

**AIRASIA X BERHAD - Deviation between Unaudited Results and Audited Financial Statements for the financial year ended 31 December 2019**

Pursuant to paragraph 9.19(35) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors (“Board”) of AirAsia X Berhad (“AAX” or “the Company”) wishes to announce that there is a deviation of more than 10% between the loss after tax attributable to equity holders of the Company stated in the unaudited fourth quarterly results for the financial period ended 31 December 2019 announced on 27 February 2020 (“Unaudited Results”) and audited financial statements for the financial year ended 31 December 2019 (“Audited Financial Statements”). An explanation and reconciliation of the deviation is detailed below:

	Cumulative Quarter		Variance	Variance
	31/12/2019	31/12/2019		
	Unaudited	Audited	(A)/F*	%
	RM000’s	RM000’s	RM000’s	
Revenue	4,392,607	4,233,344	(159,263)	-3.6%
Operating Expenses				
- Staff costs	(435,075)	(429,016)	6,059	-1.4%
- Aircraft fuel expenses	(1,680,688)	(1,680,688)	-	-
- Maintenance and overhaul	(704,486)	(701,627)	2,859	-0.4%
- User charges	(431,068)	(431,336)	(268)	0.1%
- Aircraft operating lease expenses	-	-	-	-
- Other operating expenses	(333,959)	(406,734)	(72,775)	21.8%
Other income	24,718	41,055	16,337	66.1%
Share of results of an associate	(1,104)	(1,104)	-	-
Share of results of a joint venture	-	-	-	-
<b>EBITDA *</b>	<b>830,945</b>	<b>623,894</b>	<b>(207,051)</b>	<b>-24.9%</b>
Depreciation	(922,186)	(745,434)	176,752	-19.2%
Finance income	71,255	137,529	66,274	93.0%
Finance costs	(354,010)	(364,911)	(10,901)	3.1%
<b>Net Operating (loss)/profit</b>	<b>(373,996)</b>	<b>(348,922)</b>	<b>25,074</b>	<b>-6.7%</b>
Foreign exchange gains/(losses)	49,902	42,914	(6,988)	-14.0%
Other losses	-	-	-	
<b>Profit/(loss) before taxation</b>	<b>(324,094)</b>	<b>(306,008)</b>	<b>18,086</b>	<b>-5.6%</b>
Taxation				
Current taxation	529	495	(34)	-6.4%
Deferred taxation	(165,915)	(344,804)	(178,889)	107.8%
	(165,386)	(344,309)	(178,923)	108.2%

	Cumulative Quarter		Variance	Variance
	31/12/2019	31/12/2019		
	Unaudited	Audited	(A)/F*	%
	RM000's	RM000's	RM000's	
<b>Profit/(loss) for the financial period</b>	<b>(489,480)</b>	<b>(650,317)</b>	<b>(160,837)</b>	<b>32.9%</b>

Attributable to:				
Equity holders of the Company	(489,480)	(650,317)	(160,837)	32.9%
Non-controlling Interests	-	-	-	-
	<b>(489,480)</b>	<b>(650,317)</b>	<b>(160,837)</b>	<b>32.9%</b>

\* Adverse and Favourable variances

The total adverse variance in loss before tax attributable to equity holders of the Company is RM160.8 million which can be reconciled as follows:

(i) Adjustments related to Malaysian Financial Reporting Standard ("MFRS") 16 (Leases)

Audit adjustments were incurred relating to the MFRS 16 treatment of aircraft sub-leased to Thai Air Asia X by AAX. In the Unaudited Results, these aircraft were presented on the balance sheet as 'Right-of-use assets' but in the Audited Financial Statements, they have been reclassified to 'Finance lease receivables' and, under MFRS 16 lease modification provisions, a different discount rate has to be applied. This adjustment impacts the Revenue, Other income, Depreciation, Finance income, Finance costs and Foreign exchange gains and losses lines in the income statement, and has a net profit after tax impact of RM12.8 million, or 2.6%.

The reclassification of the sub-leased aircraft to "Finance lease receivables" was to comply with MFRS 16 which became effective on or after 1 January 2019.

(ii) Adjustments to Indonesia AirAsia X ("IAAX") Leases

Audit adjustments were made relating to invoicing for aircraft sub-leased to IAAX by AAX. This adjustment impacts the Revenue, Other operating expenses and Finance income lines in the income statement, and has a net loss after tax impact of RM6.4 million, or 1.3%.

The audit adjustments relating to the invoicing were made to reverse RM6.4 million of January 2020 rental income incorrectly recognised in the income statement and to reclassify other line items in the income statement.

(iii) Accruals Adjustments

Audit adjustments were made relating to accruals for maintenance and overhaul, and an AAX adjustment was made relating to accruals for staff costs. These adjustments impact the Staff costs and Maintenance and overhaul lines in the income statement, and has a net profit after tax impact of RM11.7 million, or 2.4%.

The audit adjustments relating to the accruals for maintenance and overhaul, and staff costs were made due to over-provisions provided in the Unaudited Results.

(iv) Adjustment to Deferred Tax Assets

The Covid-19 pandemic, which resulted in a Movement Control Order being first announced in Malaysia on 16 March 2020, has had a material adverse impact on the financial status of AAX. This includes the recognition of deferred tax assets on the balance sheet which was dependent upon the ability of the Company to generate future taxable profits based on past performance and a reasonable growth rate. However, subsequently there was a material change in the future prospects of AAX due to Covid-19 pandemic and, the Board has taken a prudent decision to derecognise the deferred tax asset on the balance sheet in the Audited Financial Statements, which was not anticipated when the Unaudited Results were announced on 27 February 2020.

The adjustment due to the reversal of temporary differences that could be utilised for future taxable profits, has adversely impacted the Deferred taxation line in the income statement by RM178.9 million or 36.6%.

This announcement is dated 30 July 2020.