

Red Lotus Aviation Limited

Directors' report and financial statements

For the financial year ended 31 December 2023

Registered number 528417

Red Lotus Aviation Limited

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Red Lotus Aviation Limited

Directors' and other information

Directors	Julian Dunphy – Irish
Registered office	32 Molesworth Street Dublin 2 D02 Y512
Company secretary	MFD Secretaries Limited 32 Molesworth Street Dublin 2 D02 Y512
Independent auditor	Forvis Mazars Chartered Accountants & Statutory Audit Firm Block 3 Harcourt Centre Harcourt Road Dublin 2 D02 A339
Bankers	Citibank Europe 1 North Wall Quay Dublin 1 D01 T8Y1
Solicitors	Maples and Calder 75 St. Stephen's Green Dublin 2 D02 PR50
Corporate administrator	Maples Fiduciary Services (Ireland) Limited 32 Molesworth Street Dublin 2 D02 Y512

Red Lotus Aviation Limited

Director's report

The Director presents the annual report and audited financial statements of Red Lotus Aviation Limited (or the "Company") for the financial year ended 31 December 2023.

Principal activities, business review and future developments

The Company was incorporated on 4 June 2013 in Ireland as a special purpose company whose principal activity is the leasing and sub-leasing of aircraft. The Company is a sole member private company limited by shares.

The Company acts as an agent to the head lessor rather than the principal in the transaction.

In March 2023, the Company entered into an Intermediate Lease Novation Agreement, a Sublease Novation Agreement, a Deed of Termination and a Rent Deferral Novation Agreement pursuant to which the lease for MSN 3000 was restructured replacing the Company as Agent with Merah Putih 2, Inc as the new Lessee.

During 2023, the decision was taken to liquidate the Company after all the leases have been novated or terminated.

The Company is aware of the ongoing conflict between Ukraine and Russia and the Director is not aware of any business operations or direct impacts the conflict has on the Company.

In May 2024, the lease agreement for MSN 5547 have been novated. All leases have now either been terminated or novated and it is expected that the Company will be placed into liquidation. Refer to the Going concern section of this report for further details.

In April 2025, the United States of America announced an increased US tariffs to certain countries and territories. The Directors are not aware of any business operations or direct impacts this will have on the Company.

Directors and company secretary

The Directors who held office during the financial year ended 31 December 2023 and subsequently are listed below:

Julian Dunphy

In accordance with the Memorandum and Articles of Association, the Directors are not required to retire by rotation.

Interests of Directors and secretary

The Directors and secretary who held office as at 31 December 2023 had no interests in the shares of the Company or any group company at that date, or during the financial year (2022: None).

Transactions involving Directors

There were no loans advanced to the Director at any time during the financial year. There were no contracts or arrangements in relation to the business of the Company in which the Director had any interest, as defined by the Companies Act 2014, at any time during the financial year (2022: None).

Administration services are provided by Maples Fiduciary Services (Ireland) Limited. The Director, as employee of the Corporate Administrator, had an interest in these fees in his capacity as Director. Please refer to note 11 to the financial statements for further details.

Red Lotus Aviation Limited

Director's report (continued)

Issue of shares

Authorised share capital consists of 100,000 ordinary shares of USD 1.00 each. One share was issued on 4 June 2013. The shareholder is listed in note 14 of the financial statements.

Key performance indicators

During the financial year:

- The Company made a loss before tax of \$130,779 (2022: profit before tax of \$6,328)
- The net lease loss for the financial year of \$80,535 (2022: income of \$101,300)
- The total assets at financial year end were \$152,135 (2022: \$239,520)
- The administration expense for the financial year was \$77,779 (2022: \$127,026)
- The lease rent receivable at the financial year end was \$nil (2022: \$nil)
- The lease rent payable at the financial year end was \$nil (2022: \$nil)

Going concern

In May 2024, the lease agreement for MSN 5547 has been novated. All leases have now either been terminated or novated and it is expected that the Company will be placed into liquidation. Liquidation expenses amounting to \$30,262 have been provided for in the financial statements for the year ended 31 December 2020, no additional expenses have been provided for in 2023.

Results and dividends

The results for the financial year are set out in the Statement of Comprehensive Income on page 10. The Director does not recommend the payment of a dividend in respect of the financial year ending 31 December 2023 (2022: nil).

Principal risks and uncertainties

The Company is subject to various risks. The key risks facing the Company and the manner in which these risks have been dealt with are disclosed in note 12 to the financial statements.

Subsequent events

In May 2024, the Company entered into a Sublease Novation Agreement, a Sub-sublease Novation Agreement, and a Deed of Termination pursuant to which the lease for MSN 5547 was restructured replacing the Company as Lessee with Merah Putih 2, Inc as the new Lessee.

The Company is a party to legal proceedings related to certain tax claims involving a tax authority in a foreign jurisdiction (outside of Ireland). Currently it is uncertain when the legal proceedings will be finalized. The final outcome of the proceedings is also uncertain. The Company is of the view that it is not liable to any tax in said jurisdiction and that any additional obligation in this respect is highly unlikely.

There have been no other significant events subsequent to financial year end that would require adjustment or disclosure in these financial statements.

Red Lotus Aviation Limited

Director's report (continued)

Accounting Records

The Director believes that he has complied with the requirements of Section 281 to 285 of the Companies Act, 2014 with regard to the accounting records by employing accounting personnel with the appropriate expertise and by providing adequate resources to the financial function. The accounting records of the Company are maintained at 32 Molesworth Street, Dublin 2, Ireland.

Political donations

The Electoral Act 1997 requires companies to disclose all political donations over EUR 200 in aggregate made during the financial year. No political donations were made during the year ended 31 December 2023 (2022: nil).

Auditors

Forvis Mazars have signified their willingness to continue in office in accordance with Section 382(2) of the Companies Act 2014.

Relevant Audit Information (s330)

There is no relevant audit information of which the statutory auditors are unaware.

The Director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and he has established that the statutory auditors are aware of that information.

This report was approved by the Director on 6 February 2026.

Signed by:

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Julian Dunphy
Director

Red Lotus Aviation Limited

Statement of Director's responsibilities

The Director is responsible for preparing the Director's Report and the financial statements in accordance with applicable laws and regulations.

Irish Company law requires the Director to prepare the financial statements for each financial year. Under that law the Director has elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2014 (or the "Companies Act"). Under the Companies Act, the Director must not approve the financial statements unless he is satisfied that they give a true and fair view of the assets, liabilities, financial position and performance of the Company and otherwise comply with the Companies Act. The Companies Act provide in relation to such financial statements that references in the relevant parts of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing the financial statements, the Director is required to:


- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act.

He is also responsible for taking such steps as are reasonably open to him to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Director is responsible for preparing a Director's report that complies with the requirements of the Companies Act 2014.

This report was approved by the Director on 6 February 2026.

Signed by:

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Julian Dunphy
Director

Independent auditor's report to the members of Red Lotus Aviation Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Red Lotus Aviation Limited ('the Company'), for the year ended 31 December 2023, which comprise statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and notes to the Company financial statements, including the summary of accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the accompanying financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – basis of preparation

We draw attention to note 1 of the financial statements, which explains that the directors intend to liquidate the Company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in note 1.

Our opinion is not modified in this respect.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' report and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information.

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.

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based on the work undertaken in the course of the audit, we report that:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the directors' report has been prepared in accordance with applicable legal requirements;
- the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited; and
- the financial statements are in agreement with the accounting records.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the requirements of any of Sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions are not complied with by the Company. We have nothing to report in this regard.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ISAs (Ireland) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Irish Auditing and Accounting Supervisory Authority's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Laura Angelin
for and on behalf of Forvis Mazars
Chartered Accountants & Statutory Audit Firm
Harcourt Centre, Block 3
Harcourt Road
Dublin 2
Date: 6 February 2026

Red Lotus Aviation Limited

Statement of Comprehensive Income

For the financial year ended 31 December 2023

	<i>Note</i>	Year ended 31 December 2023 USD	Year ended 31 December 2022 USD
Revenue			
Net lease (loss)/income	3	(80,535)	101,300
Net other income	3	27,535	32,054
		<u>(53,000)</u>	<u>133,354</u>
Expenses			
Administration expenses	4	(77,779)	(127,026)
		<u>(77,779)</u>	<u>(127,026)</u>
(Loss)/Profit before tax for the financial year		<u>(130,779)</u>	<u>6,328</u>
Taxation	6	(6,136)	-
(Loss)/gain for the financial year		<u>(136,915)</u>	<u>6,328</u>
Other comprehensive income		-	-
Total comprehensive (loss)/income		<u>(136,915)</u>	<u>6,328</u>

All items dealt with and arriving at the result for the financial year ended 31 December 2023 related to discontinued activities.

The accompanying notes on pages 14 to 24 form an integral part of these financial statements.

Red Lotus Aviation Limited


Statement of Financial Position

at 31 December 2023

		Year Ended 31 December 2023 USD	Year Ended 31 December 2022 USD
	<i>Note</i>		
Assets			
Lease rent receivable		-	-
Cash and cash equivalents	7	39,551	144,244
Other receivables	8	112,583	95,276
Total assets		152,135	239,520
Equity			
Share capital	10	1	1
(Deficit)/Retained earnings	18	(117,304)	19,611
Total equity		(117,303)	19,612
Liabilities			
Lease rent payable		-	-
Other payables	9	269,438	219,908
Total current liabilities		269,438	219,908
Total liabilities		269,438	219,908
Total liabilities and equity		152,135	239,520

The accompanying notes on pages 14 to 24 form an integral part of these financial statements.

Signed on behalf of the board of Directors by:

Signed by:

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Julian Dunphy
Director

Date: 6 February 2026

Red Lotus Aviation Limited

Statement of Changes in Equity

For the financial year ended 31 December 2023

	Share capital USD	Retained earnings USD	Total USD
Balance at 31 December 2022	1	19,611	19,612
Comprehensive loss for the financial year	-	(136,915)	(136,915)
Balance at 31 December 2023	1	(117,304)	(117,303)

	Share capital USD	Retained earnings USD	Total USD
Balance at 31 December 2021	1	13,283	13,284
Comprehensive income for the financial year	-	6,328	6,328
Balance at 31 December 2022	1	19,611	19,612

The accompanying notes on pages 14 to 24 form an integral part of these financial statements.

Red Lotus Aviation Limited

Statement of Cash Flows

For the financial year ended 31 December 2023

	<i>Note</i>	Year ended 31 December 2023 USD	Year ended 31 December 2022 USD
Cash flows from operating activities			
(Loss)/profit before tax		(130,779)	6,328
Lease income	3	(2,271,700)	(400,000)
Lease expense	3	2,352,235	298,700
<u>Adjustments for:</u>			
Change in other receivables	8	(17,308)	(27,003)
Change in other payables	9	43,394	118,760
Operating lease expense paid		(2,352,235)	(298,700)
Net cash outflow used in operating activities		(2,376,393)	(301,915)
Tax paid		-	(289)
Cash flows from investing activities			
Operating lease income received		2,271,700	400,000
Net cash inflow from investing activities		2,271,700	400,000
Net (decrease)/increase in cash and cash equivalents		(104,693)	97,796
Cash and cash equivalents at beginning of the financial year		144,244	46,448
Cash and cash equivalents at end of the financial year	7	39,551	144,244

The accompanying notes on pages 14 to 24 form an integral part of these financial statements.

Red Lotus Aviation Limited

Notes to the financial statements

For the financial year ended 31 December 2023

1 Basis of preparation and measurement

The Company's financial statements for the period ended 31 December 2023 have been prepared on a basis other than going concern as it is the intention of the Directors to liquidate the Company after the novation of the remaining lease.

The preparation of financial statements on a break-up basis is a departure from the requirement of Schedule 3, Part III, Paragraph 12 of the Companies Act 2014 ("the Act") to prepare financial statements on a going concern basis. This departure is made in order to comply with the overriding requirement in the Act for the financial statements to give a true and fair view. The break-up basis requires the carrying value of the assets to be at the amounts they are expected to realise and liabilities include any amounts they are expected to crystallise as a result of the decision to liquidate the company. The application of the break-up basis accounting had nil impact on the loss for the year to 31 December 2023 (2022: \$nil). See note 16 for further information regarding this. In all other respects the financial statements have been prepared in accordance with the accounting framework. Liquidation expenses amounting to \$30,262 have been provided for in the financial statements for the year ended 31 December 2020.

Going concern

In May 2024, the lease agreement for MSN 5547 have been novated. All leases have now either been terminated or novated and it is expected that the Company will be placed into liquidation. The Director has taken the decision to liquidate the Company once all of the leases have been novated or terminated. Therefore, the Company's financial statements have been prepared on a basis other than going concern and all assets and liabilities are presented as current at the financial year end.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and also in accordance with the relevant requirements of the Companies Act 2014.

2 Summary of significant accounting policies

Functional currency presentation

The financial statements are presented in United States Dollars ("USD" or "\$"), the functional currency of the Company. The issued share capital of the Company is presented in USD.

Use of accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Director has identified two key judgments where estimation uncertainty exists, lease receivables and maintenance receivables. With regard to the lease and maintenance receivables, there is estimation uncertainty in the market driven continued collection of lease rentals and maintenance reserves from lessees and the related bad debt provision.

Red Lotus Aviation Limited

Notes to the financial statements

For the financial year ended 31 December 2023

2 Summary of significant accounting policies (continued)

Use of accounting judgements, estimates and assumptions (continued)

In addition, as outlined in note 16, an estimate for liquidation expenses has been included in other payables at year end.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

The Company measures loss allowances for trade receivables at an amount equal to lifetime ECLs ("Expected Credit Loss"). Lifetime ECLs are ECLs that result from all possible default events over the expected life of a financial instrument. In any other financial year, the recoverability of receivables would not ordinarily be expected to give rise to a significant estimate in an aircraft leasing securitisation. Factors considered in estimating the recoverability of trade receivables are impacted by changes in contracted lease payments, future projected lease payments, estimated downtime, bankruptcy proceedings and government support/aid. See note 3 for further detail.

Leases

Upon entering a lease agreement the Company makes an assessment if the lease is an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all of the risks and rewards incidental to ownership in accordance with IFRS 16 'Leases'. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards identical to ownership.

When the Company, as intermediate lessor does not have lease contracts substance, and acts as an agent rather than the principal in the lease transactions, as determined in accordance to IFRS 15, the aircraft is not recognised on the Statement of Financial Position. The Company applies IFRS 15 to allocate the consideration in the contract.

Foreign currency transactions

Transactions in foreign currencies are translated to USD at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities are translated at the Statement of Financial Position date. Gains and losses arising from foreign currency translation and on settlement of amounts receivable and payable in other currencies are dealt with through profit or loss in the Statement of Comprehensive Income.

Revenue

For operating leases, the Company reports rental income rateably over the life of the lease as it is earned. The Company accounts for lease rental income under lease agreements on a straight-line basis. For rentals where there is a delay in receipt of the monies and where there is a low probability of receipt of payment, a bad debt provision may be established on the basis of management's assessment of collectability and are recorded as an expense in the Statement of Comprehensive Income. Payments made under operating leases are presented on a net basis against amounts received under the terms of the corresponding sub-leases. Such payments include rental amounts and maintenance reserve payments as applicable.

For leases other than operating leases, where the Company acts as an agent rather than the principal in the lease transaction, the Company recognises income in relation to these contracts on a net basis in the Statement of Comprehensive Income in line with agent and principal provisions of IFRS 15.

Red Lotus Aviation Limited

Notes to the financial statements

For the financial year ended 31 December 2023

2 Summary of significant accounting policies (continued)

Security deposits

Where, in accordance with the terms of the Head lease agreement and Sub lease agreement, the Lessee has paid a deposit as “security” for the purposes of the agreement, this security is held by the Lessor or Agent on deposit. The Lessor in relation to the Head leases are AAB and AAC. The Agent in relation to the sub lease is the Company. The proceeds from the security deposit received from the Sub-Lessees are used to pay the security deposit to AAB and AAC. The net difference in the value of the security deposits is recognised as a liability in the Statement of Financial Position.

Maintenance reserves

The Company receives maintenance reserve payments, generally based upon the utilisation of the aircraft, which are reimbursed to the lessee upon performance of certain specified maintenance work. Supplemental rentals are recorded on the balance sheet as maintenance reserves during the term of the lease, with reimbursements being charged against this liability as qualifying maintenance work is performed.

At the end of the lease and where the Company is released from the obligation to make any further reimbursements in relation to the aircraft, the remaining balance of maintenance reserves, if any, is released to income.

Income tax expense

Tax expense comprises current and deferred tax. Current and deferred tax expense is recognised through profit or loss in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in there.

Current tax is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional interest or taxes may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available which causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes will impact the tax expense in the year that such a determination is made.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Cash and cash equivalents

Cash and cash equivalents represent cash held at credit institutions with the original maturity of these amounts being less than three months and which are subject to insignificant risk in changes to fair value.

Red Lotus Aviation Limited

Notes to the financial statements

For the financial year ended 31 December 2023

2 Summary of significant accounting policies (continued)

Financial instruments

i) Non-derivative financial instruments

Non-derivative financial instruments comprise, trade and other receivables, cash and cash equivalents, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value adjusted for any directly attributable transaction costs. Subsequent to initial recognition non-derivative instruments are measured at amortised cost.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Offsetting

Assets and liabilities are shown net where there is a legal right to offset and there is an intention and an ability to settle on a net basis.

New standards and interpretations

The Company has applied all applicable standards for the financial year end.

(i) New and amended standards and interpretations

There were no new standards, effective for annual periods beginning on or after 1 January 2023, that were adopted by the Company during the financial period. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(ii) Standards issued but not yet effective

The Company has reviewed those standards and interpretations that are issued but not yet effective up to the date of issuance of the financial statements and assessed that none of the below new standards and interpretations will have a material impact to the Company's financial statements.

Description	Effective date (financial period beginning)*
Lease liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice – Classification of Liabilities as Current or Non-current and Non-Current Liabilities with Covenants	1 January 2024
Amendments to IAS 7 Statement of Cashflows and IFRS 7 Financial Instruments Disclosures – Disclosures Supplier Finance Arrangements	1 January 2024
Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 9 and IFRS 7 – Power Purchase Agreements	1 January 2026

Red Lotus Aviation Limited

Notes to the financial statements

For the financial year ended 31 December 2023

2 Summary of significant accounting policies (continued)

(ii) Standards issued but not yet effective (continued)

Description	Effective date (financial period beginning)*
Annual Improvements to IFRS Accounting Standards—Volume 11	1 January 2026
IFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 January 2027

*Where new requirements are endorsed the EU effective date is disclosed. For un-endorsed standards and interpretations, the IASB's effective date is noted. Where any of the upcoming requirements are applicable to the Company, it will apply them from their EU effective date.

The Directors have considered the new standards, amendments and interpretations as detailed in the above table and do not plan to adopt these standards early. The Directors have concluded that the above standards will have no material impact to the financial statements of the Company. For IFRS 18, the Company is currently identifying the impacts of the amendments on the primary financial statements and notes to the financial statements.

3 Net lease participation income

	Year ended 31-Dec-23 USD	Year ended 31-Dec-22 USD
Lease income	2,271,700	400,000
Lease expense	(2,352,235)	(298,700)
Net lease participation income (loss)	<u>(80,535)</u>	<u>101,300</u>
Maintenance income	253,081	-
Maintenance costs	(253,081)	-
Other operating income	27,535	32,054
Net other operating income	<u>27,535</u>	<u>32,054</u>

Lease participation income is derived from the two (2022: two) Airbus A320-200 aircraft with MSN 3000, and 5547 (2022: MSN 3000 and 5547) whereby the Company acts as Agent. Net lease participation loss of \$80,535 (2021: income of \$101,300) comprising of rent from leases is recognised in the Statement of Comprehensive Income on a straight line basis over the lease term.

There was lease income receivable of \$nil for the financial year ended 31 December 2023 (2022: \$nil). A bad debt of \$811,130 (2022: \$4,332,660) was written off at 31 December 2023 due to the non-receipt of rental income as of the date of signing of these financial statements. The related lease expense payable of \$687,794 (2022: \$4,387,990) was written off at 31 December 2023 resulting in a net impact on the statement of comprehensive income of a loss of \$123,336 (2022: income of \$55,330).

As outlined in the subsequent event note, the lease in relation to MSN 3000 was terminated in 2023 and the lease in relation to MSN 5547 was novated in 2024.

Lease expense of \$2,352,235 (2022: \$298,700) comprising of rent from leases is recognised in the Statement of Comprehensive Income on a straight line basis over the lease term. There were lease amounts payable of \$nil for the financial year ended 31 December 2023 (2022: \$nil).

Red Lotus Aviation Limited

Notes to the financial statements

For the financial year ended 31 December 2023

4 Expenses	Year Ended	Year Ended
	31-Dec-23	31-Dec-22
	USD	USD
Administration expenses	(21,804)	(26,305)
Audit fee	(9,461)	(9,214)
Tax compliance fee	(42,494)	(81,617)
Legal fee	(2,200)	(5,500)
Bank charges	(1,064)	(945)
Foreign exchange (loss)/gain	(756)	(3,445)
Total expense	<u>(77,779)</u>	<u>(127,026)</u>

Statutory and other information

The following table outlines the Auditor's remuneration charged (excluding VAT and outlay) during the year ended 31 December 2023 and 31 December 2022.

	Year ended	Year ended
	31 December 2023	31 December 2022
	USD	USD
Audit of financial statements	(9,461)	(9,214)
	<u>(9,461)</u>	<u>(9,214)</u>

5 Employees

The Company had no employees during the financial year. Maples Fiduciary Services (Ireland) Limited (the "Administrator") acts as a corporate administrator to the Company in accordance with the terms of the 'Administration Agreement'. Maples Fiduciary Services (Ireland) Limited provides Directors to the Company as part of its service under the corporate service agreement. The Directors may be deemed to have an interest in the fee paid to Maples (disclosed in note 11), in their capacity as employees of Maples. The directors did not receive any remuneration during the financial year.

6 Taxation	Year ended	Year ended
	31-Dec-23	31-Dec-22
	USD	USD
<i>Analysis of tax charge for the financial year</i>		
Current Corporation Tax ("CT") expense:	-	-
Current Capital Gains Tax ("CGT") expense:	(6,136)	-
Total tax charge for financial year	<u>(6,136)</u>	<u>-</u>

Red Lotus Aviation Limited

Notes to the financial statements

For the financial year ended 31 December 2023

6 Taxation (continued)

Factors affecting current charge for the financial year

The reconciliation of tax on profits on ordinary activities at the standard rate of Irish corporation tax 25% to the Company's actual tax charge is presented as follows:

(Loss)/Profit on ordinary activities before tax	(130,779)	6,328
Effects of:		
Prior year losses brought forward	-	-
Bad debt provision	123,336	(55,330)
	<u>(6,136)</u>	<u>(49,002)</u>
Corporation tax at 25%	-	-
	<u>-</u>	<u>-</u>
Capital Gains Tax ("CGT") is calculated on the basis of capital gains arising on the foreign USD bank account		
Capital gains arising on USD bank account	18,593	-
Capital gains tax at 33%	<u>6,136</u>	<u>-</u>

7 Cash and cash equivalents

	Year ended 31-Dec-23 USD	Year ended 31-Dec-22 USD
Citibank	39,551	144,244
Total	<u>39,551</u>	<u>144,244</u>

8 Other receivables

	Year ended 31-Dec-23 USD	Year ended 31-Dec-22 USD
Maintenance income receivable	-	-
Other debtors	112,583	95,276
Total	<u>112,583</u>	<u>95,276</u>

9 Other payables

	Year ended 31-Dec-23 USD	Year ended 31-Dec-22 USD
Other accruals	(9,588)	(7,299)
Tax fee payable	(155,215)	(124,397)
Audit fee payable	(53,734)	(43,447)
Liquidation accrual payable	(30,338)	(30,338)
Corporation tax payable	(20,563)	(14,427)
Total	<u>(269,438)</u>	<u>(219,908)</u>

All payables are expected to be settled within one year.

Red Lotus Aviation Limited

Notes to the financial statements

For the financial year ended 31 December 2023

10 Called up share capital	Year Ended 31-Dec-23 USD	Year Ended 31-Dec-22 USD
<i>Authorised</i>		
100,000 ordinary shares of USD 1.00 each	<u>100,000</u>	<u>100,000</u>
<i>Issued</i>		
1 ordinary share of USD 1.00 each	<u>1</u>	<u>1</u>

11 Related parties

During the financial year the Company incurred a fee of \$21,679 (2022: \$26,206) relating to administration services provided by Maples Fiduciary Services (Ireland) Limited. The Directors, as employees of the Corporate Administrator, had an interest in these fees in their capacity as Directors.

Pursuant to Section 305A(1)(a) of the Companies Act 2014 (as amended), Maples Fiduciary Services (Ireland) Limited received \$2,168 (2022: \$2,621) as consideration for the making available of individuals to act as Directors of the Company.

The terms of the corporate services agreement in place between the Company and Maples Fiduciary Services (Ireland) Limited provide for a single fee for the provision of corporate administration services (including the making available of individuals to act as Directors of the Company). As a result, the allocation of fees between the different services provided is a subjective and approximate calculation. The individuals acting as Directors during the financial year do not (and will not), in their personal capacity or any other capacity, receive any fee for acting or having acted as Directors of the Company. For the avoidance of doubt, notwithstanding that the Directors of the Company are employees of Maples Fiduciary Services (Ireland) Limited, they each do not receive any remuneration for acting as Directors of the Company.

The tax liabilities are payable by AAB in accordance with the terms of the Administration Agreement. During the financial year 2023 AAB paid the tax liability of \$nil (2022: \$289).

The Sub-Lessees paid a total of \$nil in 2023 (2022: \$nil) relating to maintenance costs on behalf of the Company. Maintenance costs receivable of \$1,010,208 (2022: \$2,333,439) were written off during the financial year.

12 Risk management framework and financial instruments

The Company has exposure to the following risks:

- Credit risk
- Market risk
- Liquidity risk
- Operational risk

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Red Lotus Aviation Limited

Notes to the financial statements

For the financial year ended 31 December 2023

12 Risk management framework and financial instruments (continued)

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's lease receivables.

The Company operates as an agent to an airline company. Its ability to succeed is partially dependant on the financial strength of its customers and their ability to operate effectively in the market place and manage the competitive environment in which they operate. If a customer experiences financial difficulties this may result in defaults or the early termination of the leases.

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure to credit risk at the reporting date was:

	Note	31-Dec-23 USD	31-Dec-22 USD
Maintenance income receivable		-	-
Other receivables	8	112,583	95,276
Cash	7	39,551	144,244
Total		<u>152,135</u>	<u>239,520</u>

As at 31 December 2023, all lease payments are due from Philippines Air Asia Inc., (the "Sub-Lessee"). As at 31 December 2023, other receivables of \$nil (2021: \$nil) have been written off as the amounts are deemed to be non-recoverable. Cash is held with Citibank Europe plc, which is rated A+ by Standard & Poor's in 2023 (2022: A+).

(b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holding of financial instruments.

The Company is highly dependent upon the continuing financial strength of the commercial airline industry. A significant deterioration in this sector could adversely affect the Company through a reduced demand for aircraft in the fleet and/or reduced market rates, higher incidences of lessee default and aircraft on ground ("AOG") all of which may require that the carrying value of aircraft be materially reduced.

Currency risk

The functional currency of the aviation industry is predominantly USD. The Company manages its exposure to currency risk by effectively matching its lease revenue and its lease expense to the functional currency. The Company also manages its exposure to currency risk by effectively matching its foreign currency assets and liabilities. The Company's exposure to currency risk as at 31 December 2023 and 2022 is not significant.

Interest rate risk

The Company manages its exposure to interest rate risk by fixing and matching the rate of interest on its financial instruments and therefore no sensitivity analysis has been performed in calculating exposure to interest rate risk. The Company's exposure to interest rate risk as at 31 December 2023 and 2022 is not significant.

Red Lotus Aviation Limited

Notes to the financial statements

For the financial year ended 31 December 2023

12 Risk management framework and financial instruments (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has no liquidity risk in relation to its ongoing expenses as these are paid by the Sub-Lessee in accordance with the terms of the Fee side letter agreement entered into by the Company, the Sub-Lessee and the Administrator.

The Company periodically performs reviews of the carrying value of trade receivables and the sufficiency of accruals and provisions, substantially all of which are susceptible to the above risks and uncertainties.

(d) Operational risk

Operational risk is the risk of indirect or direct loss arising from a wide variety of causes associated with the Company's operations. The Company's objective is to manage operational risk and does so primarily by outsourcing all administration functions to a professional service provider. The Company was incorporated with the purpose of engaging in those activities outlined in the Directors' Report. All administration functions are outsourced to the Administrator.

The Company is highly dependent upon the continuing financial strength of the commercial airline industry. A significant deterioration in this sector could adversely affect the Company through a reduced demand for aircraft in the fleet and/ or reduced market rates, higher incidences of lessee default and an increase in aircraft on the ground. Please refer to the subsequent events note 17 of these financial statements for further details.

13 Commitments and contingencies

The Company had no other contingent liabilities and commitments as at 31 December 2023 other than those already disclosed (2022: None).

14 Parent undertaking

MaplesFS Trustees Ireland Limited is the registered holder of the share. The share is held under the terms of a declaration of trust dated 6 March 2014 under which the relevant share trustee holds the issued share of the Company on trust for charitable purposes.

The Board of Directors is responsible for the day-to-day management and administration of the Company. The Board is composed of one Director who is an employees of the Corporate Administrator.

15 Charges

In November 2020, one sub-lease security charge in respect of MSN 5547 was registered in favour of SAFE No23 Pty Ltd.

16 Liquidation accrual

As at 31 December 2023, an estimated liquidation expenses accrual of USD 30,262 has been included in the other payables balance (2022: USD 30,262). The accrual includes the estimated cost of the appointed liquidator, independent accountant, liquidation tax compliance fees and the costs relating to the administration services provided by Maples Fiduciary Services (Ireland) Limited to wind down the Company.

Red Lotus Aviation Limited

Notes to the financial statements

For the financial year ended 31 December 2023

17 Subsequent events

In May 2024, the Company entered into a Sublease Novation Agreement, a Sub-sublease Novation Agreement, and a Deed of Termination pursuant to which the lease for MSN 5547 was restructured replacing the Company as Lessee with Merah Putih 2, Inc as the new Lessee.

The Company is a party to legal proceedings related to certain tax claims involving a tax authority in a foreign jurisdiction (outside of Ireland). Currently it is uncertain when the legal proceedings will be finalised. The final outcome of the proceedings is also uncertain. The Company is of the view that it is not liable to any tax in said jurisdiction and that any additional obligation in this respect is highly unlikely.

There have been no other significant events subsequent to year end that would require adjustment or disclosure in these financial statements.

18 Retained earnings

	Year ended 31-Dec-23 USD	Year ended 31-Dec-22 USD
Balance at the beginning of the year	19,611	13,283
Total Comprehensive (loss)/income for the financial year	<u>(136,915)</u>	<u>6,328</u>
Balance at the end of the year	<u><u>(117,304)</u></u>	<u><u>19,611</u></u>

Retained earnings represent the cumulative profits and losses recognised in the Statement of Comprehensive Income.

19 Capital risk management

The capital managed by the Company comprises of ordinary shares outstanding as at financial year end. The Company is not subject to externally imposed capital requirements. There were no changes to the policies and procedures during the financial year with respect to the Company's approach to its capital management program.

20 Approval of financial statements

The Board of Directors approved these financial statements on 6 February 2026.