling interests without a change in control are treated as equity transactions in the statement of changes in equity.

Business combinations under common control are accounted using the predecessor method of merger accounting where the profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or from the date when these entities came under the control of the common controlling party (if later). The assets and liabilities of the combining entities are accounted for based on the carrying amounts from the perspective of the common controlling party, or the combining entities if the common controlling party does not prepare consolidated financial statements.

2.4.2 Associates and joint ventures

Investment in joint ventures and associates are accounted using the equity method. Under the equity method, the investment is recorded at cost and thereafter adjusted for post acquisition results and other changes in net assets of the joint venture or associates.

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2. Material accounting policy information (cont'd.)

2.4 Basis of consolidation (cont'd.)

2.4.3 Reverse acquisition of an asset or a group of assets that does not constitute a business

At the time of reverse acquisition, the Group considers whether each reverse acquisition represents the reverse acquisition of a business or the reverse acquisition of an asset. Where the assets acquired and liabilities assumed do not constitute a business as defined under MFRS 3, the transaction is accounted as an asset acquisition.

In such cases, the Group identifies and recognises the individual identifiable assets acquired (including intangible assets) and liabilities assumed. The cost of acquisition is allocated to the individual identifiable assets and liabilities based upon their relative fair value at the date of purchase, and no goodwill or deferred tax is recognised.

The legal subsidiary is regarded as the accounting acquirer while the legal parent is regarded as the accounting acquiree. The accounting acquirer is deemed to have issued equity shares as purchase consideration for the assets and liabilities of the accounting acquiree using the accounting principles of MFRS 2. The fair value of issued equity shares is determined based on the market value of the accounting acquiree which is represented by the quoted and trade price of its shares right before the reverse acquisition. The difference between the purchase consideration and the fair value of identifiable assets acquired and liabilities assumed will be recognised in the income statement as acquisition cost arising from the reverse acquisition.

2.4.4 Internal reorganisation

Acquisition of entities under an internal reorganisation scheme does not result in any change in economic substance. Accordingly, the consolidated financial statements of the Company is a continuation of the acquired entities and is accounted for as follows:

- (a) The results of entities are presented as if the internal reorganisation occurred from the beginning of the earliest period presented in the financial statements;
- (b) The Company will consolidate the assets and liabilities of the acquired entities at their pre-combination carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the internal reorganisation that would otherwise be done under the acquisition method; and
- (c) No new goodwill is recognised as a result of the internal reorganisation. The only goodwill that is recognised is the existing goodwill relating to the combining entities. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity as merger reserve or deficit.

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2. Material accounting policy information (cont'd.)

2.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Freehold land is not depreciated. Significant parts of other item of property, plant and equipment are depreciated separately over their estimated useful lives in accordance with the principle in MFRS 116 'Property, Plant and Equipment'. Depreciation is calculated using the straight-line method to write-off the cost of the assets to their residual values over their estimated useful lives.

Aircraft		
- engines, airframes and spare engines excluding service potential		25 years
- service potential of engines		8 years
- service potential of airframes		13 years
- service potential of spare engines		11 years
Aircraft spares		10 years
Aircraft fixtures and fittings	Useful life of aircraft or remaining lease term of aircraft, whichever is shorter	
Buildings		30 years
Motor vehicles		5 years
Office equipment, furniture and fittings		5 years
Office renovation		5 years
Simulator equipment		25 years
Operating plant and ground equipment		5 years
In-flight equipment		5 years
Training equipment		5 years

Service potential of 8 years for engines represents the period over which the expected cost of the first major aircraft engine overhaul is depreciated. Subsequent to the engine overhaul, the actual cost incurred is capitalised and depreciated over the subsequent 8 years.

Service potential of 13 years for airframes represents the period over which the expected cost of the first major airframe check is depreciated. Subsequent to the airframe check, the actual cost incurred is capitalised and depreciated over the subsequent 13 years.

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

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

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2. Material accounting policy information (cont'd.)

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

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such an indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2.7 on impairment of non-financial assets.

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

Deposits on aircraft purchase are recognised as deposits and subsequently included as part of the cost of the aircraft and are depreciated from the date that aircraft is ready for its intended use.

2.6 Intangible assets

2.6.1 Goodwill

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

2.6.2 Research and development – internally developed software

Research expenditure is recognised as an expense when incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent period.

Capitalised development costs recognised as intangible assets are amortised from the point at which the asset is ready for use on a straight-line basis over its useful life which is between 3 to 7 years.

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2. Material accounting policy information (cont'd.)

2.7 Impairment

Goodwill and other intangible assets that have an indefinite useful life or are not yet available for use are tested annually for impairment. Other non-financial assets are assessed for indication of impairment. If an indication exists, an impairment test is performed. In the case of financial assets, it is based on expected credit loss.

This exercise is performed annually or whenever events or circumstances occur indicating that impairment may exist.

The recognition and measurement of impairment are as follows:

2.7.1 Non-financial assets

An impairment loss is recognised for the amount by which the carrying amount of the non-financial asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in-use.

2.7.2 Subsidiaries, joint ventures and associates

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary, joint venture or associate exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment, including the proceeds from its disposal.

2.7.3 Impairment of financial assets and contract assets

The Group recognises an allowance for expected credit loss ("ECL") for all debt instruments not held at fair value through profit or loss ("FVTPL").

ECLs are measured based on a general 3-stage approach and a simplified approach.

2.7.3.1 General 3-stage approach for other receivables and amounts due from subsidiaries

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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2.7 Impairment (cont'd.)

The recognition and measurement of impairment are as follows (cont'd.):

2.7.3 Impairment of financial assets and contract assets (cont'd.)

2.7.3.2 Simplified approach for trade receivables, contract assets and finance lease receivables

For trade receivables, contract assets and finance lease receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

The Group considers a receivable as credit impaired when one or more events that have a detrimental impact on the estimated cash flow have occurred. These instances include adverse changes in the financial capability of the debtor and default or significant delay in payments. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off to profit or loss when there is no reasonable expectation of recovering the contractual cash flows.

Grouping of instruments for ECL

Collective assessment

To measure ECL, trade receivables and contract assets are grouped into categories. The categories are differentiated by the different business risks and are subject to different credit assessments. Contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group considers the expected loss rates for trade receivables as a reasonable approximation of the loss rates for contract assets with similar risk characteristics.

Individual assessment

Trade receivables, contract assets, other receivables and amounts due from subsidiaries which are in default or credit-impaired are assessed individually.

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2. Material accounting policy information (cont'd.)

2.8 Maintenance and overhaul

Leased aircraft

Where the Group has a commitment to maintain aircraft held under operating leases, provision is made during the lease term for the rectification obligations contained within the lease agreements. The provisions are based on estimated future costs of major maintenance checks and one-off costs incurred at the end of the lease by making appropriate charges to the income statement calculated by reference to the number of hours or cycles operated during the financial year.

2.9 Leases

Group as a lessee

Leases are recognised as right-of-use (“ROU”) asset and a corresponding lease liability at the date on which the leased asset is available for use by the Group (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties (land and buildings) for which the Group is a lessee, it has elected the practical expedient provided in MFRS 16 ‘Leases’ not to separate the lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

i) ROU assets

ROU assets that are not investment properties are stated at cost, less accumulated depreciation and accumulated impairment loss. In addition, the ROU assets are adjusted for certain remeasurement of lease liabilities. ROU assets are generally depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset’s useful life.

The principal annual depreciation rates are as follows:

Aircraft and spare engines	2 - 19 years
Land and building	2 - 30 years

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2. Material accounting policy information (cont'd.)

2.9 Leases (cont'd.)

Group as a lessee (cont'd.)

ii) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used.

The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Group as a lessor

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

i) Finance leases

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease.

2. Material accounting policy information (cont'd.)

2.9 Leases (cont'd.)

Group as a lessor (cont'd.)

ii) Operating leases

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis.

iii) Sublease classification

When the Group is an intermediate lessor, it assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

The Group as an intermediate lessor accounts for the sublease as follows:

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

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

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2. Material accounting policy information (cont'd.)

2.10 Inventories

Inventories which comprise consumables used internally for repairs and maintenance are stated at the lower of cost and net realisable value.

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

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

2.11 Derivatives and hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for. The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- (a) There is 'an economic relationship' between the hedged item and the hedging instrument.
- (b) The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- (c) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

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2. Material accounting policy information (cont'd.)

2.11 Derivatives and hedge accounting (cont'd.)

Designation of a risk component of a hedged item is permitted when it is a separable identifiable component of the item, and the changes in the cash flows or the fair value of the item attributable to changes in the risk component is reliably measured.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 20. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'net fair value (loss)/gain on derivatives' (Note 8(d)).

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss and presented separately after net operating profit.

When the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or property, plant and equipment), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory, or in depreciation in the case of property, plant and equipment.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'net fair value (loss)/gain on derivatives' (Note 8(d)).

2.12 Provisions

Provisions are recognised when the Group has a legal or constructive obligation, where the outflow of resources is probable and can be reliably estimated. Provisions are measured at the present value of the obligation. The increase in the provision due to the passage of time is recognised as finance cost.

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2. Material accounting policy information (cont'd.)

2.13 Redeemable Convertible Unsecured Islamic Debt Securities

Redeemable convertible unsecured Islamic debt securities ("RCUIDS") issued by the Company are separated into liability and equity components.

On issuance of the RCUIDS, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. The amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the RCUIDS, based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

2.14 Current and deferred income tax

Taxation comprises of current and deferred tax.

The current tax charge is based on the expected income tax payable and is measured using applicable tax rates.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is recognised on temporary differences arising on investments in subsidiaries, joint ventures and associates except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is not recognised on goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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2. Material accounting policy information (cont'd.)

2.15 Employee benefits

2.15.1 Short term employee benefits

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

2.15.2 Defined contribution retirement plan

The Group's contributions to the Employees' Provident Fund are charged to income statement in the financial year to which they relate. Once the contributions have been paid, the Group has no further obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.15.3 Defined benefit plan

The Group operates defined benefit pension plans in Indonesia and Philippines, which require contributions to be made to separately administered funds. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Group recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'staff costs' in the income statements:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

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2. Material accounting policy information (cont'd.)

2.15 Employee benefits (cont'd.)

2.15.4 Share-based payments

Employees of the Company and certain subsidiary companies of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the share options at the date of grant. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserves over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's and the Group's best estimate of the number of share options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for share options that do not ultimately vest because market performance and/or service conditions have not been met. The proceeds received net of any directly attributable transaction costs and the employee share option reserve relating to the vested options are transferred to share capital when the share options are exercised.

2.16 Revenue and other income

Revenue is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. The Group recognises revenue when or as it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

2.16.1 Engineering services

Revenue from services rendered are recognised as performance obligations are satisfied. The Group's contract with customers where the Group is contracted to provide repair and maintenance services, mainly contain one performance obligation and are satisfied over time as work progresses.

Revenue from these contracts is based on stage of completion. The stage of completion is measured by reference to the proportion of physical completion based on technical milestones defined under the contract (i.e. assessed by reference to assessment of work performed) and taking into account the nature of activities and its associated risk.

2.16.2 Freight services

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

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2. Material accounting policy information (cont'd.)

2.16 Revenue and other income (cont'd.)

2.16.3 Rental income and brand license

Rental income and brand license fees are recognised on an accrual basis.

2.16.4 Interest income

Interest income is recognised using the effective interest method.

2.16.5 Sale of loyalty points

The Group operates a frequent flyer programme where members accumulate points for purchases made which entitle them to discounts on future purchases. Revenue from the award points is recognised as deferred revenue (included in trade and other payables) upon issuing the points, and recognised upon redemption of loyalty points by members. The amount of revenue recognised is computed based on the number of points redeemed and the redemption value of each point which is calculated on a weighted average basis. Award points issued before 1 June 2019 will expire by 36 months upon date of issuance and points issued after 1 June 2019 will expire 24 months upon date of issuance. Revenue associated with the sale of points to merchant partners under the customer loyalty programme is recognised when the obligation is completed.

Included in trade and other payables is the deferred breakage. Breakage represents the estimated loyalty points that are not expected to be redeemed by members. The amount of revenue recognised related to deferred breakage is based on the number of loyalty points redeemed in a period in relation to the total number expected to be redeemed, which factors in the Group estimate for the breakage. Breakage is estimated by management based on the terms and conditions of membership and historical accumulation and redemption patterns, as adjusted for changes to any terms and conditions that may affect members' redemption practices.

2.16.6 Contract assets and liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of engineering contracts, contract asset is the excess of cumulative revenue earned over the billings to-date.

2. Material accounting policy information (cont'd.)

2.16 Revenue and other income (cont'd.)

2.16.6 Contract assets and liabilities

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customer. In the case of engineering contracts, contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities include downpayments received from customers and other deferred income where the Group has billed or has collected the payment before the goods are delivered or services are provided to the customers.

2.17 Foreign currencies

2.17.1 Functional and presentation currency

Ringgit Malaysia is the presentation currency of the Group and of the Company. Ringgit Malaysia is also the functional currency of the Company. The functional currency is the currency of the primary economic environment in which the Company operates. The Group's foreign operations have different functional currencies.

2.17.2 Transactions and balances

Foreign currency transactions and monetary items are translated into the functional currency using the exchange rates prevailing at the transaction dates and at the end of the reporting period, respectively. Foreign exchange differences arising therefrom and on settlement are recognised in profit or loss.

Foreign exchange differences arising from the translation of a monetary item designated as a hedge of net investment in a foreign operation are recognised in other comprehensive income in the consolidated financial statements until the net investment is disposed.

2.17.3 Translation of foreign currency financial statements

For consolidation purposes, the foreign operations' results are translated into the Group's presentation currency at average exchange rates for the financial year whilst the assets and liabilities, including goodwill and fair value adjustments arising on consolidation, are translated at exchange rates ruling at the end of the reporting period. The resulting translation differences are recognised in other comprehensive income and accumulated in exchange reserve.

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2. Material accounting policy information (cont'd.)

2.17 Foreign currencies (cont'd.)

2.17.3 Translation of foreign currency financial statements (cont'd.)

Inter-company loans where settlement is neither planned nor likely to occur in the foreseeable future, are treated as part of the net investment in the subsidiary. Translation differences arising therefrom are recognised in other comprehensive income and reclassified from equity to profit or loss upon repayment or disposal of the relevant entity.

Exchange reserve in respect of a foreign operation is recognised in profit or loss when control, joint control or significant influence over the foreign operation is lost. On partial disposal without losing control, a proportion of the exchange reserve in respect of the subsidiary is re-attributed to the non-controlling interest. The proportionate share of the cumulative translation differences is reclassified to profit or loss in respect of all other partial disposals.

2.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

2.19 Assets held for sale, disposal groups and discontinued operations

Non-current assets or groups of assets are classified as "held for sale" if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Similarly, liabilities directly associated with the disposal groups are also presented separately from other liabilities in the statement of financial position. The individual assets and liabilities of a subsidiary acquired exclusively for resale are not fair valued separately, instead, the net assets as a whole are measured at the lower of carrying amount and fair value less costs to sell with the impairment (if any) netted off against the assets.

Depreciation ceases when an asset is classified as an asset held for sale. Assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

A discontinued operation is a component of the Group that is classified as a disposal group and represents a separate business or geographical segment, or is a subsidiary acquired exclusively for resale.

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3. Critical accounting estimates and judgements

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are explained below.

3.1 Impairment assessment of financial assets

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

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

3.2 Provision for aircraft maintenance and overhaul costs

The Group operates aircraft which are either owned or held under operating lease arrangement. In respect of the aircraft held under operating lease arrangements, the Group is 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. Accordingly, the Group estimates the aircraft maintenance costs required to fulfil these obligations at the end of the lease period and recognise a provision for these costs at each reporting date.

A provision by its nature is more uncertain than most other items in the statement of financial position. The estimates of the outcome and financial effects are determined by the judgement of the management, supplemented by experience from similar transactions. Any revision in assumptions and estimations that causes a material effect to the provision would be adjusted prospectively in the financial statements.

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

3.3 Impairment assessment of intangible assets

Goodwill, landing rights and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash generating units to which goodwill and landing rights are allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value and the key assumptions applied in the impairment assessment of goodwill are given in Note 17.

3.4 Classification as discontinued operations and disposal groups

In the previous financial year, the Group has assessed and concluded that the proposed intention to dispose off AirAsia Aviation Group Limited ("AAAGL") and AirAsia Berhad ("AAB") to AirAsia X Berhad ("AAX") met the Discontinued operations and disposal group requirements under MFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", after having considered the status of the proposed disposals as well as the outcome of the approval by the Company's shareholders.

The details are disclosed in Note 42 to the financial statements.

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4. Revenue and other income

(a) Revenue

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Continuing operation				
<i>Revenue from contracts with customers:</i>				
Logistics and freight services ("Teleport")	1,215,221	1,064,588	-	-
Online travel and e-commerce platform ("AirAsia MOVE")	161,161	265,446	-	-
Engineering services ("ADE")	212,209	82,103	-	-
Financial and other related services ("BigPay")	30,891	38,313	-	-
Brand licensing fees ("AirAsia Next")	39,188	-	-	-
Others	208,269	259,232	-	-
	<u>1,866,939</u>	<u>1,709,682</u>	<u>-</u>	<u>-</u>
<i>Other revenue:</i>				
Management fee (Note 39(a))	-	-	10,000	10,000
Dividend income	-	-	3,468,577	-
	<u>1,866,939</u>	<u>1,709,682</u>	<u>3,478,577</u>	<u>10,000</u>
Discontinued operation				
Aviation				
- passenger seat sales	13,253,911	15,261,587	-	-
- other passenger revenue	3,270,719	3,353,503	-	-
	<u>16,524,630</u>	<u>18,615,090</u>	<u>-</u>	<u>-</u>
Total revenue, representing revenue from contract with customers	<u>18,391,569</u>	<u>20,324,772</u>	<u>-</u>	<u>-</u>
Timing of revenue recognition				
- at a point of time	16,947,024	20,232,110	-	-
- over time	1,444,545	92,662	-	-
	<u>18,391,569</u>	<u>20,324,772</u>	<u>-</u>	<u>-</u>

Other passenger revenue includes ancillary income such as baggage fees, assigned seats, cancellations, documentation and other fees, and on-board sale of meals and merchandise.

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4. Revenue and other income (cont'd.)

(a) Revenue (cont'd.)

Revenue by reportable geographical segment is as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Malaysia	9,474,579	9,641,122	3,478,577	10,000
Philippines	1,341,572	1,679,466	-	-
Indonesia	1,909,296	2,269,266	-	-
Thailand	5,495,221	6,419,655	-	-
Others	170,901	315,263	-	-
	<u>18,391,569</u>	<u>20,324,772</u>	<u>3,478,577</u>	<u>10,000</u>

Salient terms of revenue from contracts with customers:

Aviation:

- Schedule flights Normally settled by cash and refunds for airport tax are claimable up to 6 months period of travel date.
- Charter flights Full upfront payment before the flight.
- Freight services Credit term of 30 days (2024: 30 days) from invoice date.
- Ancillary service Normally settled by cash and generally no refunds.
- Teleport Credit term of 30 days (2024: 30 days) from invoice date.
- AirAsia MOVE Normally settled by cash and generally no refunds.
- Engineering services Credit term of 30 days (2024: 30 days) from invoice date.
- Brand licensing fees Credit term of 30 days from invoice date.

Contract balances are disclosed in Note 19 and remaining unfulfilled performance obligations are sales in advance are disclosed in Note 28.

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4. Revenue and other income (cont'd.)

(b) Other income

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Continuing operation				
Brand ambassador service fee charged to a subsidiary (Note 39 (c))	-	-	18,000	18,000
Gain on disposal of subsidiaries	11,320,177	-	-	3,973
Gain on disposal of investment securities (Note 16)	238	-	-	-
Brand license fee charged to related parties (Note 39 (c))	-	15,296	-	-
Others	11,366	15,728	82	21
	<u>11,331,781</u>	<u>31,024</u>	<u>18,082</u>	<u>21,994</u>
Discontinued operation				
Brand license fee charged to related parties (Note 39 (c))	-	18,300	-	-
Optimisation of aircraft deliveries	-	590,040	-	-
Aircraft operating lease income - AirAsia X Berhad	-	22,290	-	-
Waiver of debts	-	246,126	-	-
Others	108,210	183,294	-	-
	<u>108,210</u>	<u>1,060,050</u>	<u>-</u>	<u>-</u>
Total other income	<u>11,439,991</u>	<u>1,091,074</u>	<u>18,082</u>	<u>21,994</u>

Other income ("others") includes commission income and advertising income.

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5. Staff costs and directors' remuneration

(a) Staff costs

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Continuing operation				
Salaries, bonus, allowances and other employee benefits	617,820	616,228	81,252	52,286
Defined contribution retirement plan	60,714	56,806	8,947	5,582
Defined benefit plan	1,388	7,083	-	-
Share-based payments	-	1,904	-	573
	<u>679,922</u>	<u>682,021</u>	<u>90,199</u>	<u>58,441</u>
Discontinued operation				
Salaries, bonus, allowances and other employee benefits	1,802,130	1,930,771	-	-
Defined contribution retirement plan	129,182	140,406	-	-
Defined benefit plan	-	24,969	-	-
Share-based payments	16,638	2,975	-	-
	<u>1,947,950</u>	<u>2,099,121</u>	<u>-</u>	<u>-</u>
Total staff cost	<u>2,627,872</u>	<u>2,781,142</u>	<u>90,199</u>	<u>58,441</u>

Included in staff costs are Executive Directors' remunerations payable to the Directors of the Company as disclosed in the Note 5(b) below.

(b) Directors' remuneration

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Directors of the Company:				
Executive Directors				
- salaries, bonus, allowances and other employee benefits	90,753	32,265	55,253	32,265
- defined contribution plan	11,343	3,600	7,083	3,600
	<u>102,096</u>	<u>35,865</u>	<u>62,336</u>	<u>35,865</u>
Non-Executive Directors				
- fees	2,158	1,641	2,158	1,641
	<u>104,254</u>	<u>37,506</u>	<u>64,494</u>	<u>37,506</u>

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5. Staff costs and directors' remuneration (cont'd.)

(b) Directors' remuneration (cont'd.)

	Executive		Non-executive	
	2025	2024	2025	2024
Range of remuneration (RM)				
50,001 to 100,000	-	-	-	2
450,001 to 500,000	-	-	1	1
500,001 to 550,000	-	-	-	2
550,001 to 600,000	-	-	3	-
15,500,001 to 15,550,000	-	1	-	-
18,050,001 to 18,100,000	-	1	-	-
50,000,001 to 55,000,000	2	-	-	-

(c) Key Management Personnel

Key management personnel are categorised as senior management officers of the Group and of the Company.

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Salaries, bonus, allowances and other employee benefits	107,440	43,908	62,171	40,808
Defined contribution plan	13,139	4,357	11,817	3,940
	<u>120,579</u>	<u>48,265</u>	<u>73,988</u>	<u>44,748</u>

Included in the key management compensation are Executive Directors' remuneration for the financial year 2025 and 2024 which were approved by the Nomination and Remuneration Committee.

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6. Other operating expenses

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

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Continuing operation				
Auditors' remuneration				
- audit fees	2,568	1,776	419	831
- non-audit fees	8,614	-	25	-
Amortisation expenses on intangible assets (Note 17)	7,147	8,216	-	-
Advertising costs	119,955	81,634	3,723	29
Fair value loss on investment securities (Note 16)	7,654	-	-	-
Impairment losses/ (Reversal of impairment) on:				
- Investment in a subsidiary (Note 13)	-	-	-	238,257
- Trade and other receivables (Note 19)	3,825	7,591	-	-
- Amounts due from subsidiaries (Note 22)	-	-	(30,296)	504,132
- Property, plant and equipment (Note 11)	2,288	-	-	-
- Right-of-use assets (Note 31)	1,654	-	-	-
Loss on disposal of property, plant and equipment	2,071	756	-	-
Loss on disposal of subsidiaries (Note 42)	-	-	2,129,651	-
Rental of buildings	3,366	4,279	398	332
Rental of equipment	3,088	1,189	19	23
Discontinued operation				
Auditors' remuneration				
- audit fees	3,255	1,444	-	-
Advertising costs	153,894	76,339	-	-
Depreciation expenses on investment properties (Note 12)	-	1,095	-	-
Loss on disposal of property, plant and equipment	-	144	-	-
Impairment losses on:				
- Amounts due from related parties (Note 24)	-	127,044	-	-
Property, plant and equipment written off (Note 11)	-	151,043	-	-
Rental of buildings	28,040	14,842	-	-
Rental of equipment	2,029	940	-	-

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7. Aircraft fuel expenses, maintenance and overhaul, user charges, consumables and logistic expenses

(a) Aircraft fuel expenses

Aircraft fuel expenses include fuel used by aircraft.

(b) Maintenance and overhaul

Maintenance and overhaul include maintenance related works on aircraft, the related consumables and aircraft maintenance provision.

(c) User charges

User charges include airport related charges, ground operational charges, aircraft insurance cost and inflight related expenses.

(d) Consumables

Consumables include materials used for repairs and maintenance works on aircraft.

(e) Logistic expenses

Logistic expenses include belly cargo space charges, freight charges, and ground handling costs.

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8. Finance income/(costs), foreign exchange gain/(loss) and net fair value (loss)/gain on derivatives

(a) Finance income

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Continuing operation				
Interest income from:				
- deposits, cash and bank balances with licensed banks	2,828	1,424	102	80
- amounts due from subsidiaries	-	-	50,994	62,332
Effect of discounting on financial instruments	-	15	-	-
Others	11,830	-	-	-
	<u>14,658</u>	<u>1,439</u>	<u>51,096</u>	<u>62,412</u>
Discontinued operation				
Interest income from:				
- deposits, cash and bank balances with licensed banks	5,734	5,572	-	-
- finance lease receivables (Note 42 and 31)	113,406	8,372	-	-
Effect of discounting on financial instruments	43,712	1,219	-	-
Others	-	8,449	-	-
	<u>162,852</u>	<u>23,612</u>	<u>-</u>	<u>-</u>
	<u>177,510</u>	<u>25,051</u>	<u>51,096</u>	<u>62,412</u>

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8. Finance income/(costs), foreign exchange gain/(loss) and net fair value (loss)/gain on derivatives (cont'd.)

(b) Finance costs

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Continuing operation				
Interest expense:				
- borrowings	(90,407)	(47,413)	(13,473)	(4,846)
- lease liabilities (Note 31)	(33,980)	(18,149)	-	-
- provision of retirement benefits (Note 32)	(187)	(14)	-	-
RCUIDS profit payment (Note 29)	(76,598)	(81,027)	(76,598)	(81,027)
Others	(7,998)	(18,644)	(6)	(7)
	<u>(209,170)</u>	<u>(165,247)</u>	<u>(90,077)</u>	<u>(85,880)</u>
Discontinued operation				
Interest expense:				
- borrowings	(580,748)	(616,952)	-	-
- lease liabilities (Note 31)	(959,739)	(930,150)	-	-
- provision of retirement benefits (Note 42 and 32)	(4,430)	(3,064)	-	-
Effect of discounting on financial instruments	-	(2,360)	-	-
Others	-	(46,921)	-	-
	<u>(1,544,917)</u>	<u>(1,599,447)</u>	<u>-</u>	<u>-</u>
	<u>(1,754,087)</u>	<u>(1,764,694)</u>	<u>(90,077)</u>	<u>(85,880)</u>

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8. Finance income/(costs), foreign exchange gain/(loss) and net fair value (loss)/gain on derivatives (cont'd.)

(c) Foreign exchange gain/(loss)

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Continuing operation				
Realised	(16,020)	(2,964)	199	15
Unrealised	30,506	(34,623)	16,429	(755)
	<u>14,486</u>	<u>(37,587)</u>	<u>16,628</u>	<u>(740)</u>
Discontinued operation				
Realised	61,834	40,424	-	-
Unrealised	1,015,207	172,232	-	-
	<u>1,077,041</u>	<u>212,656</u>	<u>-</u>	<u>-</u>
	<u>1,091,527</u>	<u>175,069</u>	<u>16,628</u>	<u>(740)</u>

(d) Net fair value (loss)/gain on derivatives

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Continuing operation				
Fair value loss on warrants, net	(2,519)	-	-	-
Discontinued operation				
(Loss)/Gain from foreign exchange forward contracts	(10,280)	4,779	-	-
	<u>(12,799)</u>	<u>4,779</u>	<u>-</u>	<u>-</u>

9. Taxation

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Continuing operation				
Current taxation				
- Malaysian tax	9,753	1,325	-	-
- foreign tax	6,052	317	-	-
Deferred tax (Note 18)	(12,852)	(11,045)	-	-
	<u>2,953</u>	<u>(9,403)</u>	<u>-</u>	<u>-</u>

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9. Taxation (cont'd.)

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Discontinued operation				
Current taxation				
- malaysian tax	2,499	4,025	-	-
- foreign tax	12,868	9,373	-	-
Deferred tax (Note 42 and 18)	(7,402)	65,380	-	-
	<u>7,965</u>	<u>78,778</u>	<u>-</u>	<u>-</u>
Total taxation	<u>10,918</u>	<u>69,375</u>	<u>-</u>	<u>-</u>

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Current taxation				
- current financial year	31,107	26,529	-	-
- under/(over)provision of income tax in respect of previous years	65	(11,489)	-	-
	<u>31,172</u>	<u>15,040</u>	<u>-</u>	<u>-</u>
Deferred taxation (Note 42 and 18)				
- origination and reversal of temporary differences	(8,924)	61,113	-	-
- overprovision of deferred tax in respect of previous years	(11,330)	(6,778)	-	-
	<u>(20,254)</u>	<u>54,335</u>	<u>-</u>	<u>-</u>
Total taxation	<u>10,918</u>	<u>69,375</u>	<u>-</u>	<u>-</u>

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9. Taxation (cont'd.)

The explanation of the relationship between taxation and loss before taxation is as follows:

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before taxation				
- continuing operation	10,528,496	(891,094)	1,222,157	(831,894)
- discontinued operation	2,916,158	500,001	-	-
	<u>13,444,654</u>	<u>(391,093)</u>	<u>1,222,157</u>	<u>(831,894)</u>
Tax calculated at Malaysian tax rate of 24% (2024: 24%)	3,226,717	(93,862)	293,318	(199,655)
Tax effects of:				
- expenses not deductible for tax purposes	94,839	235,507	546,430	77,695
- income not subject to tax	(3,181,158)	(84,912)	(832,458)	-
- effect of different rates in foreign jurisdictions	1,115	(21,638)	-	-
- associates' results reported net of tax	5,548	923	-	-
- (utilisation of previously unrecognised deferred tax asset)/deferred tax assets not recognised, net				
- continuing operations	(9,787)	68,029	(7,290)	121,960
- discontinued operations	(115,091)	(16,405)	-	-
- under/(over)provision of income tax in respect of previous years	65	(11,489)	-	-
- overprovision of deferred tax in respect of previous years	(11,330)	(6,778)	-	-
Taxation	<u>10,918</u>	<u>69,375</u>	<u>-</u>	<u>-</u>

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9. Taxation (cont'd.)

Pillar Two Taxes

On 2 June 2023, the Malaysian Accounting Standard Board ("MASB") has issued the Amendments to MFRS 112 Income Taxes International Tax Reform - Pillar Two Model Rules. This pronouncement is effective from annual period beginning on or after 1 January 2023. On 29 December 2023, Pillar Two legislation has been enacted in Malaysia, which will come into effect on 1 January 2025.

The Group has adopted the Amendments to MFRS 112 that introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two Model Rules as well as disclosure requirements on the exposure to Pillar Two income taxes.

The Group confirms that it falls within the scope of the Organisation for Economic Co-operation and Development (OECD)'s Pillar Two rules, as its consolidated annual revenue exceeds RM3.9 billion.

The Group had performed a preliminary assessment of its potential exposure to Pillar Two income taxes, including the application of safe harbour provisions for selected jurisdictions where the rules are effective in 2024, specifically Australia, Korea and Vietnam.

Based on analysis using 2024 country-by-country reporting and 2025 financial information, the Group generally meets the Transitional Country-by-Country Reporting Safe Harbour ("TCSH") criteria in the relevant jurisdictions. Consequently, the Group does not expect any material top-up tax exposure in these jurisdictions for the financial year ended 2025.

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10. Earning/(Loss) per share

Basic

The basic earning/(loss) per share for the financial year is calculated by dividing the Group's profit/(loss) attributable to owners of the parent, divided by the weighted average number of shares, calculated as follows:

	Group	
	2025	2024
Net profit/(loss) for the financial year attributable to owners of the parent (RM'000)		
- continuing operations	10,517,544	(896,003)
- discontinued operations	2,500,514	394,757
	<u>4,342,226</u>	<u>4,286,432</u>
Weighted average number of ordinary shares in issue ('000)	<u>4,342,226</u>	<u>4,286,432</u>
Basic earnings/(loss) per share (sen)		
- continuing operations	242.2	(20.9)
- discontinued operations	57.6	9.2

Diluted

The diluted earnings/(loss) per share for the financial year is calculated by dividing the Group's profit/(loss) attributable to owners of the parent, divided by the weighted average number of shares that would have been in issue upon full exercise of the options under the RCUIDS, warrants and ESOS granted, calculated as follows:

	Group	
	2025	2024
Net profit/(loss) for the financial year attributable to owners of the parent (RM'000)		
- continuing operations	10,517,544	(896,003)
- discontinued operations	2,500,514	394,757
	<u>4,342,226</u>	<u>4,286,432</u>
Weighted average number of ordinary shares in issue ('000)	4,342,226	4,286,432
Effect of conversion of RCUIDS ('000)	2,910,373	866,975
Effect of warrants exercise ('000)	640,035	649,670
	<u>7,892,634</u>	<u>5,803,077</u>
Weighted average number of ordinary shares in issue for diluted earnings/(loss) per share computation ('000)	<u>7,892,634</u>	<u>5,803,077</u>
Diluted earnings/(loss) per share (sen)		
- continuing operations	133.3	(15.4)
- discontinued operations	31.7	6.8

There has been no other transaction involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

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11. Property, plant and equipment

	At 1 January 2025 RM'000	Additions RM'000	Disposals RM'000	Reclassification ¹ RM'000	Depreciation charge RM'000	Impairment loss RM'000	Exchange differences RM'000	At 31 December 2025 RM'000
Group								
Carrying amount								
Aircraft spares	104,561	38,759	(5,271)	-	(18,300)	-	(152)	119,597
Buildings	131	5,889	-	-	(1,566)	-	(196)	4,258
Motor vehicles	6,030	6,427	(5,781)	-	(1,648)	-	(12)	5,016
Office equipment, furniture and fittings	10,320	20,987	(2,029)	2,677	(15,705)	-	(1,400)	14,850
Office renovation	22,250	11,822	(913)	-	(2,318)	(2,288)	(94)	28,459
Operating plant and ground equipment	67,007	64,501	(1,458)	-	(18,745)	-	(44)	111,261
In-flight equipment	-	299	-	-	(89)	-	-	210
Training equipment	44	9	-	-	(15)	-	-	38
Work in progress	17,857	14,430	(583)	(2,677)	-	-	(427)	28,600
	<u>228,200</u>	<u>163,123</u>	<u>(16,035)</u>	<u>-</u>	<u>(58,386)</u>	<u>(2,288)</u>	<u>(2,325)</u>	<u>312,289</u>

¹ Work in progress completed during the financial year were reclassified to respective asset classes.

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

	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment loss RM'000	Carrying amount RM'000
Group (cont'd.)				
At 31 December 2025				
Aircraft spares	175,021	(55,424)	-	119,597
Buildings	4,258	-	-	4,258
Motor vehicles	8,999	(3,983)	-	5,016
Office equipment, furniture and fittings	109,372	(93,760)	(762)	14,850
Office renovation	44,711	(13,964)	(2,288)	28,459
Operating plant and ground equipment	157,319	(46,058)	-	111,261
In-flight equipment	334	(124)	-	210
Training equipment	75	(37)	-	38
Work in progress	28,600	-	-	28,600
	<u>528,689</u>	<u>(213,350)</u>	<u>(3,050)</u>	<u>312,289</u>

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

	At 1 January 2024 RM'000	Additions RM'000	Disposals RM'000	Written off (Note 6) RM'000	Reclassi- fication ¹ RM'000	Depreciation charge ² RM'000	Exchange differences RM'000	Transferred to ROU assets (Note 31) RM'000	Transferred to disposal group (Note 42) RM'000	At 31 December 2024 RM'000
Group										
Carrying amount										
Aircraft engines, airframes and service potential	403,005	70,649	(13,100)	-	9,757	(17,791)	(4,720)	-	(447,800)	-
Aircraft spares	194,706	78,769	(17,949)	-	-	(33,212)	(5,207)	-	(112,546)	104,561
Aircraft fixtures and fittings	4,718	10,951	-	-	-	(939)	(3,375)	-	(11,355)	-
Freehold land	108,760	-	-	-	-	-	(3,783)	-	(104,977)	-
Buildings	341,233	114,788	(711)	-	162,265	(11,897)	(8,440)	(303,603)	(293,504)	131
Motor vehicles	8,788	9,162	(472)	-	-	(2,605)	(39)	-	(8,804)	6,030
Office equipment, furniture and fittings	112,801	32,239	(2,585)	(78,737)	28	(15,699)	(606)	-	(37,121)	10,320
Office renovation	20,731	25,587	(288)	-	839	(6,517)	(440)	-	(17,662)	22,250
Simulator equipment	121	-	-	-	-	(7)	-	-	(114)	-
Operating plant and ground equipment	49,288	49,857	(7,226)	-	-	(15,240)	(189)	-	(9,483)	67,007
In-flight equipment	-	206	-	(1)	-	(171)	(12)	-	(22)	-
Training equipment	3,750	1,860	-	-	-	(1,306)	(128)	-	(4,132)	44
Work in progress	332,462	10,571	-	(72,305)	(172,889)	-	(67)	-	(79,915)	17,857
	<u>1,580,363</u>	<u>404,639</u>	<u>(42,331)</u>	<u>(151,043)</u>	<u>-</u>	<u>(105,384)</u>	<u>(27,006)</u>	<u>(303,603)</u>	<u>(1,127,435)</u>	<u>228,200</u>

¹ Work in progress completed during the financial year were reclassified to respective asset classes.

² Depreciation charge arising from continuing operations and discontinued operations amounted to RM46,132,000 and RM59,252,000 respectively.

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

	Cost	Accumulated	Accumulated	Transferred	Transferred to	Carrying
	RM'000	depreciation	impairment	to ROU	disposal group	amount
		RM'000	loss	assets	(Note 42)	RM'000
			RM'000	(Note 31)	RM'000	RM'000
				RM'000		
Group (cont'd.)						
At 31 December 2024						
Aircraft engines, airframes and service potential	850,414	(393,782)	(8,832)	-	(447,800)	-
Aircraft spares	539,210	(310,284)	(11,819)	-	(112,546)	104,561
Aircraft fixtures and fittings	238,307	(221,567)	(5,385)	-	(11,355)	-
Freehold land	104,977	-	-	-	(104,977)	-
Buildings	677,862	(80,624)	-	(303,603)	(293,504)	131
Motor vehicles	63,290	(48,456)	-	-	(8,804)	6,030
Office equipment, furniture and fittings	366,377	(318,103)	(833)	-	(37,121)	10,320
Office renovation	153,892	(113,980)	-	-	(17,662)	22,250
Simulator equipment	238	(124)	-	-	(114)	-
Operating plant and ground equipment	161,906	(85,416)	-	-	(9,483)	67,007
In-flight equipment	5,152	(5,130)	-	-	(22)	-
Training equipment	13,342	(9,166)	-	-	(4,132)	44
Work in progress	97,772	-	-	-	(79,915)	17,857
	3,272,739	(1,586,632)	(26,869)	(303,603)	(1,127,435)	228,200

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

Company	At 1 January 2025 RM'000	Additions RM'000	Depreciation charge RM'000	At 31 December 2025 RM'000
Carrying amount				
Motor vehicles	38	-	(17)	21
Office equipment, furniture and fittings	14	7	(6)	15
Office renovation	839	1	(204)	636
	<u>891</u>	<u>8</u>	<u>(227)</u>	<u>672</u>

Company	At 1 January 2024 RM'000	Additions RM'000	Depreciation charge RM'000	At 31 December 2024 RM'000
Carrying amount				
Motor vehicles	55	-	(17)	38
Office equipment, furniture and fittings	6	11	(3)	14
Office renovation	147	854	(162)	839
	<u>208</u>	<u>865</u>	<u>(182)</u>	<u>891</u>

Included in property, plant and equipment of the Group are:

	Group 2025 RM'000	2024 RM'000
Aircraft spares, engines and engineering equipment pledged as security for borrowings	241,066	372,201
Freehold land and building pledged as security for borrowings	-	257,440
Total property, plant and equipment pledged as security for borrowings	<u>241,066</u>	<u>629,641</u>

As at 31 December 2025, the amount above are pledged as a security for borrowing secured by a subsidiary (Note 29).

Impairment loss on property, plant and equipment of the Group of RM2,288,000 was recognised during the financial year due to decline in operation of a subsidiary of the Group.

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12. Investment properties

	Group	
	2025	2024
	RM'000	RM'000
Carrying amount		
At 1 January	-	77,379
Additions	-	111
Depreciation (Note 6)	-	(1,095)
Transferred to disposal group (Note 42)	-	(74,708)
Exchange differences	-	(1,687)
At 31 December	<u>-</u>	<u>-</u>

The fair value of investment properties as at 31 December 2024 amounted to RM75 million. The fair value has been determined based on valuation performed by an accredited independent valuer. The market prices of the land and building held for rent has been determined using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.

13. Investment in subsidiaries

	Company	
	2025	2024
	RM'000	RM'000
Unquoted investments, at cost		
At 1 January	647,080	6,720,126
Additions (Note 13(i) and Note 13(ii))	1,278	368,952
Impairment (Note 13(iii))	-	(238,257)
Disposals (Note 13(iv))	-	(8,322)
Deemed investment (Note 13(v))	-	4,116
Transferred to assets held for sale (Note 42)	-	(6,199,535)
At 31 December	<u>648,358</u>	<u>647,080</u>

As at 31 December 2025, shares in subsidiaries with a carrying amount of RM265.7 million (2024: RM265.7 million) are pledged as a security for borrowing secured by subsidiaries (Note 29).

As at 31 December 2025, shares in subsidiaries with a carrying amount of RM361.9 million (2024: nil) are pledged as a security for borrowing secured by a related party.

As at 31 December 2024, shares in subsidiaries with a carrying amount of RM361.9 million are pledged as a security for borrowing secured by a subsidiary that been reclassified as liabilities held for sale.

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13. Investment in subsidiaries (cont'd.)

(i) Additions during the financial year

- (a) During the financial year, the Company invested in 4,900 ordinary shares, representing 49% equity interest in PT Santan Food Services Indonesia ("STSI") for a total consideration of RM1,277,526 (equivalent to IDR 4.9 billion).
- (b) During the financial year, the Company incorporated Wano Connect Sdn. Bhd. ("Wano") with 1 ordinary shares of RM1 per share.
- (c) During the financial year, the Company acquired Outclass Education Technology and Employment Services Sdn. Bhd. ("Outclass") from Brand AA Sdn. Bhd. ("Brand AA") for a consideration amounting to RM1 in exchange for 11.3 million ordinary share of RM1 per share.

(ii) Additions in the previous financial year

- (a) During the previous financial year, the Company incorporated Capital A International ("CAPI") with 1 ordinary shares of USD1 per share.
- (b) During the previous financial year, the Company acquired AirAsia Move Sdn. Bhd. ("AirAsia Move") from Move Digital Sdn. Bhd. ("Move Digital") for a total consideration amounting to RM359,290,000 in exchange for 371,213,224 ordinary share of RM1 per share.
- (c) During the previous financial year, the Company capitalised RM4.4 million due from Asia Digital Engineering Sdn. Bhd. ("ADE") in return of 4.4 million shares at RM1 per share issued by ADE to the Company.
- (d) During the previous financial year, the Company capitalised the assignment of debts from Redbeat Capital Sdn. Bhd. ("RBC") to the Company amounting to RM5.2 million in return of 5.2 million shares at RM1 per share issued by RBC to the Company.

(iii) Impairment in the previous financial year

During the previous financial year, the Group recognised an impairment loss of RM238 million on its investment in Move Digital. The write-down was mainly driven by the decline in the financial performance of Move Digital's subsidiary, BigPay Pte. Ltd. ("BigPay"), due to stiff competitive landscape of the e-wallet and financial services industry. This impairment was recorded in the income statement as other operating expenses.

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13. Investment in subsidiaries (cont'd.)

(iv) Disposals in the previous financial year

- (a) During the previous financial year, the Company disposed Brand AA to CAPI for a total consideration amounting to RM2 in exchange for 2 ordinary shares of RM1 per share.
- (b) During the previous financial year, the Company disposed AirAsia SEA Sdn. Bhd. ("AASEAMY") to Capital Aviation Services Sdn. Bhd. ("CAPAS") for a total consideration amounting to RM11,972,616 in exchange for 8,000,000 ordinary shares of RM1 per share, resulting in a gain on disposal of a subsidiary amounting to RM3,972,616 as disclosed in Note 4(b).
- (c) During the previous financial year, the Company disposed Santan Food Services Sdn. Bhd. ("SFS") to CAPAS for a total consideration amounting to RM322,242 in exchange for 322,002 ordinary shares of RM1 per share.

(v) Deemed investment

The Company issued ESOS as disclosed in Note 34 to the employees of the Company and its subsidiaries. The ESOS issued to the employees of the subsidiaries is a deemed investment in these subsidiaries which had paid the employees in lieu of their services in shares of the Company.

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13. Investment in subsidiaries (cont'd.)

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2025 %	2024 %	
Directly held by the Company				
AirAsia Berhad ("AAB") ⁺	Malaysia	-	100	Commercial air transport services
Move Digital Sdn. Bhd. ("Move Digital") ⁺	Malaysia	100	100	Investment holding
AirAsia SEA Ltd ⁺	Thailand	99.99	100	Management services
AirAsia Aviation Group Ltd ("AAAGL") ⁺	Malaysia	-	100	Investment holding
Asia Digital Engineering Sdn. Bhd. ("ADE") ⁺	Malaysia	100	100	Providing engineering services
AirAsia Data Holdings Inc	British Virgin Islands	100	100	Investment holding
Wano Connect Sdn. Bhd. ⁺	Malaysia	100	-	Tour and travel services
Outclass Education Technology and Employment Services Sdn. Bhd. ("Outclass") ⁺	Malaysia	100*	-	Brand and intellectual property licensing, development and merchandising

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13. Investment in subsidiaries (cont'd.)

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2025 %	2024 %	
Directly held by the Company (cont'd.)				
Capital Aviation Services Sdn. Bhd. ("CAPAS") ⁺	Malaysia	100	100	Investment holding
Fleet Consolidated Pte Ltd	Singapore	100	100	Renting of air transport equipment
Redbeat Capital Sdn. Bhd. ("RBC")	Malaysia	100	100	Investment holding
AirAsia Magic Sdn. Bhd. ⁺	Malaysia	100	100	Provision of drone training and related drone services
Teleport Everywhere Pte. Ltd. ("TES") ^{+@}	Singapore	76.86 [#]	93.48	Freight transport arrangement
Capital A International ("CAPI")	Cayman Islands	100	100	Investment holding
AirAsia Move Sdn Bhd ("AirAsia Move") ⁺	Malaysia	100	100	Investment holding

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13. Investment in subsidiaries (cont'd.)

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2025 %	2024 %	
Held by AAB				
AirAsia (Mauritius) Limited [†]	Mauritius	-	100	Providing aircraft leasing facilities to Thai AirAsia Co Ltd
AirAsia Corporate Services Limited [†]	Malaysia	-	100	Facilitate business transactions for AirAsia Group with non-resident goods and service
Asia Aviation Capital Limited ("AAC") [†]	Malaysia	-	100	Providing aircraft leasing facilities
AirAsia RB 1 Ltd [†]	Malaysia	-	100	Investment holding
Held by Move Digital				
Big Pay Pte Ltd ("BigPay")	Singapore	99.56	99.56	Investment holding
RedTix Sdn. Bhd. ("RedTix")	Malaysia	75	75	Event ticketing business
RedBeat Ventures Inc	United States	100	100	Dormant
AirAsia Technology Centre Singapore Pte Ltd [†]	Singapore	100	100	Research and experimental development on IT, development of software for cybersecurity

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13. Investment in subsidiaries (cont'd.)

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2025 %	2024 %	
Held by AAAGL				
AA Com Travel Philippines Inc ⁺	Philippines	-	99.99*	Tour and travel services
AirAsia Inc ("PAA") ⁺	Philippines	-	99.99	Commercial air transport services
PT AirAsia Indonesia TBK ("AAID") ⁺	Indonesia	-	46.25	Investment holding
AirAsia (Guangzhou) Aviation Service Ltd Co ("AGZ") ⁺	China	-	100	Aviation and commercial services
AirAsia Europe Ltd ⁺	United Kingdom	-	100	Dormant
Asia Aviation Public Company Limited ("AAV") ⁺	Thailand	-	40.71	Investment holding
AirAsia Aviation Management Services Sdn. Bhd. ⁺	Malaysia	-	100	Aviation management services and information services
AirAsia (Cambodia) Co Ltd ⁺	Cambodia	-	51	Commercial air transport services
Held by ADE				
ADE Asset One Sdn. Bhd. [^]	Malaysia	100	100	Providing engineering services
ADE Asset Two Sdn. Bhd. [^]	Malaysia	100	100	Providing engineering services

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13. Investment in subsidiaries (cont'd.)

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2025 %	2024 %	
Held by ADE (cont'd.)				
ADE (Cambodia) Co Ltd [^]	Cambodia	60	60	Providing engineering services
ADE Labuan Ltd	Malaysia	100	100	Investment holding
ADE, Philippines Inc ⁺	Philippines	99.99	99.99	Providing engineering services
Asia Digital Engineering (Thailand) Co [^]	Thailand	100	100	Providing engineering services
PT Asia Digital Engineering Indonesia [^]	Indonesia	100	100	Providing engineering services
Held by CAPAS				
AirAsia SEA Sdn. Bhd. ("AASEAMY") ⁺	Malaysia	100	100	To provide shared services and outsourcing for its affiliates
Santan Food Services Sdn. Bhd. ("SFS") ⁺	Malaysia	100	100*	Food and beverages
Capital A Consultancy Sdn. Bhd. ⁺	Malaysia	100	100	Providing consulting service

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13. Investment in subsidiaries (cont'd.)

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2025 %	2024 %	
Held by RBC				
RedBeat Capital 1, LLC	Cayman Islands	100	100	Dormant
AirAsia Mobile Sdn. Bhd. ⁺	Malaysia	100	100*	Telecommunication resellers
Held by TES				
Teleport Commerce Malaysia Sdn. Bhd. ("TCM") ⁺	Malaysia	76.86	93.48	Logistics business
Teleport Commerce India Pvt Ltd ⁺	India	51.50	62.63	Logistics business
PT Teleportasi Bisnis Indonesia ⁺	Indonesia	51.50	62.63	Logistics business
Freightchains Technologies Pte Ltd ⁺	Singapore	69.17	84.13	Research and development arm of TCM
Delivereat Sdn. Bhd.	Malaysia	76.86	93.48	Online food ordering and delivery services

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13. Investment in subsidiaries (cont'd.)

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2025 %	2024 %	
Held by TES (cont'd.)				
Teleport Holdings Sdn. Bhd. ("THSB")	Malaysia	76.86	93.48	Investment management, cargo, logistics and delivery services
Teleport Terminals Sdn. Bhd. ⁺	Malaysia	76.86	93.48	Dormant
Teleport Commerce Philippines, Inc. ⁺	Philippines	53.80	65.44	Logistics business
Teleport (Thailand) Co Ltd ⁺	Thailand	37.66	45.81	Logistics business
Held by CAPI				
Brand AA Sdn. Bhd. ("BAA") ⁺	Malaysia	100	100*	Brand and intellectual property licensing, development and merchandising
Aether Merger Sub Inc	USA	100	100	Investment holding
Held by BAA				
Airasia Entertainment Sdn. Bhd. ⁺	Malaysia	100	-	Creative, arts and entertainment activities
Held by AirAsia Move				
Move Travel Sdn. Bhd. ("MOVE") ⁺	Malaysia	100	100	Tour and travel services
Move Duty Free Sdn. Bhd. ⁺	Malaysia	100	100	Inflight shop

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13. Investment in subsidiaries (cont'd.)

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2025 %	2024 %	
Held by AirAsia Move (cont'd.)				
AirAsia Ride Sdn. Bhd. ⁺	Malaysia	100	100	E-hailing services
Santan Food Sdn. Bhd. ("STF") ⁺	Malaysia	100	100	Trading in coffee and tea related products
BIGLIFE Sdn. Bhd. ("BIG") ⁺	Malaysia	100	100	Financial services and managing customer loyalty points
AirAsia SuperApp (Thailand) Co Ltd [^]	Thailand	100	100	Provision of mobile application services
AirAsia Technology Centre India Pvt Ltd [^]	India	100	100	Consultancy and services in the areas of information, technology design, development and implementation
AirAsia Superapp LLC	Korea	100	100	Tour and travel services loyalty points
Ikhlas Com Travel Sdn. Bhd. ("Ikhlas") ⁺	Malaysia	60*	-	Tour and travel services
Held by AAC				
Rouge Aircraft 1 Limited ⁺	Labuan	-	100	Providing supporting services to air transport

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13. Investment in subsidiaries (cont'd.)

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2025 %	2024 %	
Held by BigPay				
BigPay Malaysia Sdn. Bhd. ⁺	Malaysia	99.56	99.56	Provider of financial services
BigPay Singapore Pte Ltd	Singapore	99.56	99.56	Provider of financial services
BigPay (Thailand) Ltd ⁺	Thailand	99.56	99.56	Dormant
BigPay Later Sdn. Bhd. ⁺	Malaysia	99.56	99.56	Provider of financial services
BPB Technologies Sdn. Bhd. ⁺	Malaysia	99.56	99.56	Dormant
BigPay Capital Sdn. Bhd. ⁺	Malaysia	99.56	99.56	Dormant
BigPay Philippines, Inc	Philippines	99.56	99.56	Dormant
Held by Redtix				
Rokki Media Holdings Sdn. Bhd.	Malaysia	75	75	Dormant
Held by PAA				
Philippines AirAsia Inc ("PAAI") ⁺	Philippines	-	99.74	Commercial air transport services
Asiawide Airways Inc ⁺	Philippines	-	99.99	Dormant

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13. Investment in subsidiaries (cont'd.)

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2025 %	2024 %	
Held by AAID				
PT Indonesia AirAsia ("IAA") ⁺	Indonesia	-	47.43	Commercial air transport services
Held by IAA				
PT Garda Tawang Reksa Indonesia ("GTRI") ⁺	Indonesia	-	31.78	Provision of airport related services
Held by AAV				
Thai AirAsia Co. Ltd. ("TAA") ⁺	Thailand	-	40.71	Commercial air transport services
Held by TAA				
Asia Aviation Center Co Ltd ⁺	Thailand	-	40.71	Dormant
Held by SFS				
PT Santan Food Services Indonesia	Indonesia	100	100	Food and beverages
Santan Food Services Philippines Corp ⁺	Philippines	99.99	-	Food and beverages
Held by TCM				
Teleport Platform Sdn. Bhd. ("TPSB") ⁺	Malaysia	76.86	93.48	Facilitation of logistics and payment services for cross border e-commerce

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13. Investment in subsidiaries (cont'd.)

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2025 %	2024 %	
Held by TPSB				
Teleport Platforms Pte Ltd [†]	Singapore	76.86	93.48	Online retail sales
Held by THSB				
Teleport Hong Kong Co Ltd ("TLPHK") [†]	Hong Kong	76.86	93.48	Logistics business
Held by TLPHK				
Teleport Commercial Services (Shenzhen) Ltd	China	76.86	93.48	Logistics business
Held by STF				
Ourfarm Asia Sdn. Bhd. [†]	Malaysia	100	100	Wholesale of meat, fish, fruits, vegetables, flowers and plants
Held by BIG				
BIGLIFE Digital Singapore Pte Ltd [^]	Singapore	100	100	Marketing and distribution of loyalty programme
BIGLIFE (Thailand) Co Ltd [^]	Thailand	49	49	Marketing and distribution of loyalty programme
PT BIGLIFE Digital Indonesia [^]	Indonesia	100	100	Marketing and distribution of loyalty programme

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13. Investment in subsidiaries (cont'd.)

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2025 %	2024 %	
Held by BIG (cont'd.)				
BIGLIFE Hong Kong Co Ltd [^]	Hong Kong	100	100	Dormant
BIGLIFE Philippines Inc	Philippines	100	100	Marketing and distribution of loyalty programme
BIGLIFE Vietnam Co Ltd	Vietnam	100	100	Marketing and distribution of loyalty programme
Held by MOVE				
Rokki Sdn. Bhd. ("Rokki") ⁺	Malaysia	100	100	Trading of multimedia content and equipment
PT Move Travel Indonesia [^]	Indonesia	100	100	Tour and travel services
Move Travel (Thailand) Ltd [^]	Thailand	100	100	Tour and travel services
AirAsia Move Travel Pte Ltd	Singapore	100	100	Tour and travel services

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13. Investment in subsidiaries (cont'd.)

Name of entity	Country of incorporation	Group's effective equity interest		Principal activities
		2025 %	2024 %	
Held by MOVE (cont'd)				
AACOM Australia Pty Ltd	Australia	-	100	Tour and travel services
Move Travel Hong Kong Ltd ("MTHK") [^]	Hong Kong	100	100	Tour and travel services
Move Travel Philippines, Inc [^]	Philippines	99.99	99.99	Tour and travel services
AirAsia Move Travel Technology (Hainan) Co Ltd	China	100	100	Tour and travel services
Airasia Com (Vietnam) Co Ltd [^]	Vietnam	100	100	Tour and travel services
Airasia Superapp Taiwan Ltd	Taiwan	100	100	Tour and travel services
Ikhlas	Malaysia	-*	60*	Tour and travel services
Held by MTHK				
AirAsia Com Guangzhou Co Ltd [^]	China	100	100	Tour and travel services

⁺ Audited by a member of BDO Global.

[^] Audited by a firm other than BDO PLT.

^{*} Transferred within the Group.

[#] The Group's effective equity interest in TES decreased following the disposal of AAB and AAAGL, as AAB and TAA held direct interests of 14.17% and 6.02% in TES, respectively.

[@] Move Digital holds a 11.45% equity interest in TES in trust for the benefit of IAA and PAA.

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13. Investment in subsidiaries (cont'd.)

Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name of entity	Country of incorporation	Effective non-controlling interests	
		2025 %	2024 %
IAA	Indonesia	-	53.75%
AAV	Thailand	-	59.29%

	Group	
	2025 RM'000	2024 RM'000
Accumulated balances of material non-controlling interests:		
IAA	-	(1,951,740)
AAV	-	679,862
Other individually immaterial subsidiaries	(33,101)	31,098
	<u>(33,101)</u>	<u>(1,240,780)</u>
(Loss)/profit allocated to material non-controlling interests:		
IAA	-	(131,965)
AAV	-	164,456
Other individually immaterial subsidiaries	7,999	8,287
	<u>7,999</u>	<u>40,778</u>
Total comprehensive income/(loss) allocated to material non-controlling interests:		
IAA	-	(132,902)
AAV	-	124,745
Other individually immaterial subsidiaries	913	45,934
	<u>913</u>	<u>37,777</u>

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13. Investment in subsidiaries (cont'd.)

Material partly-owned subsidiaries (cont'd.)

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before intercompany eliminations.

Summarised income statements as at 31 December are as follows:

	2025		2024	
	IAA RM'000	AAV RM'000	IAA RM'000	AAV RM'000
Revenue	-	-	2,278,004	6,580,377
Depreciation and amortisation	-	-	(253,814)	(531,094)
Interest income	-	-	412	10,347
Interest expense	-	-	(121,684)	(336,374)
(Loss)/profit before taxation	-	-	(436,792)	541,589
Tax expense	-	-	(951)	(91,016)
Net (loss)/profit for the financial year	-	-	(437,743)	450,573
Total comprehensive (loss)/income	-	-	(439,506)	384,399
Attributable to non-controlling interests	-	-	(236,234)	227,910

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13. Investment in subsidiaries (cont'd.)

Material partly-owned subsidiaries (cont'd.)

Summarised statements of financial position as at 31 December are as follows:

	2025		2024	
	IAA RM'000	AAV RM'000	IAA RM'000	AAV RM'000
Non-current assets	-	-	1,463,168	78,505,603
Current assets	-	-	120,043	2,032,653
Non-current liabilities	-	-	(1,668,502)	(4,579,840)
Current liabilities	-	-	(2,527,685)	(3,811,257)
Net (liabilities)/assets	-	-	(2,612,976)	72,147,159

Summarised cash flow information for the year ended 31 December are as follows:

	2025		2024	
	IAA RM'000	AAV RM'000	IAA RM'000	AAV RM'000
Operating activities	-	-	255,393	967,509
Investing activities	-	-	(9,459)	(109,118)
Financing activities	-	-	(246,140)	(733,703)
Net (decrease)/increase in cash and cash equivalents	-	-	(206)	124,688

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14. Investment in a joint venture

	Group	
	2025 RM'000	2024 RM'000
Unquoted investments, at cost	2,025	2,025
Share of post-acquisition loss	(2,025)	(2,025)
	<u>-</u>	<u>-</u>

The joint venture listed below has share capital consisting solely of ordinary shares, which are indirectly held by the Group:

Name of entity	Principal place of business/ country of incorporation	Group's effective equity interest		Principal activities
		2025 %	2024 %	
Held by MOVE				
RedRecords Sdn. Bhd. [^]	Malaysia	50	50	Music-based entertainment

[^] Audited by a firm other than BDO PLT.

The joint venture is not material to the Group. Accordingly, the disclosure requirements of MFRS 12, Disclosure of interests in Other Entities, are not presented.

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15. Investment in associates

	Group	
	2025	2024
	RM'000	RM'000
Unquoted investments, at cost	7	607,364
Accumulated impairment losses	(7)	(59,272)
Share of post-acquisition loss	-	(108,486)
	<u>-</u>	<u>439,606</u>
Attributable to:		
Disposal group (Note 42)	-	(439,606)
Total investment in associates	<u>-</u>	<u>-</u>

The movement in the investment in associates of the Group during the financial year are as follows:

	Group	
	2025	2024
	RM'000	RM'000
Unquoted investment		
As at 1 January	-	435,760
Share of results during the financial year	-	3,846
Transferred to disposal group (Note 42)	-	(439,606)
As at 31 December	<u>-</u>	<u>-</u>
Total investment in associates	<u>-</u>	<u>-</u>

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15. Investment in associates (cont'd.)

The details of the associates are as follows:

Name of entity	Principal place of business/ country of incorporation	Group's effective equity interest		Principal activities
		2025 %	2024 %	
Held by AAB				
AirAsia Philippines Inc ⁺	Philippines	-	39.9	Dormant
Ground Team Red Holdings Sdn Bhd ("GTRH") ⁺	Malaysia	-	50	Investment holding
Held by GTRH				
Ground Team Red Sdn. Bhd. ("GTR") ⁺	Malaysia	-	51	Ground handling services
GTRSG Pte Ltd ("GTRSG") ⁺	Singapore	-	40	Ground handling services
Held by TPSB				
Teleport Commerce (Thailand) Co, Ltd ⁺	Thailand	45.8	45.8	Online retail sales

⁺ Audited by a member of BDO Global.

All of the investment in associates are accounted for using the equity method.

All of the associates have the same reporting period as the Group except for GTRH which is 31 March. For the purpose of applying the equity method of accounting for associates, the last audited financial statements available and the management financial statements as at end of the accounting period of the associate were used.

There are no contingent liabilities relating to the Group's interest in the associates.

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15. Investment in associates (cont'd.)

Material associates

The directors consider GTRH as material associates to the Group. GTRH has investments in GTR and SGSS which provide ground handling services in Malaysia and Singapore respectively.

Summarised financial information for associates

The tables below provide summarised financial information for GTRH that is material to the Group. The information disclosed reflects the amounts presented in the financial statements of GTRH and not the Group's share of those amounts. These financial information have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	GTRH	
	2025	2024
	RM'000	RM'000
Non-current assets	-	880,650
Current assets	-	3
Current liabilities	-	(1,441)
	<hr/>	<hr/>

Summarised statements of comprehensive income

	GTRH	
	2025	2024
	RM'000	RM'000
Net profit for the financial period/year, representing total comprehensive income	-	9,964
	<hr/>	<hr/>

Reconciliations of summarised financial information:

	GTRH	
	2025	2024
	RM'000	RM'000
Opening net assets at 1 January	-	869,248
Profit for the financial year	-	9,964
Closing net assets at 31 December	-	879,212
Group's interest in associates	0%	50%
Interest in associates, representing carrying value at 31 December	-	439,606
	<hr/>	<hr/>

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15. Investment in associates (cont'd.)

Individually immaterial associates

In addition to the interests in associates disclosed above, the Group also has interests in a number of individually immaterial associates that are accounted for using the equity method.

	Group	
	2025	2024
	RM'000	RM'000
Aggregate carrying amount of individually immaterial associates	-	-
Total comprehensive loss	49	(2,480)

16. Investment securities

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
<u>Listed equity securities</u>				
At 1 January	32,322	150,135	-	-
Additions during the financial year	-	-	103,873	-
Transfer from assets held for sale	103,873	-	-	-
Fair value (loss)/gain				
- recognised in other comprehensive income	5,965	(3,667)	6,991	-
Transferred to disposal group (Note 42)	-	(114,146)	-	-
At 31 December	142,160	32,322	110,864	-
<u>Unlisted equity securities</u>				
At 1 January	26,069	30,283	-	-
Additions during the financial year	1,490	-	1,490	-
Disposal during the financial year (Note 16(ii) and Note 16(iii))	(513)	(83)	-	-
Fair value loss				
- recognised in profit and loss	(7,654)	-	-	-
- recognised in other comprehensive income	(2,885)	(2,256)	-	-
Transferred to disposal group (Note 42)	-	(1,837)	-	-
Exchange differences	-	(38)	-	-
At 31 December	16,507	26,069	1,490	-

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16. Investment securities (cont'd.)

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<u>Unquoted debt securities</u>				
At 1 January	9,703	9,566	-	-
Additions during the financial year	-	272	-	-
Exchange differences	(444)	(135)	-	-
At 31 December	9,259	9,703	-	-
Total investment securities	167,926	68,094	112,354	-

Financial assets at fair value through other comprehensive income comprise investments in equity securities of listed and non-listed companies which were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature. The Group holds non-controlling equity interests of up to 14% (2024: 14%) each in 2 (2024: 2) listed equity security. In addition, the Group also holds non-controlling equity interest of up to 10% (2024: 10%) each in 2 (2024: 4) unlisted equity security.

(i) Addition during the financial year

During the financial year, the Company acquired listed equity securities from a subsidiary for a total consideration of RM103,873,000.

(ii) Disposal during the financial year

During the financial year, the Group disposed of part of its investment in an unlisted equity securities for a total consideration amounting to RM750,514 (equivalent to USD172,532), resulting in a gain on disposal of investment securities amounting to RM237,857.

(iii) Disposal in the previous financial year

During the previous financial year, the Group disposed its investment in an unlisted equity securities at fair value. No gain or loss on the disposal as the Group has marked the interest in the investment to its fair value.

(iv) The fair value reconciliation of investment securities measured at Level 3 is as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At beginning of financial year	35,772	39,849	-	-
Additions	1,490	272	1,490	-
Disposal	(513)	(83)	-	-
Transferred to disposal group	-	(1,837)	-	-
Fair value adjustments	(10,539)	(2,256)	-	-
Exchange differences	(444)	(173)	-	-
At end of financial year	25,766	35,772	1,490	-

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17. Intangible assets

Group	Goodwill RM'000	Developed software RM'000	Others RM'000	Work-in- progress RM'000	Total RM'000
Cost					
At 1 January 2025	315,551	41,102	-	1,551	358,204
Additions	-	15	18	485	518
Reclassification	-	-	1,836	(1,836)	-
Exchange differences	-	(1,893)	-	-	(1,893)
At 31 December 2025	<u>315,551</u>	<u>39,224</u>	<u>1,854</u>	<u>200</u>	<u>356,829</u>
Accumulated amortisation					
At 1 January 2025	-	(25,368)	-	-	(25,368)
Amortisation expense (Note 6)	-	(7,118)	(29)	-	(7,147)
Exchange differences	-	1,559	-	-	1,559
At 31 December 2025	<u>-</u>	<u>(30,927)</u>	<u>(29)</u>	<u>-</u>	<u>(30,956)</u>
Accumulated impairment					
At 1 January 2025	<u>(87,814)</u>	-	-	-	<u>(87,814)</u>
At 31 December 2025	<u>(87,814)</u>	-	-	-	<u>(87,814)</u>
Carrying amount as at 31 December 2025	<u>227,737</u>	<u>8,297</u>	<u>1,825</u>	<u>200</u>	<u>238,059</u>

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17. Intangible assets (cont'd.)

Group	Goodwill RM'000	Landing rights RM'000	Developed software RM'000	Work-in- progress RM'000	Total RM'000
Cost					
At 1 January 2024	1,874,008	2,575,047	44,006	-	4,493,061
Additions	-	-	154	1,551	1,705
Transferred to disposal group (Note 42)	(1,535,536)	(2,540,378)	(18)	-	(4,075,932)
Exchange differences	(22,921)	(34,669)	(3,040)	-	(60,630)
At 31 December 2024	<u>315,551</u>	<u>-</u>	<u>41,102</u>	<u>1,551</u>	<u>358,204</u>
Accumulated amortisation					
At 1 January 2024	-	-	(19,091)	-	(19,091)
Amortisation expense (Note 6)	-	-	(8,216)	-	(8,216)
Exchange differences	-	-	1,939	-	1,939
At 31 December 2024	<u>-</u>	<u>-</u>	<u>(25,368)</u>	<u>-</u>	<u>(25,368)</u>
Accumulated impairment					
At 1 January 2024	(172,487)	-	-	-	(172,487)
Transferred to disposal group (Note 42)	84,673	-	-	-	84,673
At 31 December 2024	<u>(87,814)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(87,814)</u>
Carrying amount as at 31 December 2024	<u>227,737</u>	<u>-</u>	<u>15,734</u>	<u>1,551</u>	<u>245,022</u>

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17. Intangible assets (cont'd.)

Landing rights

Landing rights relate to traffic rights and landing slots for destinations operated by IAA, AAV and PAA. The useful life of these landing rights is estimated to be indefinite. During the previous financial year, the landing rights operated by respective entities has been transferred to disposal group as disclosed in Note 42.

Impairment testing for goodwill and landing rights

The carrying amounts of goodwill and landing rights allocated to the Group's cash generating units ("CGUs") are as follows:

	Goodwill		Landing rights	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
CGU				
BIG	102,925	102,925	-	-
IAA	-	38,395	-	374,600
PAA	-	-	-	69,300
AAAGL	-	7,334	-	-
BigPay	5,275	5,275	-	-
MOVE	119,537	119,537	-	-
AAV	-	1,405,134	-	2,096,478
	<u>227,737</u>	<u>1,678,600</u>	<u>-</u>	<u>2,540,378</u>
Attributable to:				
Disposal group classified as held for sale	-	(1,450,863)	-	(2,540,378)
Total intangible assets	<u>227,737</u>	<u>227,737</u>	<u>-</u>	<u>-</u>

The Company determined the recoverable amount based on higher of fair value less cost to sell ("FVLCS") or value in use ("VIU") as tabulated follows:

CGU	2025	2024
BIG	VIU	VIU
MOVE	VIU	VIU
IAA	-	FVLCS
PAA	-	FVLCS
AAV	-	FVLCS

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17. Intangible assets (cont'd.)

Impairment testing for goodwill and landing rights (cont'd.)

VIU

The recoverable amounts of the CGUs have been measured based on their value in use which is based on calculations using cash flow projections from financial budgets approved by the management covering a five-year period. The discount rates applied to the cash flow projections and the forecasted growth rates used to extrapolate the cash flows beyond the five-year period are as follows:

	Growth rates		Discount rates	
	2025	2024	2025	2024
CGU				
BIG	2%	0%	18%	16%
MOVE*	3%	2%	10%	17%

* The discount rate for the financial year was determined using a market-based methodology based on observable market inputs without the application of additional discretionary risk premiums. The higher discount rate applied in the previous financial year reflected more conservative assumptions due to uncertainty in the travel sector and the Group's financial position at that time. The lower discount rate for the financial year reflects improved business conditions and the normalization of market risk.

The calculation of value in use for the CGUs are most sensitive to the following assumptions:

Growth rates:	The forecasted growth rate is based on published industry research and do not exceed the long term average growth rate for the industries relevant to the CGU.
Discount rates:	Discount rate reflects management's estimate of the risks specific to this entity. In determining appropriate discount rate, consideration has been given to the applicable weighted average cost of capital.

During the financial year, the recoverable amount of the BIG and MOVE CGU is within level 3 of the fair value hierarchy. The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurement:

Description	Unobservable inputs*	Inputs	Relationship of unobservable inputs to fair value
BIG	Discount rate	18%	Increased discount rate of 1% would decrease fair value by RM64,800,000
	Long-term growth rate per annum	2%	Decreased long-term growth rate by 1% would decrease the fair value by RM39,500,000

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17. Intangible assets (cont'd.)

Impairment testing for goodwill and landing rights (cont'd.)

During the financial year, the recoverable amount of the BIG and MOVE CGU is within level 3 of the fair value hierarchy. The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurement: (cont'd)

Description	Unobservable inputs*	Inputs	Relationship of unobservable inputs to fair value
MOVE	Discount rate	10%	Increased discount rate of 1% would decrease fair value by RM881,500,000
	Long-term growth rate per annum	3%	Decreased long-term growth rate by 1% would decrease the fair value by RM669,100,000

* There were no significant inter-relationships between unobservable inputs that materially affect the fair value.

FVLCS

The impairment testing for goodwill and landing rights is incorporated within the overall impairment testing of the AAAGL disposal group, as the carrying amounts of goodwill and landing rights relating to IAA, PAA, and AAV are included in the AAAGL's net assets classified as held for sale. AAAGL's FVLCS was determined based on a conditional share purchase agreement signed with a related party, with a proposed disposal consideration of RM3 billion to be fully settled through the issuance of consideration shares, adjusted for estimated legal and transaction costs of RM7 million. The proposed disposal consideration of AAAGL was derived using a discounted cash flow method covering a five year period up to 31 December 2028, given that the airline operating companies ("AOCs") are income-generating companies with active operations.

The following assumptions have been applied in the calculation:

	IAA	PAA	AAV
Growth rate	21%	15%	11%
Discount rate	18%	18%	13%
Terminal growth rate	3%	3%	1%

Based on the assessment performed, there was no impairment of goodwill and landing rights attributable to the CGUs. The management believes that no reasonably possible change in the key assumptions disclosed above used to determine the CGUs' recoverable amounts, would cause its carrying amounts to materially exceed its recoverable amounts.

The calculation of recoverable amounts of the CGUs which have been measured based on their VIU and FVLCS as described above has been made based on conditions existing at 31 December 2025 and 31 December 2024. There is a significant risk that the assumptions on discount rates and growth rate applied in the goodwill impairment assessment would need to be revised, depending on industry developments which may result in a material adjustment to the carrying amounts of the goodwill.

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18. Deferred tax assets/(liabilities)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At beginning of financial year	(24,111)	612,464	(25,275)	(25,685)
Recognised in profit or loss (Note 9)	12,852	(54,335)	-	-
Recognised in other comprehensive income	460	17,410	529	410
Exchange differences	(485)	(6,238)	-	-
Transferred to disposal group (Note 42)	-	(593,412)	-	-
At end of year	<u>(11,284)</u>	<u>(24,111)</u>	<u>(24,746)</u>	<u>(25,275)</u>
Presented after appropriate offsetting as follows:				
Deferred tax assets	56,025	1,652	-	-
Deferred tax liabilities	(67,309)	(25,763)	(24,746)	(25,275)
	<u>(11,284)</u>	<u>(24,111)</u>	<u>(24,746)</u>	<u>(25,275)</u>

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18. Deferred tax assets/(liabilities) (cont'd.)

The movements in the deferred tax assets and liabilities of the Group during the financial year are as follows:

Deferred tax assets of the Group:

	Unabsorbed investment tax allowances RM'000	Sales in advance RM'000	Derivatives RM'000	Unutilised tax losses RM'000	Provision for retirement benefits RM'000	Others RM'000	Total RM'000
At 1 January 2025	-	46	-	190	665	751	1,652
Recognised in profit or loss	-	9,320	-	26,382	10	19,051	54,763
Recognised in other comprehensive income	-	-	-	-	(65)	-	(65)
Exchange differences	-	(5)	-	(174)	(79)	(67)	(325)
At 31 December 2025	-	9,361	-	26,398	531	19,735	56,025
At 1 January 2024	416,523	195,243	-	411,743	24,417	359,235	1,407,161
Recognised in profit or loss	(389,346)	33,197	4,897	(87,923)	(3,807)	332,153	(110,829)
Recognised in other comprehensive income	-	-	-	-	17,000	-	17,000
Transferred to disposal group (Note 42)	(27,177)	(228,394)	(4,897)	(323,630)	(36,945)	(690,637)	(1,311,680)
At 31 December 2024	-	46	-	190	665	751	1,652

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18. Deferred tax assets/(liabilities) (cont'd.)

The components and movements of deferred tax assets and liabilities during the financial years prior to offsetting are as follows: (cont'd.)

Deferred tax liabilities of the Group:

	Right-of-use assets RM'000	Property, plant and equipment RM'000	Fair value on intangible assets RM'000	Others RM'000	Total RM'000
At 1 January 2025	-	(513)	(25,685)	435	(25,763)
Recognised in profit or loss	(32)	(40,708)	-	(1,171)	(41,911)
Recognised in other comprehensive income	-	-	-	525	525
Exchange differences	7	(215)	-	48	(160)
At 31 December 2025	(25)	(41,436)	(25,685)	(163)	(67,309)
At 1 January 2024	-	(40,036)	(748,066)	(6,595)	(794,697)
Recognised in profit or loss	-	26,216	24,171	6,107	56,494
Recognised in other comprehensive income	-	-	-	410	410
Exchange differences	-	-	(6,237)	-	(6,237)
Transferred to disposal group (Note 42)	-	13,307	704,447	513	718,267
At 31 December 2024	-	(513)	(25,685)	435	(25,763)

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18. Deferred tax assets/(liabilities) (cont'd.)

The movements in the deferred tax liabilities of the Company during the financial year are as follows:

Deferred tax liabilities of the Company	RCUIDS RM'000
At 1 January 2025	25,275
Recognised in other comprehensive income	(529)
At 31 December 2025	<u>24,746</u>
At 1 January 2024	25,685
Recognised in other comprehensive income	(410)
At 31 December 2024	<u>25,275</u>

Deferred tax has not been recognised for the following items:

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Provisions and others	524,107	7,385,531	473,836	504,132
Unabsorbed capital allowances	333	1,886,401	-	-
Unutilised tax losses	623,307	6,254,916	35,417	35,497
Unutilised investment tax allowances	-	2,233,762	-	-
	<u>1,147,747</u>	<u>17,760,610</u>	<u>509,253</u>	<u>539,629</u>
Attributable to:				
Disposal group classified as held for sale	-	(16,572,085)	-	-
	<u>1,147,747</u>	<u>1,188,525</u>	<u>509,253</u>	<u>539,629</u>

The recognised deferred tax assets are able to be utilised against future taxable profits of the subsidiaries. The deferred tax assets in respect of the above items, which have not been recognised, arose from subsidiaries, as it is expected that it will not be utilised against future taxable profits.

The deferred tax assets are recognised on the basis of the Group's previous history of recording profits, and to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Estimating the future taxable profits involves significant assumptions that have been built based on expected future performance and taxable profits which have been adjusted for non-recurring circumstances and a reasonable growth rate.

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19. Receivables and prepayments

		Group		Company	
		2025	2024	2025	2024
		RM'000	RM'000	RM'000	RM'000
Non-current:					
Other receivables	(a)	-	340,687	-	-
Less: Allowance for impairment		-	(340,687)	-	-
		-	-	-	-
Prepayments	(b)	-	3,881,590	-	-
Deposits	(c)	1	1,397,064	-	-
		1	5,278,654	-	-
Attributable to:					
Disposal group classified as held for sale (Note 42)		-	(5,278,653)	-	-
Total non-current receivables and prepayments		1	1	-	-
Current:					
Trade receivables		297,831	448,283	-	-
Less: Allowance for impairment		(9,897)	(42,487)	-	-
		287,934	405,796	-	-
Other receivables		48,635	436,807	3,176	551
Less: Allowance for impairment		(109)	(1,850)	-	-
		48,526	434,957	3,176	551
Prepayments	(b)	62,653	233,097	4,079	2,292
Deposits	(c)	34,418	178,765	110	85
		433,531	1,252,615	7,365	2,928
Attributable to:					
Disposal group classified as held for sale (Note 42)		-	(861,363)	-	-
Total current receivables and prepayments		433,531	391,252	7,365	2,928

(a) In the previous financial year, included in non-current other receivables is a receivable of IDR1,187 billion (equivalent to RM340.7 million) arising from the disposal of a perpetual capital security which has been fully impaired.

(b) In the previous financial year, prepayments include advances for purchases of fuel and prepaid engine maintenance to the service provider.

(c) Deposits of the Group at the reporting date are with a number of external parties for which there is no expectation of default.

Credit terms of trade receivables range from 30 to 60 days (2024: 30 to 60 days).

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19. Receivables and prepayments (cont'd.)

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

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At 1 January	342,537	346,511	-	-
Written off	(342,428)	(3,974)	-	-
At 31 December	<u>109</u>	<u>342,537</u>	<u>-</u>	<u>-</u>

The ageing analysis of trade receivables is as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Current	161,175	253,128	-	-
1 to 90 days	82,559	105,366	-	-
91 to 120 days	12,647	7,503	-	-
121 to 180 days	7,286	6,894	-	-
181 to 365 days	11,527	5,886	-	-
Over 365 days	12,740	27,019	-	-
	126,759	152,668	-	-
Impaired	9,897	42,487	-	-
	<u>297,831</u>	<u>448,283</u>	<u>-</u>	<u>-</u>

Credit terms of trade receivables range from 30 to 60 days (2024: 30 to 60 days).

(a) Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired of RM181 million (2024: RM253 million) are substantially due from companies with good collection track records with the Group.

(b) Trade receivables that are past due but not impaired

Trade receivables for the Group of RM127 million (2024: RM153 million) were past due but not impaired. These debts relate to a number of independent customers for whom there is no recent history of default.

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19. Receivables and prepayments (cont'd.)

(iii) Trade receivables that are impaired

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

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At 1 January	9,015	144,794	-	-
Additional impairment (Note 6)	3,825	7,591	-	-
Written off	(2,943)	(105,079)	-	-
Exchange difference	-	(4,819)	-	-
	<u>9,897</u>	<u>42,487</u>	<u>-</u>	<u>-</u>
Attributable to:				
Disposal group classified as held for sale	-	(33,472)	-	-
At 31 December	<u>9,897</u>	<u>9,015</u>	<u>-</u>	<u>-</u>

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

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

The currency profile of receivables and deposits (excluding prepayments) is as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Ringgit Malaysia	206,587	140,857	3,286	636
US Dollar	134,083	140,705	-	-
Others	30,208	51,809	-	-
	<u>370,878</u>	<u>333,371</u>	<u>3,286</u>	<u>636</u>

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20. Derivative financial instruments

	Group			
	2025		2024	
	Assets	Liabilities	Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000
Non-current				
RCUIDS				
- early redemption option	11,383	-	11,383	-
Current				
Foreign exchange forward contracts				
	-	-	2,304	(1)
Warrants	11,545	2,668	-	-
Attributable to:				
Disposal group classified as held for sale (Note 42)				
	-	-	(2,304)	1
Total derivative financial instruments	22,928	2,668	11,383	-
Company				
2025				
2024				
RM'000				
RM'000				
Non-current asset				
RCUIDS				
- early redemption option			11,383	11,383

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months. Derivatives held for trading are those which do not qualify for hedge accounting.

(i) Early Redemption Option

The RCUIDS issued by the Group as disclosed in Note 29 below allows for an option of refinancing the debt at a price of 105% of the principal which will provide future savings to the Group.

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20. Derivative financial instruments (cont'd.)

(ii) Derivatives not designated as hedging instruments

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally 12 months.

(iii) Warrants Asset

The warrant issued by a subsidiary allows an option for the subsidiary, with an irrevocable right but not obligation to redeem or purchase from warrants holders and the warrants holders shall have an obligation to transfer the warrants to the subsidiary at any time upon the borrowing has been repaid or prepaid in full. The subsidiary may elect to redeem the warrants at 3.4% of the total shares outstanding for a price of USD18.5 million.

(iv) Warrants Liability

The warrant issued by a subsidiary granted the warrants holders an option ("put option price"), with an irrevocable right to elect to sell the warrants to the subsidiary at any time and the subsidiary is obligated to redeemed from warrants holders as at when requested by the warrant holders. The warrant holders may elect to redeem the warrants at 6% of the total shares outstanding for a price of USD18.5 million.

21. Inventories

	Group	
	2025	2024
	RM'000	RM'000
At cost		
Consumables, in-flight merchandise and others	206,523	327,159
Attributable to:		
Disposal group classified as held for sale (Note 42)	-	(179,678)
Total inventories	<u>206,523</u>	<u>147,481</u>

During the financial year, the amount of the inventories recognised in operating expenses of the Group was RM341 million (2024: RM321 million).

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22. Amounts due from/(to) subsidiaries

	Company	
	2025	2024
	RM'000	RM'000
Current assets		
Amounts due from subsidiaries	5,023,989	5,324,032
Less: Allowance for impairment	(473,836)	(504,132)
	<u>4,550,153</u>	<u>4,819,900</u>
Current liabilities		
Amounts due to subsidiaries	<u>(48,414)</u>	<u>(4,091,604)</u>

The amounts due from subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable on demand in cash and cash equivalents, except for amounts due from subsidiaries of RM110,836,000 (2024: RM613,118,000) which bear interest at a rate of 9% (2024: 9%) per annum.

The amounts due from subsidiaries that are assessed as not recoverable had been impaired accordingly. Movements on allowance for impairment of amounts due from subsidiaries are as follows:

	Company	
	2025	2024
	RM'000	RM'000
At 1 January	504,132	-
(Reversal of allowance)/allowance for impairment (Note 6)	(30,296)	504,132
At 31 December	<u>473,836</u>	<u>504,132</u>

The currency profile of amounts due from/(to) subsidiaries are as follows:

	Company	
	2025	2024
	RM'000	RM'000
<u>Amounts due from subsidiaries</u>		
Ringgit Malaysia	4,768,444	4,938,060
US Dollar	255,545	385,775
Others	-	197
	<u>5,023,989</u>	<u>5,324,032</u>
<u>Amounts due to subsidiaries</u>		
Ringgit Malaysia	(28,327)	(4,072,391)
US Dollar	(16,231)	(15,672)
Others	(3,856)	(3,541)
	<u>(48,414)</u>	<u>(4,091,604)</u>

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23. Amounts due from/(to) associates

	Group	
	2025	2024
	RM'000	RM'000
Current assets		
Amounts due from associates	8,653	33,497
Less: Allowance for impairment	-	(520)
	<u>8,653</u>	<u>32,977</u>
Attributable to:		
Disposal group classified as held for sale (Note 42)	-	(6,006)
Total amounts due from associates	<u>8,653</u>	<u>26,971</u>
Current liabilities		
Amounts due to associates	(116)	(57,223)
Attributable to:		
Disposal group classified as held for sale (Note 42)	-	57,092
Total amounts due to associates	<u>(116)</u>	<u>(131)</u>

The amounts due from/(to) associates are trade balances and are unsecured, interest free and repayable on demand in cash and cash equivalents.

The amounts due from related parties that are assessed as not recoverable had been impaired accordingly. Movements on allowance for impairment of amounts due from associates are as follows:

	Group	
	2025	2024
	RM'000	RM'000
At 1 January	520	51,937
Written off	(520)	(51,415)
Exchange differences	-	(2)
At 31 December	<u>-</u>	<u>520</u>

The maximum exposure to credit risk at the reporting date is the carrying value of the amounts due from associates mentioned above.

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23. Amounts due from/(to) associates (cont'd.)

The currency profile of the amounts due from/(to) associates are as follows:

	Group	
	2025 RM'000	2024 RM'000
<u>Due from</u>		
Ringgit Malaysia	615	21,066
US Dollar	7,430	10,895
Others	608	1,536
	8,653	33,497
<u>Due to</u>		
Ringgit Malaysia	-	(57,213)
US Dollar	(92)	-
Others	(24)	(10)
	(116)	(57,223)

24. Amounts due from/(to) related parties

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Current assets				
Amounts due from related parties	5,097,401	475,124	4,384,894	-
Less: Allowance for impairment	-	(380,204)	-	-
	5,097,401	94,920	4,384,894	-
Attributable to:				
Disposal group classified as held for sale (Note 42)	-	(16,591)	-	-
Total amounts due from related parties	5,097,401	78,329	4,384,894	-
Current liabilities				
Amounts due to related parties	(1,254,708)	(533,918)	(581,586)	(1,135)
Attributable to:				
Disposal group classified as held for sale (Note 42)	-	475,688	-	-
Total amounts due to related parties	(1,254,708)	(58,230)	(581,586)	(1,135)

The amounts due from/(to) related parties are trade balances and are unsecured, interest free and repayable on demand in cash and cash equivalents except for an amount due from a related party of RM3,738,462,000, which represents the consideration for the Proposed Disposal of AAAGL. The carrying amounts of amounts due from related parties approximate their fair values.

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24. Amounts due from/(to) related parties (cont'd.)

The amounts due from related parties that are assessed as not recoverable had been impaired accordingly.

Movements on allowance for impairment of amounts due from related parties are as follows:

	Group	
	2025	2024
	RM'000	RM'000
At 1 January	-	259,194
Allowance for impairment (Note 6)	-	127,044
Exchange differences	-	(6,034)
	<u>-</u>	<u>380,204</u>
Attributable to:		
Disposal group classified as held for sale	-	(380,204)
At 31 December	<u>-</u>	<u>-</u>

The currency profile of the amounts due from/(to) related parties are as follows:

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
<u>Due from</u>				
Ringgit Malaysia	4,333,164	69,647	4,295,869	-
US Dollar	720,091	335,844	89,026	-
Others	44,146	69,633	-	-
	<u>5,097,401</u>	<u>475,124</u>	<u>4,384,895</u>	<u>-</u>
<u>Due to</u>				
Ringgit Malaysia	(1,046,564)	(291,266)	(577,526)	-
US Dollar	(198,328)	(242,649)	(3,919)	(1,135)
Others	(9,816)	(3)	(141)	-
	<u>(1,254,708)</u>	<u>(533,918)</u>	<u>(581,586)</u>	<u>(1,135)</u>

25. Deposits, cash and bank balances

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	36,547	124,790	100	549
Cash and bank balances	396,065	930,642	15,060	996
Deposits, cash and bank balances	<u>432,612</u>	<u>1,055,432</u>	<u>15,160</u>	<u>1,545</u>
Attributable to:				
Disposal group classified as held for sale (Note 42)	-	(624,247)	-	-
Total deposits, cash and bank balances	<u>432,612</u>	<u>431,185</u>	<u>15,160</u>	<u>1,545</u>

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

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

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Deposits, cash and bank balances	432,612	1,055,432	15,160	1,545
Less: Deposits with licensed banks with maturity period of more than 3 months	(10,886)	(24,677)	-	-
Less: Deposits pledged as securities and restricted cash	(72,391)	(228,442)	-	-
	<u>349,335</u>	<u>802,313</u>	<u>15,160</u>	<u>1,545</u>
Attributable to:				
Disposal group classified as held for sale	-	(487,694)	-	-
Total cash and cash equivalents	<u>349,335</u>	<u>314,619</u>	<u>15,160</u>	<u>1,545</u>

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

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Ringgit Malaysia	230,509	274,663	14,664	1,020
US Dollar	113,297	435,990	443	450
Chinese Renminbi	7,440	48,849	-	-
Others	81,366	295,930	53	75
	<u>432,612</u>	<u>1,055,432</u>	<u>15,160</u>	<u>1,545</u>

Short-term deposits are made for varying periods of twelve months (2024: varying periods of twelve months) depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

The weighted average effective annual interest rates of deposits at the financial years ended are as follows:

	Group		Company	
	2025 %	2024 %	2025 %	2024 %
Deposits with licensed banks	<u>4.00</u>	<u>2.26</u>	<u>0.49</u>	<u>3.02</u>

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26. Trade and other payables

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Non-current				
Trade payables	-	66,394	-	-
Other payables	11,465	67,521	-	-
	<u>11,465</u>	<u>133,915</u>	<u>-</u>	<u>-</u>
Attributable to:				
Disposal group classified as held for sales (Note 42)	-	(127,954)	-	-
Total non-current trade and other payables	<u>11,465</u>	<u>5,961</u>	<u>-</u>	<u>-</u>
Current				
Trade payables	302,179	1,789,510	468	174
Accrual for fuel	-	451,876	-	-
Advances received	-	340,428	-	-
Other payables and accruals	3,399,905	2,782,213	2,954,109	6,743
	<u>3,702,084</u>	<u>5,364,027</u>	<u>2,954,577</u>	<u>6,917</u>
Attributable to:				
Disposal group classified as held for sales (Note 42)	-	(4,710,469)	-	-
Total current trade and other payables	<u>3,702,084</u>	<u>653,558</u>	<u>2,954,577</u>	<u>6,917</u>
Total trade and other payables	<u>3,713,549</u>	<u>659,519</u>	<u>2,954,577</u>	<u>6,917</u>

The normal trade credit term granted to the Group's trade payables ranges from 30 to 60 days (2024: 30 to 60 days) from the date of invoice and non-interest bearing except for RM130,343,000 which bear interest at rates ranging from 4% to 7% per annum in 2024.

The current other payables and accruals include accruals for operational expenses and amount due to shareholders of RM2,944,615,000 (after fair value adjustment of RM203,077,000) pursuant to the distribution of new ordinary shares in AAX ("AAX Shares"). This amount was concurrently debited to other reserves while awaiting the distribution of AAX shares. Following the completion of the distribution on 19 January 2026, both the payable and the reserve entries were reversed.

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

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

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	3,460,674	171,988	2,951,434	6,406
US Dollar	41,355	27,290	2,103	507
Others	211,520	460,241	1,040	4
	<u>3,713,549</u>	<u>659,519</u>	<u>2,954,577</u>	<u>6,917</u>

27. Aircraft maintenance provisions and liabilities

	Group	
	2025	2024
	RM'000	RM'000
Aircraft maintenance provisions and liabilities	-	7,629,679
Attributable to:		
Disposal group classified		
as held for sales (Note 42)	-	(7,629,679)
	<u>-</u>	<u>-</u>

Aircraft maintenance provisions relate to aircraft held under operating lease arrangements whereby, the Group is 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. Accordingly, the Group estimates the aircraft maintenance costs required to fulfil these obligations at the end of the lease period and recognise a provision for these costs at each reporting date.

The movements in the aircraft maintenance provisions of the Group during the financial year are as follows:

	Group	
	2025	2024
	RM'000	RM'000
At 1 January	-	7,193,417
Arose during the year	-	925,246
Acquisition of a subsidiary	-	-
Utilised	-	(488,984)
Transferred to disposal group (Note 42)	-	(7,629,679)
At 31 December	<u>-</u>	<u>-</u>

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28. Sales in advance

	Group	
	2025	2024
	RM'000	RM'000
At 1 January	12,050	2,025,298
Recognised as revenue during the financial year	(12,050)	(2,025,298)
Deferred during the financial year	2,895	2,279,554
Transferred to disposal group (Note 42)	-	(2,267,504)
At 31 December 2025	<u>2,895</u>	<u>12,050</u>

29. Borrowings

		Group		Company	
		2025	2024	2025	2024
		RM'000	RM'000	RM'000	RM'000
Current					
Term loans	(i)	73,350	1,121,781	-	-
Revolving credit		-	5,998	-	-
Convertible loan note	(ii)	119,962	58,820	119,962	58,820
Other facilities	(iii)	216,362	548,188	-	-
Revenue bond	(iv)	-	462,045	-	-
RCUIDS	(v)	321,219	164,052	321,219	164,052
		<u>730,893</u>	<u>2,360,884</u>	<u>441,181</u>	<u>222,872</u>
Attributable to:					
Disposal group classified					
as held for sales (Note 42)		-	(1,724,920)	-	-
Total current borrowings		<u>730,893</u>	<u>635,964</u>	<u>441,181</u>	<u>222,872</u>
Non-current					
Term loans	(i)	133,326	1,592,899	-	-
Convertible loan note	(ii)	96,229	191,668	96,227	191,668
Other facilities	(iii)	-	40,765	-	-
Revenue bond	(iv)	-	1,214,815	-	-
RCUIDS	(v)	321,219	492,156	321,219	492,156
		<u>550,774</u>	<u>3,532,303</u>	<u>417,446</u>	<u>683,824</u>
Attributable to:					
Disposal group classified					
as held for sales (Note 42)		-	(2,692,583)	-	-
Total non-current borrowings		<u>550,774</u>	<u>839,720</u>	<u>417,446</u>	<u>683,824</u>
Total borrowings		<u>1,281,667</u>	<u>1,475,684</u>	<u>858,627</u>	<u>906,696</u>

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29. Borrowings (cont'd.)

(i) Term loans

The tenure of the term loans are up to 7 years from the first drawdown. The term loans are to finance the establishment and operation of the subsidiaries. The repayment terms of the term loans are on a quarterly basis.

(ii) Convertible loan note

In the previous financial year, a subsidiary of the Group secured an investment of up to USD60 million (equivalent to RM276 million) convertible notes at a coupon rate of 6% per annum from SK Group, a South Korean conglomerate. The convertible loan notes will be converted into preference shares in a subsidiary within one year upon approval obtained from regulators.

On 3 September 2024, the Company, SK Group, and a subsidiary of the Group entered into a Deed of Settlement, resulting in the novation of the convertible loan note to the Company with a repayment term of 40 months.

(iii) Other facilities

In the previous financial year, a subsidiary of the Group secured a senior secured loan facility of USD100 million (equivalent to RM460 million) from a non-financial institution.

The borrowing is secured against, among others, shares in the subsidiaries, fixed and floating charges over all assets of the subsidiaries and assignment over key material contracts (other than supplier contracts). The borrowing is also guaranteed by the Company.

On 28 February 2025 and 19 February 2026, the Group has obtained waiver letters from its lender for the non-compliances with financial covenants relating to its financing facility for the financial year ended 2024 and 2025, respectively.

(iv) Revenue bond

In the previous financial year, a subsidiary of the Group entered into the definitive agreements with aircraft lessors and private credit funds for the issuance by the subsidiary of the Group, of Regulation S secured notes of up to USD443 million, due in September 2026 and August 2028.

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29. Borrowings (cont'd.)

(v) RCUIDS

In 2021, the Company completed the renounceable rights issue ("Rights Issue") of RM974,513,219 in nominal value of 7-year redeemable convertible unsecured Islamic debt securities ("RCUIDS") at nominal value of RM0.75 each based on the Shariah principal of Murabahah (via "Tawarruq Arrangement") comprising 1,299,350,959 RCUIDS together with 649,675,479 free detachable warrants ("Warrants") on the basis of 2 RCUIDS with 1 warrant for every 6 ordinary shares in the Company following the listing and quotation on the Main Market of Bursa Securities. The Rights Issue is constituted by a trust deed dated 18 November 2021.

The salient features of the RCUIDS are as follows:

- (a) The profit rate for the RCUIDS is 8% per annum, computed based on the nominal value of the outstanding RCUIDS and payable quarterly in arrears;
- (b) The RCUIDS shall be convertible into new ordinary shares of the Company by surrendering for cancellation RM0.75 nominal value of one RCUIDS for one new ordinary share of the Company at any time on and after 31 December 2021 ("Issue Date") up to 31 December 2028 ("Maturity Date");
- (c) The new ordinary shares to be issued upon conversion of the RCUIDS shall, upon allotment and issuance, rank equally in all respects with the then existing ordinary shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions which the entitlement date precedes the allotment date of the new ordinary shares allotted pursuant to the conversion of the RCUIDS;
- (d) The Company shall redeem annually 25% of the outstanding RCUIDS, which have not been converted or redeemed, commencing on the 4th anniversary from the Issue Date and annually thereafter until the 7th anniversary; and
- (e) The Company may make an early redemption of the outstanding RCUIDS in whole on the 5th (2024: 4th) anniversary of the Issue Date. The redemption amount shall be based on 105% of the nominal value of the RCUIDS (excluding the relevant annual redemption amount on the 5th (2024: 4th) anniversary of the Issue Date).

During the financial year ended 31 December 2025, a total of RM41,265,000 RCUIDS were converted into ordinary shares. The redemption of 25% of the remaining RCUIDS, originally scheduled on 29 December 2025, was deferred to 29 December 2026.

Subsequent to the completion of the Proposed AAB and AAAGL Disposal, the conversion terms of the RCUIDS were adjusted, whereby the effective conversion price was revised from RM0.75 to RM0.21 per ordinary share, resulting in a revised conversion ratio of 357 new ordinary shares for every 100 RCUIDS held.

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29. Borrowings (cont'd.)

(v) RCUIDS (cont'd.)

The movement and liability component of the RCUIDS is as follows:

Group and Company

	2025	2024
	RM'000	RM'000
At 1 January	656,208	685,125
Interest amount (Note 8(b))	76,598	81,027
Payment of interest	(51,222)	(54,825)
Conversion of RCUIDS	(39,146)	(55,119)
At 31 December	<u>642,438</u>	<u>656,208</u>

As at 31 December 2025, shares in subsidiaries with a carrying amount of RM265.7 million (2024: RM265.7 million) are pledged as a security for borrowing secured by subsidiaries (Note 13).

	Group		Company	
	2025	2024	2025	2024
	%	%	%	%
Weighted average interest rate				
Term loans	7.86	9.61	-	-
Revolving credit	-	8.50	-	-
Convertible loan note	6.00	6.00	6.00	6.00
Revenue bond	-	8.00	-	-
RCUIDS	8.00	10.50	8.00	8.00
Other facilities	12.49	11.85	-	-
	<u>12.49</u>	<u>11.85</u>	<u>-</u>	<u>-</u>

The borrowings are repayable as follows:

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Not later than 1 year	730,893	635,964	441,181	222,872
Later than 1 year and not later than 5 years	550,774	839,720	417,446	683,824
Later than 5 years	-	-	-	-
	<u>1,281,667</u>	<u>1,475,684</u>	<u>858,627</u>	<u>906,696</u>

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29. Borrowings (cont'd.)

The currency profile of borrowings is as follows:

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	701,865	830,556	642,438	656,208
US Dollar	429,498	4,341,569	216,189	250,488
Singapore Dollar	150,304	-	-	-
Thai Baht	-	694,752	-	-
Indonesia Rupiah	-	26,310	-	-
	<u>1,281,667</u>	<u>5,893,187</u>	<u>858,627</u>	<u>906,696</u>

Total borrowings as at reporting date consist of the following banking facilities:

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Fixed rate borrowings	1,134,417	4,288,658	642,438	906,696
Floating rate borrowings	147,250	1,604,529	-	-
	<u>1,281,667</u>	<u>5,893,187</u>	<u>642,438</u>	<u>906,696</u>

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

	Group			
	2025		2024	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
Term loans	59,427	60,614	1,363,906	1,450,534
Revolving credit	-	-	5,998	6,130
Convertible loan note	216,190	222,862	250,488	250,488
Revenue bond	-	-	1,676,860	1,912,459
RCUIDS	642,438	698,341	656,208	688,810
Other facilities	216,362	227,325	335,198	380,530
	<u>1,134,417</u>	<u>1,209,142</u>	<u>4,288,658</u>	<u>4,688,951</u>

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29. Borrowings (cont'd.)

The carrying amounts and fair values of the fixed rate borrowings are as follows: (cont'd.)

	Company			
	2025		2024	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Convertible loan note	216,190	222,862	250,488	250,488
RCUIDS	642,438	698,341	656,208	688,810
	858,628	921,203	906,696	939,298

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

The fair values of the fixed rate borrowings are based on cash flows discounted using borrowing rates that are reflective of the Group's credit risk at the balance sheet date, at 2.90% to 13.50% (2024: 2.90% to 13.50%) per annum. The fair values of fixed rate borrowings are within level 3 of the fair value hierarchy.

30. Debentures

	Group	
	2025 RM'000	2024 RM'000
Current liabilities		
Current portion of long-term debentures	-	196,685
Less: deferred front-end fee	-	(388)
		196,297
Attributable to:		
Disposal group classified as held for sale (Note 42)	-	(196,297)
Total current portion of long-term debentures - net	-	-
Non-current liabilities		
Long-term debentures - net of current portion	-	550,719
Less: deferred front-end fee	-	(4,697)
	-	546,022
Attributable to:		
Disposal group classified as held for sale (Note 42)	-	(546,022)
Total non-current portion of long-term debentures - net	-	-
Total long-term debentures	-	-

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30. Debentures (cont'd.)

Long-term debentures are unsubordinated and secured by the Group in THB currency with fixed interest rates. Their fair value as at 31 December 2024 amounted to RM745 million.

The movements of debentures account of the Group during the financial year are summarised below.

	Group	
	2025	2024
	RM'000	RM'000
At 1 January	-	548,310
Issuance during the period	-	393,370
Repayment of long-term debentures	-	(187,703)
Amortisation of front-end fee	-	(1,008)
Exchange movements	-	(10,650)
Transferred to disposal group (Note 42)	-	(742,319)
At 31 December	<u>-</u>	<u>-</u>

31. Leases

Group as a lessee

The Group leases various aircraft, spare engines and land and building. Leases of aircraft and spare engines have a lease term of 2 to 19 years (2024: 2 to 19 years) whilst land and building generally have a lease term of 2 to 30 years (2024: 2 to 30 years).

The Group also has certain leases of property, plant and equipment with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemption for these leases.

Set out below are the carrying amounts of ROU assets recognised and the movements during the financial year:

	Aircraft	Land and	Total
	RM'000	building	RM'000
	RM'000	RM'000	RM'000
As at 1 January 2025	-	404,072	404,072
Additions	-	62,522	62,522
Remeasurement/Modifications	-	7,349	7,349
Depreciation	-	(49,493)	(49,493)
Impairment	-	(1,654)	(1,654)
Exchange movements	-	(14,850)	(14,850)
Effects of proposed corporate exercise	163,815	-	163,815
As at 31 December 2025	<u>163,815</u>	<u>407,946</u>	<u>571,761</u>

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31. Leases (cont'd.)**Group as a lessee (cont'd.)**

Set out below are the carrying amounts of ROU assets recognised and the movements during the financial year: (cont'd.)

	Aircraft and spare engines RM'000	Land and building RM'000	Total RM'000
As at 1 January 2024	13,220,873	45,172	13,266,045
Additions	2,047,865	111,969	2,159,834
Transferred from property, plant and equipment (Note 11)	-	303,603	303,603
Remeasurement/modifications	234,420	7,456	241,876
Depreciation	(1,392,896)	(20,573)	(1,413,469)
Exchange movements	(49,243)	-	(49,243)
Transferred to disposal group (Note 42)	(14,061,019)	(43,555)	(14,104,574)
As at 31 December 2024	<u>-</u>	<u>404,072</u>	<u>404,072</u>

Set out below are the carrying amounts of lease liabilities recognised and the movements during the financial year:

	2025 RM'000	2024 RM'000
At 1 January	113,798	18,907,331
Additions	45,879	2,296,689
Accretion of interest	33,980	948,299
Payments	(43,119)	(5,086,097)
Remeasurement/modifications	(529)	244,692
Exchange movements	(17,732)	(359,756)
Effects of proposed corporate exercise	172,932	-
Transferred to disposal group (Note 42)	-	(16,837,360)
At 31 December	<u>305,209</u>	<u>113,798</u>
	2025 RM'000	2024 RM'000
Current	7,276	1,575
Non-current	297,933	112,223
	<u>305,209</u>	<u>113,798</u>

The maturity analysis of lease liabilities are disclosed in Note 41(c).

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31. Leases (cont'd.)

The following are the amounts recognised in profit or loss:

	2025	2024
	RM'000	RM'000
Continuing operation		
Depreciation of right-of-use assets	49,493	15,386
Interest expense on lease liabilities (Note 8(b))	33,980	18,149
Expense relating to short-term leases	8,902	5,468
Total amount recognised in profit or loss	92,375	39,003
Discontinued operation		
Depreciation of right-of-use assets (Note 42)	-	1,398,083
Interest expense on lease liabilities (Note 8(b))	959,739	930,150
Expense relating to short-term leases	-	15,782
	959,739	2,344,015

The Group had total cash outflows for leases of RM43 million in 2025 (2024: RM4.6 million). The Group also had non-cash additions to ROU assets and lease liabilities of RM63 million (2024: RM2,160 million) and RM46 million (2024: RM2,297 million), respectively.

Group as a lessor - finance lease

The Group has classified most of its aircraft subleases as finance leases because the sublease is for the whole of the remaining term of the head lease. During the financial year, the movement on the finance lease receivables are as follows:

	2025	2024
	RM'000	RM'000
At 1 January	-	158,000
Lease payments received during the financial year	-	(21,113)
Finance income (Note 8(a))	-	8,372
Exchange movements	-	(4,123)
Transferred to disposal group (Note 42)	-	(141,136)
At 31 December	-	-

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31. Leases (cont'd.)

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

	2025	2024
	RM'000	RM'000
Within one year	-	20,651
After one year but not more than five years	-	82,606
More than five years	-	74,001
Total undiscounted lease payments receivable	-	177,258
Unearned finance income	-	(36,122)
Net investment in the lease	-	141,136

Group as a lessor - operating lease

Lease income from lease contracts in which the Group acts as a lessor:

	2025	2024
	RM'000	RM'000
Finance lease		
- Finance income on the finance lease receivables	-	8,372

32. Provision for retirement benefits

The Group has unfunded, non-contributory and actuarially computed retirement benefit plans which provide retirement benefits to employees who reach the mandatory retirement age under the provisions of labour laws in Indonesia, Philippines and Thailand.

The amounts recognised in the statements of financial position as at 31 December are as follows:

	Group	
	2025	2024
	RM'000	RM'000
Present value of defined benefit obligation	10,962	10,799

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32. Provision for retirement benefits (cont'd.)

The movements in the present value of defined benefit obligation for the year ended 31 December are as follows:

	Group	
	2025	2024
	RM'000	RM'000
Defined benefit obligation at 1 January	10,799	199,719
Recognised in income statement:		
- Current service cost	1,388	32,052
- Interest cost (Note 8(b))	187	3,078
Benefits paid	(945)	(11,060)
Past service cost	(839)	(2,950)
Remeasurement (gain)/loss recognised in profit or loss:		
- Changes in financial assumptions	-	(23)
- Experience adjustments	-	(4,516)
Remeasurement loss/(gain) recognised in other comprehensive income:		
- Changes in financial assumptions	(29)	7,745
- Experience adjustments	192	76,737
Exchange differences	209	6,542
Transfer to disposal group (Note 42)	-	(296,525)
Defined benefit obligation at 31 December	10,962	10,799

The principal actuarial assumptions used for the year ended 31 December are as follows:

	2025	2024
Discount rate	1.24% to 6.84%	2.56% - 7.13%
Salary increase rate per annum	5.00% to 12.00%	4.00% - 5.00%
Average employee service life	5 to 28 years	5 - 33 years

Sensitivity analysis

As at 31 December, the sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
		RM'000	RM'000
2025			
Annual discount rate	+/- 1%	(2,162)	2,190
Future annual salary increase rate	+/- 1%	861	(838)
		861	(838)

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32. Provision for retirement benefits (cont'd.)

Sensitivity analysis (cont'd.)

As at 31 December, the sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows: (cont'd.)

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption RM'000	Decrease in assumption RM'000
2024			
Annual discount rate	+/- 1%	(27,847)	33,116
Future annual salary increase rate	+/- 1%	21,411	(18,349)

33. Share capital

	No. of shares		Group/Company	
	2025 '000	2024 '000	2025 RM'000	2024 RM'000
Ordinary shares				
Issued and fully paid up:				
As at 1 January	4,330,434	4,254,582	8,768,569	8,711,742
Conversion of RCUIDS	90,127	75,852	41,265	56,827
Exercise of Warrants	9,635	-	9,604	-
As at 31 December	<u>4,430,196</u>	<u>4,330,434</u>	<u>8,819,438</u>	<u>8,768,569</u>

During the financial year, the issued and paid-up share capital of the Company increased following the conversion of Redeemable Convertible Unsecured Islamic Debt Securities ("RCUIDS") and the exercise of warrants.

The RCUIDS were converted into a total of 90,126,728 ordinary shares, comprising 36,810,086 shares at an issue price of RM0.75 per share and 53,316,642 shares at an issue price of RM0.21 per share. In addition, 9,635,012 warrants were exercised into ordinary shares, comprising 9,576,697 shares at RM1.00 per share and 58,315 shares at RM0.28 per share. All new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

During the previous financial year, the issued and paid up share capital of the Company was increased from RM8,711,742,000 to RM8,768,569,000 via the conversion of 75,851,475 RCUIDS into ordinary shares issued at RM0.75 per share. The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

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34. Share-based payments

Long Term Incentive Scheme ("LTIS")

On 2 August 2021, the Company implemented a LTIS comprising an Employee Share Option Scheme ("ESOS") and a Share Grant Scheme. The establishment of the LTIS, which involves up to 10% of the total number of issued shares of the Company at any point in time throughout the duration of the LTIS, is for the employees and directors of the Group who are eligible in accordance with the By-Laws governing the LTIS. The LTIS is administered by a committee appointed and duly authorised by the Board in accordance with the By-Laws.

The LTIS will be in force for a period of six (6) years commencing from 2 August 2021 and may be extended for a further period of up to 4 years immediately from the expiry of the first six years.

ESOS

On 3 August 2021, the Company granted 159,400,000 share options ("ESOS") pursuant to the LTIS to selected eligible employees and directors of the Group. The ESOS will be vested on a 3 year-cliff vesting, i.e. 100% will be vested on 31 August 2024, subject to the Company's share price performance. Employees must remain in service for a period of 3 years from the date of grant up to vesting date. The fair value of the ESOS is estimated at the date of grant using a Monte-Carlo simulation model blended with Black-Scholes model, taking into account the terms and conditions on which the ESOS were granted. The model simulates the share price and takes into account historical and expected dividends, risk-free rate, and the share price volatility of the Company so as to predict the share performance.

The exercise price of the ESOS is RM0.74 which is equal to the 5-day Volume-weighted average market price ("VWAP") of the shares immediately preceding the date of the ESOS award, with a discount of not more than ten per cent (10%). The vesting period and exercise period of the ESOS will be limited to the duration that the LTIS is in force. There is no cash settlement alternatives for the employees. The Group does not have a past practice of cash settlement for these awards.

On the vesting date of 31 August 2024, the Company's share price performance was below the minimum required performance condition. Therefore, the ESOS was deemed vested during the previous financial year in accordance with MFRS 2 Share-based Payment, due to the failure to satisfy the market condition.

The expense recognised for employee services received during the financial year are as

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Expense arising from equity-settled share-based payment transactions	-	3,534	-	573

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34. Share-based payments (cont'd.)

Movements during the financial year

The following table illustrates the number of, and movements in, ESOS during the financial year:

	2025	2024
	'000	'000
Outstanding at 1 January	-	98,900
Forfeited vested during the financial year	-	(6,400)
Deemed vested during the financial year	-	(92,500)
Outstanding at 31 December	<u>-</u>	<u>-</u>

The fair value of options granted during the financial year was RM0.282. The exercise price for ESOS outstanding at the end of the financial year was RM0.7425.

The following table list the inputs to the model used for the ESOS for the financial year ended 31 December 2021:

	Share options granted on
	3 Aug 2021
Fair value at the measurement date (RM)	0.282
Expected volatility (%)	53.874
Risk-free interest rate per annum (%)	2.242
Expected life of ESOS (years)	6
Model used	Monte-Carlo blended with Black-Scholes

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

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35. Merger deficit

	Group	
	2025	2024
	RM'000	RM'000
As at 1 January	(5,507,594)	(5,507,594)
Disposal of subsidiaries	5,507,594	-
As at 31 December	<u>-</u>	<u>(5,507,594)</u>

On 16 April 2018, the Company completed an internal reorganisation. Consequently, the merger deficit represents the difference between the purchase consideration to acquire AAB and the share capital of AAB.

Further, the Company has accounted for the acquisition of AAB Group as a continuation of the acquired entity. Therefore, the share capital of AAB is reflected as a merger reserve since the financial year ended 31 December 2017.

Following the completion of the proposed disposal of AAB on 3 December 2025, the merger deficit arising from the acquisition of AAB has been derecognised.

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36. Retained earnings and reserves

(a) Reserves

Group

	<----- Other reserves ----->						Total RM'000
	Remeasurement gain on employee benefits liability RM'000	Cash flow hedge reserve RM'000	Distribution reserve RM'000	Fair value reserve RM'000	RCUIDS reserves RM'000 (Note 36.2)	Warrant reserves RM'000 (Note 36.3)	
At 1 January 2025	(69,817)	(31)	-	33,592	21,863	56,185	41,792
Net change in fair value	(843)	-	-	264,334	-	-	263,491
Disposal of subsidiaries	70,069	31	(2,741,538)	(203,077)	-	-	(2,874,515)
Issuance of new warrant	-	-	-	-	-	21,867	21,867
Deferred tax recognised	-	-	-	-	529	-	529
Conversion of warrants into ordinary shares	-	-	-	-	-	19	19
Conversion of RCUIDS into ordinary shares	-	-	-	-	(2,119)	-	(2,119)
At 31 December 2025	(591)	-	(2,741,538)	94,849	20,273	78,071	(2,548,936)

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36. Retained earnings and reserves (cont'd.)

(a) Reserves (cont'd.)

Group (cont'd.)

	<----- Other reserves ----->			Share option reserves RM'000 (Note 36.1)	RCUIDS reserves RM'000 (Note 36.2)	Warrant reserves RM'000 (Note 36.3)	Total RM'000
	Remeasurement gain on employee benefits liability RM'000	Cash flow hedge reserve RM'000	Fair value reserve RM'000				
At 1 January 2024	1,964	(3,861)	39,515	21,678	23,161	56,185	138,642
Net change in fair value	(71,781)	3,830	(5,923)	-	-	-	(73,874)
Deferred tax recognised	-	-	-	-	410	-	410
Conversion of RCUIDS into ordinary shares	-	-	-	-	(1,708)	-	(1,708)
Share-based payment expensed	-	-	-	3,534	-	-	3,534
Expiry of share-based payments	-	-	-	(25,212)	-	-	(25,212)
At 31 December 2024	(69,817)	(31)	33,592	-	21,863	56,185	41,792

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36. Retained earnings and reserves (cont'd.)**(a) Reserves (cont'd.)****Company**

	Share option reserves RM'000 (Note 36.1)	Distribution reserve RM'000	Fair value reserve RM'000	RCUIDS reserves RM'000 (Note 36.2)	Warrant reserves RM'000 (Note 36.3)	Total RM'000
At 1 January 2025	-	-	-	21,863	56,185	78,048
Disposal of subsidiaries	-	(2,741,538)	(203,077)	-	-	(2,944,615)
Deferred tax recognised	-	-	-	529	-	529
Conversion of RCUIDS into ordinary shares	-	-	-	(2,119)	-	(2,119)
Conversion of warrants into ordinary shares	-	-	-	-	19	19
Other comprehensive income, net of tax*	-	-	283,914	-	-	283,914
At 31 December 2025	-	(2,741,538)	80,837	20,273	56,204	(2,584,224)
At 1 January 2024	21,395	-	-	23,161	56,185	100,741
Share-based payment expensed	573	-	-	-	-	573
Deferred tax recognised	-	-	-	410	-	410
Conversion of RCUIDS into ordinary shares	-	-	-	(1,708)	-	(1,708)
Deemed investment in subsidiaries	4,116	-	-	-	-	4,116
Expiry of share-based payments	(26,084)	-	-	-	-	(26,084)
At 31 December 2024	-	-	-	21,863	56,185	78,048

Distribution reserve include amount due to shareholders of RM2,741,538,000 pursuant to the distribution of new ordinary shares in AAX ("AAX Shares"). This amount was concurrently debited to other reserves while awaiting the distribution of AAX shares. Following the completion of the distribution on 19 January 2026, both the payable and the reserve entries were reversed.

* The remaining fair value reserve is mainly attributable to a fair value adjustment of RM276,923,000 on the amount due from a related party, arising from the distribution of new ordinary shares in AAX that will be retained by the Company.

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36 Retained earnings and reserves (cont'd.)

36.1 Share option reserves

The share option reserves is used to recognise the value of equity-settled share based payments provided to selected eligible employees and directors of the Group, as part of their remuneration. Refer to Note 34 for further details.

36.2 RCUIDS reserves

The RCUIDS reserves comprise the equity component of the RCUIDS. It represents the residual of the RCUIDS after deducting the fair value of the liability component and the embedded derivative component. The amount is presented net of transaction costs and deferred tax liabilities.

36.3 Warrant reserves

On 31 December 2021, the Company issued 649,675,479 warrants ("Warrants") pursuant to the Rights Issue of RCUIDS. The Warrants is constituted by a deed poll dated 18 November 2021. The warrant reserve comprises the fair value of the free detachable warrants arising from the Rights Issue.

The salient features of the Warrants are as follows:

- (a) Each Warrant entitles the registered holder to subscribe for one new ordinary share of the Company at an exercise price of RM1.00 per Warrant at any time during the period from 31 December 2021 up to expiry date of the Warrants on 31 December 2028;
- (b) The new ordinary shares to be issued upon the exercise of the Warrants shall, upon allotment and issuance, rank equally in all respects with the then existing ordinary shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions which the entitlement date precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the Warrants;
- (c) Any Warrants which have not been exercised at the expiry date of the Warrants on 31 December 2028 shall lapse and cease to be valid for any purposes.

Subsequent to the completion of the Proposed AAB and AAAGL Disposal, the exercise price of the Warrants was adjusted from RM1.00 to RM0.28 per ordinary share.

As at 31 December 2025, 640,035,136 (2024: 649,670,148) Warrants remain unexercised.

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37. Commitments

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

	Group	
	2025	2024
	RM'000	RM'000
Property, plant and equipment:		
- Approved and contracted for	103,000	108,247,519

The approved and contracted for capital commitments for the Group are in respect of operating plant and ground equipment purchase (2024: aircraft purchase). The future commitments are as follows:

	Group	
	2025	2024
	RM'000	RM'000
Not later than 1 year	103,000	1,838,611
Later than 1 year and not later than 5 years	-	11,261,388
Later than 5 years	-	95,147,520
	<u>103,000</u>	<u>108,247,519</u>

38. Segmental information

Operating segments are reported in a manner consistent with the internal management reporting provided to the Board of Directors. On 27 January 2022, the shareholders have approved the change of the Company name to Capital A Berhad. The change of name offers a better reflection of the Group's core business and its future undertakings in tandem with its rapid transformation as it has gone beyond its beginnings as an airline into a digital travel and lifestyle services group which continues to gain strong momentum. This structural change would help facilitate strong projected growth in the Group's portfolio businesses. It will also set the tone of the Group as it expands into new horizons and allay concerns of being a group that was intrinsically an airline.

Consequently, the segmental information provided to the Board of Directors of the Company had been improved to reflect the focus on portfolio of businesses. The comparative segmental information have been restated to reflect the current classification.

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38. Segmental information (cont'd.)

The segmental information provided to the Board of Directors for the reportable segments are as follows:

	Engineering RM'000	Move RM'000	Teleport RM'000	Santan RM'000	AirAsia Next RM'000	Others RM'000	Total Segments RM'000	Elimination adjustments RM'000	Total RM'000
Group 2025									
Revenue	894,520	485,437	1,215,221	208,022	246,416	132,554	3,182,170	(1,315,231)	1,866,939
Operating expenses									
- Staff costs	(265,206)	(120,324)	(91,667)	(35,400)	(36,858)	(130,467)	(679,922)	-	(679,922)
- Fuel costs	-	-	(56,002)	-	-	-	(56,002)	52,316	(3,686)
- Consumables	(271,425)	-	-	-	-	-	(271,425)	-	(271,425)
- Logistic expenses			(843,359)				(843,359)	165,898	(677,461)
- Marketing expenses	(1,392)	(91,834)	(1,397)	(307)	(32,772)	(3,952)	(131,654)	19,716	(111,938)
Other operating expenses	(151,019)	(185,099)	(81,127)	(161,836)	(60,263)	(113,976)	(753,320)	117,952	(635,368)
Other income	-	(4,320)	(884)	4,016	1,169	11,333,676	11,333,657	(1,876)	11,331,781
Earning/(Loss) before interest, tax and depreciation	205,478	83,860	140,785	14,495	117,692	11,217,835	11,780,145	(961,225)	10,818,920
Depreciation	(56,884)	(7,790)	(29,796)	(4,669)	(7,474)	(1,266)	(107,879)	-	(107,879)
Finance costs	(55,046)	(13,485)	(56,098)	(159)	(14,887)	(76,468)	(216,143)	6,973	(209,170)
Finance income	9	2,703	21	-	-	49,578	52,311	(37,653)	14,658
Net fair value loss on derivatives	(2,519)	-	-	-	-	-	(2,519)	-	(2,519)
Foreign exchange gain/(loss)	25,331	(12,289)	(11,434)	(227)	14,590	(1,485)	14,486	-	14,486
Profit/(Loss) before tax	116,369	52,999	43,478	9,440	109,921	11,188,194	11,520,401	(991,905)	10,528,496

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38. Segmental information (cont'd.)

The segmental information provided to the Board of Directors for the reportable segments are as follows: (cont'd.)

	Aviation RM'000	Elimination adjustments RM'000	Discontinued Operation RM'000	Continuing Operation RM'000	Total RM'000
Group					
2025					
Revenue	16,818,590	(293,960)	16,524,630	1,866,939	18,391,569
Operating expenses:-			-	-	-
- Staff costs	(1,947,950)	-	(1,947,950)	(679,922)	(2,627,872)
- Aircraft fuel expenses	(5,618,914)	6,364	(5,612,550)	(3,686)	(5,616,236)
- Maintenance and overhaul	(3,968,298)	663,908	(3,304,390)	-	(3,304,390)
- User charges and other related expenses	(2,549,733)	381,207	(2,168,526)	-	(2,168,526)
- Consumables	-	-	-	(271,425)	(271,425)
- Logistic expenses	-	-	-	(677,461)	(677,461)
- Marketing expenses	(176,839)	-	(176,839)	(111,938)	(288,777)
Other operating expenses	(498,246)	284,008	(214,238)	(635,368)	(849,606)
Other income	108,210	-	108,210	11,331,781	11,439,991
Earning before interest, tax and depreciation	2,166,820	1,041,527	3,208,347	10,818,920	14,027,267
Depreciation	(1,938,663)	1,938,663	-	(107,879)	(107,879)
Finance costs	(1,536,155)	(8,762)	(1,544,917)	(209,170)	(1,754,087)
Finance income	162,852	-	162,852	14,658	177,510
Net fair value gains on derivatives	(10,280)	-	(10,280)	(2,519)	(12,799)
Share of results of associates	23,115	-	23,115	-	23,115
Foreign exchange gain	1,077,041	-	1,077,041	14,486	1,091,527
(Loss)/Profit before tax	(55,270)	2,971,428	2,916,158	10,528,496	13,444,654

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38. Segmental information (cont'd.)

The segmental information provided to the Board of Directors for the reportable segments are as follows: (cont'd.)

	Engineering RM'000	Move RM'000	Teleport RM'000	Santan RM'000	AirAsia Next RM'000	Others RM'000	Total Segments RM'000	Elimination adjustments RM'000	Total RM'000
Group									
2024									
Revenue	714,020	554,994	1,070,155	193,454	38,463	240,632	2,811,718	(1,102,036)	1,709,682
Operating expenses									
- Staff costs	(236,264)	(124,706)	(95,049)	(29,032)	(43,716)	(158,707)	(687,474)	5,453	(1,369,495)
- Fuel costs	-	-	(25,044)	-	-	-	(25,044)	25,044	-
- Consumables	(233,865)	-	-	-	-	-	(233,865)	-	(467,730)
- Logistic expenses	-	-	(861,680)	-	-	-	(861,680)	188,419	(1,534,941)
Other operating expenses	(103,740)	(335,078)	(36,040)	(155,492)	(120,741)	(169,508)	(920,599)	140,859	(1,700,339)
Other income	-	1,714	1,522	2,461	222,572	30,365	258,634	(227,610)	289,658
Earning/(Loss) before interest, tax and depreciation	140,151	96,924	53,864	11,391	96,578	(57,218)	341,690	(969,871)	(628,181)
Depreciation	(45,859)	(9,171)	(20,041)	(1,935)	(1,182)	(1,612)	(79,800)	18,282	(61,518)
Finance costs	(65,309)	(18,719)	(55,784)	(19)	(23,971)	(72,498)	(236,300)	71,053	(165,247)
Finance income	28	3,535	896	6	-	123,548	128,013	(126,574)	1,439
Foreign exchange gain/(loss)	6,055	(2,232)	(1,115)	(27)	(31,239)	(9,029)	(37,587)	-	(37,587)
Profit/(Loss) before tax	35,066	70,337	(22,180)	9,416	40,186	(16,809)	116,016	(1,007,110)	(891,094)

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38. Segmental information (cont'd.)

The segmental information provided to the Board of Directors for the reportable segments are as follows: (cont'd.)

Group	Aviation RM'000	Elimination adjustments RM'000 Restated	Discontinued Operation RM'000 Restated	Continuing Operation RM'000	Total RM'000 Restated
2024					
Revenue	18,936,886	(321,796)	18,615,090	1,709,682	20,324,772
Operating expenses:-					
- Staff costs	(2,099,121)	-	(2,099,121)	(682,021)	(2,781,142)
- Aircraft fuel expenses	(7,097,236)	-	(7,097,236)	-	(7,097,236)
- Maintenance and overhaul	(3,894,492)	604,320	(3,290,172)	-	(3,290,172)
- User charges and other related expenses	(3,351,306)	260,471	(3,090,835)	-	(3,090,835)
- Consumables	-	-	-	(233,865)	(233,865)
- Logistic expenses	-	-	-	(673,261)	(673,261)
Other operating expenses	(1,448,412)	662,526	(785,886)	(779,740)	(1,565,626)
Other income	1,220,513	(160,463)	1,060,050	31,024	1,091,074
Earning/(Loss) before interest, tax and depreciation	2,266,832	1,045,058	3,311,890	(628,181)	2,683,709
Depreciation	(2,029,435)	572,100	(1,457,335)	(61,518)	(1,518,853)
Finance costs	(1,613,862)	14,415	(1,599,447)	(165,247)	(1,764,694)
Finance income	23,612	-	23,612	1,439	25,051
Net fair value gains on derivatives	4,779	-	4,779	-	4,779
Share of results of associates	3,846	-	3,846	-	3,846
Foreign exchange gain/(loss)	215,921	(3,265)	212,656	(37,587)	175,069
(Loss)/Profit before tax	(1,128,307)	1,628,308	500,001	(891,094)	(391,093)

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38. Segmental information (cont'd.)

The segmental information provided to the Board of Directors for the reportable segments are as follows: (cont'd.)

	Engineering RM'000	Move RM'000	Teleport RM'000	Santan RM'000	AirAsia Next RM'000	Others RM'000	Total Segments RM'000	Elimination adjustments RM'000	Total
Group 2025									
Segment assets	1,207,443	1,167,397	679,110	43,788	4,808,521	9,925,895	17,832,154	(10,275,642)	7,556,512
Unallocated corporate assets									11,383
Total assets									<u>7,567,895</u>
Segment liabilities	634,007	507,466	800,614	23,977	5,051,101	5,056,496	12,073,661	(5,427,006)	6,646,655
Group 2024									
Segment assets	1,030,528	671,758	636,456	15,856	4,887,495	1,165,474	8,407,567	(6,366,548)	2,041,019
Unallocated corporate assets									11,383
Assets of disposal groups classified as held for sale									28,683,745
Total assets									<u>30,736,147</u>
Segment liabilities	584,745	671,406	742,151	17,606	5,211,381	1,272,591	8,499,880	(6,133,245)	2,366,635
Liabilities of disposal groups classified as held for sale									38,384,479
									<u>40,751,114</u>

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39. Significant related party transactions

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

Entities listed under investment in subsidiaries, associates and joint ventures are all considered related parties. Further, the following party with common shareholders and/or directors are also considered related parties for disclosure purposes.

- (i) AirAsia X Berhad
- (ii) Tune Insurance Malaysia Berhad
- (iii) Thai AirAsia X Co. Ltd
- (iv) AirAsia Berhad
- (v) AirAsia Aviation Group Limited

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

Related party transactions also include transactions with entities that are controlled, jointly controlled or significantly influenced directly or indirectly by any key management personnel or their close family members, where applicable.

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
(a) Income:				
Turnaround charges and marketing funds charged by AGZ				
- AirAsia X Berhad	-	4,913	-	-
- Thai AirAsia X Co. Ltd.	-	673	-	-
	<u>-</u>	<u>5,586</u>	<u>-</u>	<u>-</u>
Management fees charged to BAA (Note 4(a))	-	-	10,000	10,000
Brand license fees charged by BAA (Note 4(a))				
- AirAsia X Berhad	18,764	-	-	-
- AirAsia Aviation Group Limited	20,424	-	-	-
	<u>39,188</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
(a) Income (cont'd.):				
Commission from online travel and accommodation charged to				
- AirAsia X Berhad	39,367	39,141	-	-
- Thai AirAsia X Co. Ltd.	9,568	12,557	-	-
- AirAsia Berhad	15,240	-	-	-
- AirAsia Aviation Group Limited	11,262	-	-	-
Maintenance services charged by ADE to				
- AirAsia X Berhad	44,146	34,204	-	-
- Thai AirAsia X Co Ltd	108	420	-	-
- AirAsia Berhad	53,253	-	-	-
- AirAsia Aviation Group Limited	17,345	-	-	-
Commission on travel insurance for passengers charged to Tune Insurance Malaysia Berhad	38,736	35,040	-	-
(b) Recharges:				
Recharges of expenses to				
- AirAsia Berhad	751,966	-	-	-
- AirAsia Aviation Group Limited	10,765	-	-	-
- AirAsia X Berhad	206,148	954,915	-	-
- Thai AirAsia X Co. Ltd	61,996	525,768	-	-

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

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
(c) Other income/(expenses)				
Brand license fees charged by BAA (Note 4(b))				
- AirAsia X Berhad	-	15,296	-	-
Brand license fees charged by AAAGL (Note 4(b))				
- Thai AirAsia X Co. Ltd.	-	18,300	-	-
Purchase of cargo transportation capacity				
- AirAsia X Berhad	(176,366)	(164,555)	-	-
- Thai AirAsia X Berhad	(53,975)	(73,891)	-	-
- AirAsia Berhad	(7,314)	-	-	-
- AirAsia Aviation Group Limited	(4,447)	-	-	-
Management fees charged to				
- AirAsia X Berhad	2,629	13,000	-	-
- Thai AirAsia X Berhad	5,805	-	-	-
- AirAsia Berhad	4,683	-	-	-
- AirAsia Aviation Group Limited	12,867	-	-	-
Brand ambassador service fee charged to BAA (Note 4(b))	-	-	18,000	18,000

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40. Financial instruments

Group	Measured at amortised costs RM'000	Measured at FVTPL RM'000	Measured at FVOCI RM'000	Total RM'000
31 December 2025				
Financial assets as per statements of financial position				
Investment securities (Note 16)	9,259	15,018	143,649	167,926
Derivative financial instruments (Note 20)	-	22,928	-	22,928
Receivables (excluding prepayments)	370,878	-	-	370,878
Amounts due from associates (Note 23)	8,653	-	-	8,653
Amounts due from related parties (Note 24)	5,097,401	-	-	5,097,401
Deposits, cash and bank balances (Note 25)	432,612	-	-	432,612
Total	5,918,803	37,946	143,649	6,100,398

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40. Financial instruments (cont'd.)

	Measured at FVTPL RM'000	Measured at amortised costs RM'000	Total RM'000
Group (cont'd.)			
31 December 2025			
Financial liabilities as per statements of financial position			
Derivative financial instruments (Note 20)	2,668	-	2,668
Borrowings (Note 29)	-	1,281,667	1,281,667
Trade and other payables (Note 26)	-	3,713,549	3,713,549
Amounts due to associates (Note 23)	-	116	116
Amounts due to related parties (Note 24)	-	1,254,708	1,254,708
Lease liabilities (Note 31)	-	305,209	305,209
Total	2,668	6,555,249	6,557,917

	Measured at amortised costs RM'000	Measured at FVTPL RM'000	Measured at FVOCI RM'000	Total RM'000
Group				
31 December 2024				
Financial assets as per statements of financial position				
Investment securities (Note 16)	-	9,703	58,391	68,094
Derivative financial instruments (Note 20)	-	11,383	-	11,383
Receivables (excluding prepayments and deposits for aircraft)	333,371	-	-	333,371
Amounts due from associates (Note 23)	26,971	-	-	26,971
Amounts due from related parties (Note 24)	78,329	-	-	78,329
Deposits, cash and bank balances (Note 25)	431,185	-	-	431,185
Total	869,856	21,086	58,391	949,333

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40. Financial instruments (cont'd.)

	Measured at FVTPL RM'000	Measured at amortised costs RM'000	Total RM'000
Group (cont'd.)			
31 December 2024			
Financial liabilities as per statements of financial position			
Borrowings (Note 29)	-	1,475,684	1,475,684
Trade and other payables (Note 26)	-	659,519	659,519
Amounts due to associates (Note 23)	-	131	131
Amounts due to related parties (Note 24)	-	58,230	58,230
Lease liabilities (Note 31)	-	113,798	113,798
Total	-	2,307,362	2,307,362

	Measured at amortised costs RM'000	Measured at FVTPL RM'000	Measured at FVOCI RM'000	Total RM'000
Company				
31 December 2025				
Financial assets as per statements of financial position				
Investment securities (Note 16)	1,490	-	110,864	112,354
Derivative financial instruments (Note 20)	-	11,383	-	11,383
Receivables (excluding prepayments)	3,286	-	-	3,286
Amounts due from subsidiaries (Note 22)	4,550,153	-	-	4,550,153
Amounts due from related parties (Note 24)	4,384,894	-	-	4,384,894
Deposits, cash and bank balances (Note 25)	15,160	-	-	15,160
	8,954,983	11,383	110,864	9,077,230

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40. Financial instruments (cont'd.)

	Measured at amortised costs RM'000		
Company			
31 December 2025			
Financial liabilities as per statements of financial position			
Borrowings (Note 29)			858,627
Trade and other payables (Note 26)			2,954,577
Amounts due to subsidiaries (Note 22)			48,414
Amounts due to related parties (Note 24)			581,586
			<u>4,443,204</u>
	Measured at amortised costs RM'000	Measured at FVTPL RM'000	Total RM'000
31 December 2024			
Financial assets as per statements of financial position			
Receivables (excluding prepayments)	636	-	636
Amounts due from subsidiaries (Note 22)	4,819,900	-	4,819,900
Deposits, cash and bank balances (Note 25)	1,545	-	1,545
Derivative financial instruments (Note 20)	-	11,383	11,383
	<u>4,822,081</u>	<u>11,383</u>	<u>4,833,464</u>
			Measured at amortised costs RM'000
Financial liabilities as per statements of financial position			
Borrowings (Note 29)			906,696
Trade and other payables (Note 26)			6,917
Amounts due to subsidiaries (Note 22)			4,091,604
Amounts due to related parties (Note 24)			1,135
			<u>5,006,352</u>

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41. Financial risk management policies

The Group is exposed to market risk (including fuel price risk, interest rate risk and foreign currency risk), credit risk and liquidity risk. The Group uses financial instruments such as interest rate swaps and caps, and foreign currency forwards to mitigate its financial risks.

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

The Group also seeks to ensure that the financial resources that are available for the development of the Group's businesses are constantly monitored and managed vis-a-vis its ongoing exposure to fuel price, interest rate, foreign currency, credit, liquidity and cash flow risks.

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

(a) Market risk

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

(i) Interest rate risk

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

Interest rate exposure arises from the Group's floating rate borrowings and is managed by entering into derivative financial instruments. Derivative financial instruments are used, as far as possible and where appropriate, to generate the desired fixed interest rate profile. Surplus funds are placed with reputable financial institutions.

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

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

(a) Market risk (cont'd.)

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

If interest rate on borrowings at 31 December 2025 and 31 December 2024 had been 60 basis points higher or lower with all other variables held constant, the impact on the post-tax profits for the financial year and equity, as a result of an increase or decrease in the interest expense on floating borrowings are tabulated below. The impact on post-tax profit/loss are as follows:

	2025		2024	
	Impact on post-tax profit/equity		Impact on post-tax loss loss/equity	
	+60bps	-60bps	+60bps	-60bps
	RM'000	RM'000	RM'000	RM'000
Group				
Increase/(decrease)	(1,667)	1,667	1,984	(1,984)

(ii) Foreign currency risk

The Group is exposed to foreign currency exchange risk. These exposures are managed, to the extent possible, by natural hedges that arise when payments for foreign currency payables are matched against receivables denominated in the same foreign currency or whenever possible, by intragroup arrangements and settlements.

The Group is exposed mainly to fluctuation in USD as borrowings are denominated in USD. Increase in USD rate versus RM will result in lower profitability and cause corresponding impact in cashflows.

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

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

(ii) Foreign currency risk (cont'd.)

As at 31 December 2025 and 31 December 2024, the Group has not hedged any of its USD denominated borrowings.

The Group's currency exposure profile of financial instruments denominated in currencies other than the functional currency is presented in the respective financial asset and financial liabilities notes.

(b) Credit risk

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

The Group's and the Company's exposure to credit risks or the risk of counterparties defaulting arises mainly from various deposits and bank balances, receivables and derivative financial instruments. As the Group and the Company do not hold collateral, the maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the balance sheet.

Credit risks are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised by monitoring receivables regularly. In addition, credit risks are also controlled as majority of the Group's deposits and bank balances and derivative financial instruments are placed or transacted with major financial institutions and reputable parties. The Directors are of the view that the possibility of non-performance by the majority of these financial institutions is remote on the basis of their financial strength and support of their respective governments.

The Group generally has no concentration of credit risk arising from trade receivables.

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

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

(c) Liquidity and cash flow risk

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

The management will continue to monitor liquidity reserves and rolling cash flow forecasts throughout the year based on the measures put in place and also potential impact from events outside the Group's control.

The table below analyses the Group's payables, non-derivative financial liabilities, gross-settled and net-settled derivative financial liabilities and the Company's payables into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Less than 1 year RM'000	1-2 years RM'000	2-5 years RM'000	Over 5 years RM'000	Total RM'000
Group					
At 31 December 2025					
Borrowings					
- term loans	98,969	149,582	-	-	248,551
- convertible loan note	92,558	92,571	-	-	185,129
- RCUIDS	216,112	203,014	353,638	-	772,764
- Other facilities	227,894	-	-	-	227,894
Trade and other payables	3,702,084	11,465	-	-	3,713,549
Lease liabilities	53,300	53,472	162,354	253,828	522,954
Amounts due to associates	116	-	-	-	116
Amounts due to related parties	1,254,708	-	-	-	1,254,708
	5,645,741	510,104	515,992	253,828	6,925,665

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

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

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

Group	Less than 1 year RM'000	1-2 years RM'000	2-5 years RM'000	Over 5 years RM'000	Total RM'000
At 31 December 2024					
Borrowings					
- term loans	100,351	92,616	124,885	-	317,852
- convertible loan note	90,839	111,606	105,925	-	308,370
- RCUIDS	220,656	207,283	374,447	-	802,386
- Other facilities	384,042	-	-	-	384,042
Trade and other payables	653,558	5,961	-	-	659,519
Lease liabilities	8,173	5,822	18,727	219,558	252,280
Amounts due to associates	131	-	-	-	131
Amounts due to related parties	58,230	-	-	-	58,230
	<u>1,515,980</u>	<u>423,288</u>	<u>623,984</u>	<u>219,558</u>	<u>2,782,810</u>

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

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

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

Company	Less than 1 year RM'000	1-2 years RM'000	2-5 years RM'000	Over 5 years RM'000	Total RM'000
At 31 December 2025					
Borrowings					
- RCUIDS	92,558	92,571	-	-	185,129
- convertible loan note	216,112	203,014	353,638	-	772,764
Trade and other payables	2,954,577	-	-	-	2,954,577
Amounts due to subsidiaries	48,414	-	-	-	48,414
Amounts due to related parties	581,586	-	-	-	581,586
	<u>3,893,247</u>	<u>295,585</u>	<u>353,638</u>	<u>-</u>	<u>4,542,470</u>
At 31 December 2024					
Borrowings					
- RCUIDS	220,656	207,283	374,447	-	802,386
- convertible loan note	90,839	111,606	105,925	-	308,370
Trade and other payables	6,917	-	-	-	6,917
Amounts due to subsidiaries	4,091,604	-	-	-	4,091,604
Amounts due to related parties	1,135	-	-	-	1,135
	<u>4,411,151</u>	<u>318,889</u>	<u>480,372</u>	<u>-</u>	<u>5,210,412</u>

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

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

(d) Capital risk management

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

In order to optimise the capital structure, or the capital allocation amongst the Group's and the Company's various businesses, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, take on new debts or sell assets to reduce debt.

The Group's and the Company's overall strategy remains unchanged from 2024.

Consistent with others in the industry, the Group and the Company monitors capital utilisation on the basis of the net gearing ratio. This net gearing ratio is calculated as net debts divided by total equity. Net debts are calculated as total borrowings (including "short-term and long-term borrowings" as shown in the Group's and the Company's balance sheet) add lease liabilities less deposit, cash and bank balances.

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Total borrowings (Note 29)	1,281,667	1,475,684	858,627	906,696
Lease liabilities (Note 31)	305,209	113,798	-	-
Less: Deposits, cash and bank balances (Note 25)	(432,612)	(431,185)	(15,160)	(1,545)
Net debts	<u>1,154,264</u>	<u>1,158,297</u>	<u>843,467</u>	<u>905,151</u>
Total equity	<u>921,240</u>	<u>(10,014,967)</u>	<u>5,262,389</u>	<u>6,651,635</u>
Net Gearing Ratio (times)	1.25	N/A	0.16	0.14

The Group's net gearing ratio for the financial year ended 31 December 2025 is 1.23 times, reflecting the Group's improved equity position and providing a meaningful measure of its financial leverage.

The Group's net gearing ratio for the year ended 31 December 2024 is not meaningful due to the Group being in a net equity deficit position. While the Group continues to rely on borrowings to fund its operations, the negative equity position renders the gearing ratio not representative of the Group's financial leverage for the year.

The Company is classified as a Practice Note 17 ("PN17") issuer under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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

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

(d) Capital risk management

Following completion of its regularisation plan, the Group no longer triggers the prescribed PN17 criteria as at the reporting date, with consolidated shareholders' equity exceeding 25% of issued share capital and RM40 million. This was achieved, in part, through the reduction of the Company's issued share capital by RM2,741,539,000 pursuant to the Distribution, which took effect on 16 January 2026 upon lodgement of the sealed order of the High Court of Malaya with the Registrar of Companies, as well as a further reduction of RM5,507,594,000 confirmed by the High Court of Malaya on 21 January 2026 under the Regularisation Plan.

The Company remains a PN17 issuer pending formal upliftment by Bursa Malaysia Securities Berhad.

(e) Fair value measurement

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

Determination of fair value and fair value hierarchy

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

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

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

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
At 31 December 2025				
Assets				
Financial assets at fair value through profit or loss				
- Early redemption option	-	-	11,383	11,383
- Warrants	-	-	11,545	11,545
Investment securities	142,160	-	25,766	167,926
	<u>142,160</u>	<u>-</u>	<u>48,694</u>	<u>190,854</u>
Liability				
Financial liability at fair value through profit or loss				
- Warrants	-	-	2,668	2,668
	<u>-</u>	<u>-</u>	<u>2,668</u>	<u>2,668</u>
At 31 December 2024				
Assets				
Financial assets at fair value through profit or loss				
- Early redemption option	-	-	11,383	11,383
Investment securities	32,322	-	35,772	68,094
	<u>32,322</u>	<u>-</u>	<u>47,155</u>	<u>79,477</u>
Company				
At 31 December 2025				
Assets				
Financial assets at fair value through profit or loss				
- Early redemption option	-	-	11,383	11,383
Investment securities	110,864	-	1,490	112,354
	<u>110,864</u>	<u>-</u>	<u>12,873</u>	<u>123,737</u>
At 31 December 2024				
Assets				
Financial assets at fair value through profit or loss				
- Early redemption option	-	-	11,383	11,383
	<u>-</u>	<u>-</u>	<u>11,383</u>	<u>11,383</u>

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

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

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

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices are readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities and actively exchange-traded derivatives.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques, including discounted cash flow projections.

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**Capital A Berhad
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42. Discontinued operations, assets held for sale and disposal group classified as held for sale

Non-current assets or disposal groups are classified as held for sale if they meet certain conditions and their carrying amounts will be recovered principally through sale transactions rather than through continuing use. The condition is regarded as met only when the asset or disposal group is available for immediate sale in its present condition subject to terms that are usual and customary and the sale is highly probable.

Non-current assets or disposal groups held for sale are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such component represents a separate major line of business.

The following are the details of discontinued operations, assets held for sale and disposal group classified as held for sale:

- (a) On 14 October 2024, the non-interested shareholders of Capital A Berhad had approved the Company to undertake the following corporate proposals:
 - (i) the proposed disposal of 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");
 - (ii) the proposed disposal of 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 the Company to AAB ("Proposed AAB Disposal"); and
 - (iii) 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 the Company ("Entitled Shareholders") based on their respective shareholdings in the Company on an entitlement date to be determined later ("Entitlement Date") by way of distribution-in-specie via a reduction and repayment of the Company's share capital pursuant to Section 116 of the Companies Act 2016 ("Proposed Distribution").
- (b) On 14 October 2024, the shareholders of the Company have approved the Proposals above through an extraordinary general meeting ("EGM").

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42. Discontinued operations, assets held for sale and disposal group classified as held for sale (cont'd.)

The proposed disposals have been completed in financial year ended 2025 upon fulfilment of customary conditions precedent including regulatory approvals.

Group

The assets to be received pursuant to the Proposed AAB and AAAGL Disposal is measured at the fair value on 3 December 2025.

	Group RM'000
Fair value of purchase consideration for the Proposed disposal of AAAGL	3,738,462
Consideration for the Proposed Disposal of AAB	3,800,000
Add: Net liabilities of AAAGL, AAB and their subsidiaries	<u>3,781,715</u>
Gain on disposal of subsidiaries (Note 4(b))	<u>11,320,177</u>

The net cash outflow arising from the deconsolidation of the subsidiaries is RM1,674,450,000.

The proceed from AAAGL Disposal:

The Proposed AAAGL Disposal entails the disposal by our Company of our AAAGL Equity Interest to AAX for the AAAGL Disposal Consideration of 2,307,692,307 new AAX Shares, representing RM3,738,461,537. The proceed from AAAGL disposal was included in the amounts due from related parties.

The proceed from AAB Disposal:

The AAB Disposal Consideration will be satisfied by way of AAX's assumption of our Company's debt due to AAB of RM3,800,000,000.

Company

During the financial year, the Company disposed the entire investment in AAB and AAAGL.

	AAB RM'000	AAAGL RM'000	Total RM'000
Total consideration	3,800,000	3,738,462	7,538,462
Carrying amount of investments	<u>(6,173,257)</u>	<u>(3,494,856)</u>	<u>(9,668,113)</u>
	<u>(2,373,257)</u>	<u>243,606</u>	<u>(2,129,651)</u>

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42. Discontinued operations, assets held for sale and disposal group classified as held for sale (cont'd.)

The assets held for sale and disposal group classified as held for sale on the statements of financial position are as follows:

		Group	Company
		2024	2024
		RM'000	RM'000
	Note		
Assets			
Property, plant and equipment	11	1,127,435	-
Investment property	12	74,708	-
Investment in subsidiaries	13	-	6,199,535
Right-of-use assets	31	14,104,574	-
Finance lease receivables	31	141,136	-
Investment in associates	15	439,606	-
Investment securities	16	115,983	-
Intangible assets	17	3,991,259	-
Deferred tax assets	18	1,311,680	-
Receivables and prepayments	19	6,140,016	-
Deposits on aircraft purchase		405,822	-
Derivative financial instruments	20	2,304	-
Inventories	21	179,678	-
Amounts due from associates	23	6,006	-
Amounts due from related parties	24	16,591	-
Tax recoverable		2,700	-
Deposits, cash and bank balances	25	624,247	-
		<u>28,683,745</u>	<u>6,199,535</u>
Liabilities			
Trade and other payables	26	4,838,423	-
Long term debentures	30	742,319	-
Aircraft maintenance provisions and liabilities	27	7,629,679	-
Sales in advance	28	2,267,504	-
Amounts due to associates	23	57,092	-
Amounts due to related parties	24	475,688	-
Borrowings	29	4,417,503	-
Lease liabilities	31	16,837,360	-
Tax payables		104,118	-
Derivative financial instruments	20	1	-
Deferred tax liabilities	18	718,267	-
Provision for retirement benefits	32	296,525	-
		<u>38,384,479</u>	<u>-</u>

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42. Discontinued operations, assets held for sale and disposal group classified as held for sale (cont'd.)

The results attributable to discontinued operations up to the date of disposal are as follows:
(cont'd.)

	Note	Group	
		2025 RM'000	2024 RM'000
Revenue	4(a)	16,524,630	18,615,090
Other income	4(b)	108,210	1,060,050
Operating expenses			
- Staff costs	5(a)	(1,947,950)	(2,099,121)
- Depreciation of property, plant and equipment	11	-	(59,252)
- Depreciation of right-of-use assets	31	-	(1,398,083)
- Aircraft fuel expenses	7(a)	(5,612,550)	(7,097,236)
- Maintenance and overhaul	7(b)	(3,304,390)	(3,290,172)
- User charges	7(c)	(2,168,526)	(3,090,835)
- Other operating expenses		<u>(391,077)</u>	<u>(785,886)</u>
Operating profit		3,208,347	1,854,555
Finance income	8(a)	162,852	23,612
Finance costs	8(b)	<u>(1,544,917)</u>	<u>(1,599,447)</u>
Net operating profit		1,826,282	278,720
Foreign exchange gain	8(c)	1,077,041	212,656
Net fair value gain on derivatives	8(d)	(10,280)	4,779
Share of results of associates		<u>23,115</u>	<u>3,846</u>
Profit before taxation		2,916,158	500,001
Taxation			
- Current taxation	9	<u>(15,367)</u>	<u>(13,398)</u>
- Deferred taxation	9	<u>7,402</u>	<u>(65,380)</u>
		<u>(7,965)</u>	<u>(78,778)</u>
Profit after taxation		<u>2,908,193</u>	<u>421,223</u>

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42. Discontinued operations, assets held for sale and disposal group classified as held for sale (cont'd.)

The net cash flows incurred by the Group's discontinued operations are as follows:

	Group	
	2025	2024
	RM'000	RM'000
Operating cash flow generated from operating activities	5,216,061	4,686,740
Investing cash flow generated from investing activities	166,486	18,781
Financing cash flow used in financing activities	<u>(4,188,055)</u>	<u>(3,524,241)</u>

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43. Reconciliation of liabilities arising from financing activities

	Cashflows			Non-cash movement					At 31.12.2025 RM'000
	At 1.1.2025 RM'000	Drawdown RM'000	Repayments RM'000	Conversion of RCUIDS RM'000	Effect of proposed corporate exercise RM'000	Finance costs RM'000	Lease RM'000	Foreign exchange movement RM'000	
Group									
Borrowings	1,475,684	49,851	(294,454)	(39,165)	-	167,005	-	(77,254)	1,281,667
Lease liabilities	113,798	-	(43,119)	-	172,932	33,980	45,350	(17,732)	305,209
Company									
Borrowings	906,696	-	(78,899)	(39,165)	-	90,077	-	(20,082)	858,627

	Cashflows			Non-cash movement						At 31.12.2024 RM'000
	At 1.1.2024 RM'000	Drawdown RM'000	Repayments RM'000	Novation of debts RM'000	Conversion of RCUIDS RM'000	Finance costs RM'000	Lease RM'000	Foreign exchange movement RM'000	Transferred to disposal group (Note 42) RM'000	
Group										
Borrowings										
- continuing operations	1,343,933	212,850	(109,302)	-	(55,119)	128,440	-	(45,118)	-	1,475,684
- discontinued operations	3,098,974	2,720,752	(1,163,493)	-	-	616,952	-	(855,682)	(4,417,503)	-
Lease liabilities										
- continuing operations	13,729	-	(4,597)	-	-	18,149	90,173	(3,656)	-	113,798
- discontinued operations	18,893,602	-	(5,081,500)	-	-	930,150	2,451,208	(356,100)	(16,837,360)	-
Company										
Borrowings	685,125	-	(71,337)	247,680	(55,119)	85,873	-	14,474	-	906,696

**Capital A Berhad
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44. Other matters

(a) Arbitration matter involving Mr. Christopher Davison and Mr. Navin Rajagopalan (as claimants) v Move Digital Sdn. Bhd. (“Move Digital”), AAB and BigPay (as respondents) at Singapore International Arbitration Centre in respect of disputes arising from the shareholder disputes in relation to BigPay

On 17 March 2017, the claimants, AAB and BigPay have entered into the following agreements in relation to the regulation of affairs of BigPay:

- (1) Shareholders’ agreement which sets out the terms governing the relationship between the shareholders of BigPay (“BigPay SHA”); and
- (2) Investment agreement which sets out the terms and conditions relating to AAB’s investment in BigPay (“BigPay IA”).

On 18 November 2021, the claimants issued a notice of arbitration against Move Digital, AAB and BigPay under the Arbitration Rules of the Singapore International Arbitration Centre 2016, in respect of the decision taken by Move Digital to terminate the BigPay SHA and BigPay IA. The claimants, as minority shareholders of BigPay, claimed for breaches and wrongful termination of the BigPay IA and BigPay SHA by the respondents and minority oppression under section 216(1) of the Companies Act 1967 of Singapore (“Singapore Companies Act”). The claimants made claims in the region of USD140,000,000 to USD183,000,000 (equivalent to approximately RM545,090,000 to RM712,510,500*), and the main relief sought by the claimants was a buy-out by Move Digital of the shares held by the claimants in BigPay.

On 27 December 2024, the Singapore International Arbitration Centre issued a partial award wherein Move Digital was ordered to buy out the BigPay shares held by the claimants at the buyout price of USD14,736,000 (equivalent to approximately RM545,090,000 to RM712,510,500*). Based on the advice from our legal counsel, we continue to assess our prospects as good. Nevertheless, a provision of USD 14,700,000 has been recognised.

On 18 July 2025, the final award on costs was issued for Move Digital to pay the Claimants costs related to the arbitration in the amount of USD4,129,664 and simple interest on the costs awarded at the rate of 5.33% per annum from the 22nd day following the award until full payment.

Move Digital and AAB, through its solicitors, filed an application in the Singapore High Court in late March 2025 to set aside the aforementioned partial award. The application was heard in late September 2025 and dismissed in early December 2025. Move Digital and AAB appealed against the decision in late December 2025. The appeal is likely to be heard sometime in July 2026. In respect of this application, in mid-February 2026, Move Digital and AAB have been ordered to pay the Claimants’ legal costs and disbursements amounting to SGD258,061.

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44. Other matters (cont'd.)

(a) Arbitration matter involving Mr. Christopher Davison and Mr. Navin Rajagopalan (as claimants) v AirAsia Digital Sdn. Bhd. ("Move Digital"), AAB and BigPay (as respondents) at Singapore International Arbitration Centre in respect of disputes arising from the shareholder disputes in relation to BigPay (cont'd)

An application to partially set aside the final award on costs has been filed by Move Digital and AAB. The Claimants have also filed an application to partially set aside the final award on costs. As Move Digital's and AAB's application to partially set aside the final award on costs is contingent on their application to partially set aside the partial award, the application has been stayed pending the determination of the appeal. As for the Claimants' application, it was heard in late March 2026 and the Court has reserved judgment.

In mid-December 2025, the Claimants applied for leave from the Singapore High Court to enforce the partial award, and obtained an ex parte order of court granting them such leave to enforce in late December 2025. The Claimants served the papers on Move Digital's and AAB's solicitors in early January 2026. Move Digital and AAB's application to set aside the enforcement order was dismissed in late March 2026. However, Move Digital and AAB have been granted a stay of enforcement of the partial award on the condition that they pay the full sum of USD 14,736,000 into Court by 28 April 2026.

* *Note: Based on BNM's exchange rate of USD1.00:RM3.8935, being the middle rate published on BNM's website as at 25 February 2026.*

(b) Malaysia Airlines Berhad ("MAS") and FlyFirefly Sdn. Bhd. ("Firefly") Trademark Infringement Against AirAsia MOVE

MAS and Firefly filed a legal action against AirAsia MOVE for unauthorised use of their trademarks. In January 2024, the High Court ruled in favour of MAS and Firefly, with damages to be assessed, though proceedings are stayed pending AirAsia MOVE's appeal. The appeal was heard on 19 June 2025, with a decision originally fixed for 23 October 2025, which was then rescheduled to 2 December 2025, and further postponed to 5 January 2026.

The Court of Appeal delivered its decision on 5 January 2026, dismissing AirAsia MOVE's appeal and upholding the High Court judgment. The next step is for AirAsia MOVE to apply for leave to appeal to the Federal Court, with the deadline falling on 4 February 2026. The motion for leave to appeal was filed by AirAsia MOVE's legal counsel on 3 February 2026.

The Federal Court has fixed the leave application for a physical hearing on 30 June 2026. Parties are to file their written submissions and ancillary papers by 15 June 2026.

Based on the advice from our legal counsel, we continue to assess our prospects as good. Nevertheless, a provision of RM7 million has been recognised.

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44. Other matters (cont'd.)

(c) Cebu Air, Inc. (“Cebu”) Trademark Infringement Against AirAsia MOVE

On 12 June 2024, Cebu filed a lawsuit against AirAsia MOVE in the Kuala Lumpur High Court (“Court”) for unauthorised use of Cebgo trademarks on AirAsia MOVE’s platform (both website and mobile application), in relation to the sale and promotion of Cebu’s airline tickets. The trial, initially set for August 2025, has been rescheduled to 15, 16 and 23 January 2026 due to a change in judge.

The trial concluded on 23 January 2026, with both parties calling and cross-examining their witness. The Court has directed the filing of the Notes of Proceedings by 23 February 2026, followed by the filing and exchange of written submissions by 16 March 2026 (MOVE has filed its written submissions) and reply submissions by 6 April 2026. An oral clarification session is fixed on 17 April 2026, after which the Court is expected to set a decision date (either immediately or on a separate date).

Based on the advice from our legal counsel, we continue to assess our prospects as good. No provisions have been recognised to date.

45. Significant events

(a) Proposed Corporate Exercises

On 14 October 2024, the non-interested shareholders of Capital A Berhad had approved the Company to undertake the following corporate proposals:

1. 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”);
2. the proposed disposal of 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
3. 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”).

As this corporate proposals resulted in the Group’s exit from the Aviation business, the results and cash flows of the Aviation segment up to the completion date have been presented as discontinued operations in the financial statements of the Group as disclosed in Note 42.

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45. Significant events (cont'd.)

(a) Proposed Corporate Exercises (cont'd.)

The Company has submitted a supplemental application to the High Court of Malaya on 3 December 2025 to obtain an ancillary order from the High Court of Malaya pursuant to Section 116 of the Act for the reduction in Company's issued share capital pursuant to the Distribution by RM2,741,538,641 based on the closing market price of AAX Shares of RM1.62 on 3 December 2025, being the Entitlement Date and also the Accounting Completion Date for the Proposed AAAGL Disposal and Proposed AAB Disposal.

The High Court of Malaya has confirmed the reduction in Company's issued share capital pursuant to the Distribution by RM2,741,538,641 on 8 December 2025.

(b) Proposed Regularisation Plan

On 23 December 2024, the application in relation to the Proposed Regularisation Plan has been submitted to Bursa Securities on 23 December 2024.

On 7 March 2025, Bursa Securities had, vide its letter dated 7 March 2025, granted its approval for the Proposed Regularisation Plan, subject to the conditions as set out in Section 10 of the Circular.

On 15 April 2025, the Circular in relation to the Proposed Regularisation Plan has been issued to shareholders of the Company and the extra general meeting was held on 7 May 2025.

The Company has submitted a petition to the High Court of Malaya on 3 December 2025 to obtain an order from the High Court of Malaya pursuant to Section 116 of the Act for the reduction in the Company's issued share capital pursuant to the Proposed Regularisation Plan by RM5,507,594,000.

46. Subsequent events

(a) Proposed Corporate Exercises

The AAAGL Disposal has been completed on 16 January 2026 in accordance with the terms and conditions of the AAAGL SSPA following the settlement of the AAAGL Disposal Consideration via the allotment and issuance of 2,307,692,307 Consideration Shares (including the Distribution Shares) by AAX to Capital A and the Entitled Shareholders of Capital A under the Distribution on even date. Consideration Shares were listed and quoted on the Main Market of Bursa Securities on 19 January 2026. Accordingly, the Distribution has been completed following the listing of and quotation for 1,692,307,692 Distribution Shares on the Main Market of Bursa Securities on even date.

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46. Subsequent events (cont'd.)

(a) Proposed Corporate Exercises (cont'd.)

The AAB Disposal has also been completed on 16 January 2026 in accordance with the terms and conditions of the AAB SSPA following the settlement of the AAB Disposal. Consideration via the Debt Settlement whereby AAX has assumed an amount of RM3,800,000,000 owing by Capital A to AAB on even date.

The AAB Disposal has also been completed on 16 January 2026 in accordance with the terms and conditions of the AAB SSPA following the settlement of the AAB Disposal. Consideration via the Debt Settlement whereby AAX has assumed an amount of RM3,800,000,000 owing by Capital A to AAB on even date.

The reduction in the Company's issued share capital by RM2,741,538,641.04 pursuant to the Distribution has taken effect upon the lodgement of the sealed order of the High Court of Malaya with the Registrar of Companies on 16 January 2026.

As at the date of this report, the transfer of the shares in AAB and AAAGL has yet to be reflected in the register of members of AAB and AAAGL respectively pending the endorsement of stamp duty exemption on the instruments of transfer by the Inland Revenue Board of Malaysia.

(b) Proposed Regularisation Plan

The High Court of Malaya has confirmed the reduction in the Company's issued share capital pursuant to the Regularisation Plan by RM5,507,594,000 on 21 January 2026.

The Capital Reduction has taken effect upon the lodgement of the sealed order of the High Court of Malaya with the Registrar of Companies on 23 January 2026. Accordingly, the Regularisation Plan has been completed following the completion of the Capital Reduction on even date.

(c) Geographical Developments

We have considered the effects of the Middle East conflict in respect of the judgements and assumptions used in the preparation of financial statements for the financial year ended 31 December 2025. We believe that the consequences of the Middle East conflict to the Company and to the Group, have been adequately assessed by us and no material impact to the Company and the Group.

While market sentiment initially responded to the volatility of the Middle East geopolitics, the fundamental business model of Capital A remains resilient. Following the completion of the aviation divestment on 3 December 2025, Capital A no longer faces direct fuel cost impacts, except for Teleport, where the impact remains contained as higher fuel costs are effectively passed through to customers via surcharges and fee adjustments.

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46. Subsequent events (cont'd.)

(c) Geographical Developments (cont'd.)

The Group's performance will be affected should the airlines, specifically AirAsia X Berhad decide to embark on capacity management as a response to the global fuel hike, which will result in lower projected passenger carried. As airlines reduce flight capacity and frequency, AirAsia Move and AirAsia Next should expect a lower collection of commission on flight tickets and brand license fees, and Santan may experience reduced supply of inflight meals. However, these impacts will be somewhat mitigated through high fares and fuel surcharge. Despite these operational shifts, other segments like ADE and Teleport maintain a stable outlook with minimal expected disruption to their near term performance and growth.

