

## **PAYMENTS FOR FICTITIOUS SERVICES**

The Board of Directors (“the Board”) of AirAsia X Berhad (“the Company”) wishes to disclose that its internal and external auditors have recently discovered that certain payments have been made to a service provider between the period of 2010 to 2014 for services which are now established to be fictitious.

## **EVENTS THAT HAD LED TO THE INVESTIGATION**

In the course of statutory audit for the financial year ended 31 December 2014, the Board has been made aware that there may have been some irregular dealings between the Company and a certain service provider.

## **MEASURES OR STEPS TAKEN**

### **Appointment of PwC Consulting Services Sdn. Bhd. (“PwCCS”) as the Forensics Auditor**

Following the discovery of the irregularities, the Board has on the recommendation of the Audit Committee appointed PwCCS to carry out a forensics audit and instructed the Management to ensure the availability of all relevant documents and/or key personnel for PwCCS review and interview, where applicable.

The findings of the forensics audit established that the irregularities have been confined only to a sum of RM7.01 million.

## **STATUS OF THE INVESTIGATION**

PwCCS has presented their findings on the irregularities to the Audit Committee and the Board.

## **MATERIAL FINDINGS**

In the course of the forensics audit, PwCCS discovered 24 payments have been made to a service provider amounting to RM7.01 million for fictitious services. The payments were authorised by a person in a management position within the Company.

## **MATERIAL IMPACT ON FINANCIAL AND OPERATION**

The Board is of the opinion that the amount involved in the irregularities does not have any material financial or operational impact on the Company.

## **MEASURES OR STEPS TAKEN**

The Company has amongst others taken the following measures and/or steps to safeguard its assets and interest:-

1. Sought legal advice on the possible courses of action the Company can take to recover the losses;
2. Lodged a police report;
3. Reviewed the current internal control process to ensure that similar transactions will not recur.

The Board could not make any announcement earlier as it did not have sufficient evidence to substantiate the allegations and to assess with certainty the financial and operational impact to the Company.

This announcement is dated 27 August 2015.