

21. **REPORTING ACCOUNTANTS' LETTER ON PROFORMA CONSOLIDATED BALANCE SHEETS OF THE COMPANY AS AT 30 JUNE 2004**



The Board of Directors
AIRASIA BERHAD
Lot N1, Level 4,
Main Terminal Building, KLIA
KL International Airport
64000 Sepang
Selangor Darul Ehsan

PricewaterhouseCoopers
(AF 1146)
Chartered Accountants
11th Floor Wisma Sime Darby
Jalan Raja Laut
P O Box 10192
50706 Kuala Lumpur, Malaysia
Telephone +60 (3) 2693 1077
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12 October 2004

AIRASIA BERHAD
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2004

Dear Sirs,

We have reviewed the Proforma Consolidated Balance Sheets of AirAsia Berhad (“the Company”) and its subsidiaries and associated companies (collectively known as the “AirAsia Group”) as at 30 June 2004, together with the notes thereon, as set out in Section 12.2 of the Prospectus, for which the Directors of the Company are solely responsible. The Proforma Consolidated Balance Sheets have been prepared for illustrative purposes only.

The Proforma Consolidated Balance Sheets of the Company have been prepared for inclusion in the Prospectus in connection with the Company’s proposed listing on the Main Board of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Proforma Consolidated Balance Sheets should not be used for, or relied upon, for any other purpose.

Based on the results of our review, we are of the opinion that:

- (a) the Proforma Consolidated Balance Sheets of AirAsia Berhad as at 30 June 2004 have been properly compiled on the bases set out in the notes to the Proforma Consolidated Balance Sheets;
- (b) such bases are consistent with the accounting policies adopted by AirAsia Berhad in the preparation of the audited consolidated financial statements for the financial year ended 30 June 2004, as audited by PricewaterhouseCoopers; and

21. REPORTING ACCOUNTANTS' LETTER ON PROFORMA CONSOLIDATED BALANCE SHEETS OF THE COMPANY AS AT 30 JUNE 2004 (Cont'd)



The Board of Directors
AIRASIA BERHAD
12 October 2004

- (c) the adjustments set out in Note 2 are appropriate for the purposes of the Proforma Consolidated Balance Sheets.

Our letter on the Proforma Consolidated Balance Sheets of AirAsia Berhad as at 30 June 2004 is solely for the purpose of this Prospectus and not for inclusion in the International Offering Circular.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'John Cooper', written over the printed name of the representative.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

A handwritten signature in black ink, appearing to be 'Dato' Ahmad Johan Bin Mohammad Raslan', written over the printed name of the representative.

DATO' AHMAD JOHAN BIN MOHAMMAD RASLAN
(No. 1867/09/06 (J))
Partner of the firm

22. DIRECTORS' REPORT



October 12, 2004

Registered Office

AirAsia Berhad
25-5, Block H
Jalan PJU 1/37, Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

The Shareholders
AirAsia Berhad

Dear Sir/Madam,

On behalf of the Board of Directors of AirAsia Berhad, we report after due inquiry that during the period from 30 June, 2004 (being the date to which the last audited accounts of the Company and its subsidiaries have been made up) to October 12, 2004 (being a date not earlier than 14 days before the issue of this Prospectus), that:

- (i) the business of the Company and its subsidiaries, in the opinion of the Board of Directors, has been satisfactorily maintained in all material respects;
- (ii) in the opinion of the Board of Directors, no circumstances have arisen since the date of the last audited accounts of the Company and its subsidiaries which have materially and adversely affected the business and operation or the value of the assets of the Company and its subsidiaries;
- (iii) the current assets of the Company and its subsidiaries appear in the books at values which are believed to be realizable in the ordinary course of business;
- (iv) save as disclosed in Section 13.10 of this Prospectus, there are no material contingent liabilities which have arisen by reason of any guarantees given by the Company or any of its subsidiaries;
- (v) there have been, since the last audited accounts of the Company, no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in respect of any borrowings; and
- (vi) save as disclosed in the proforma consolidated balance sheets as at June 30, 2004 under Section 12 of this Prospectus, there have been no material changes in the published reserves or any unusual factors affecting materially the profits of the Company and its subsidiaries.

Yours faithfully

**For and on behalf of the Board of Directors
of AirAsia Berhad**



Kamarudin Bin Meranun
Director

AirAsia Berhad (284669-W)
Lot N1, Level 4, Main Terminal Building, KLIA
KL International Airport, 64000 Sepang
Selangor Darul Ehsan, Malaysia

Tel 603 8660 4333
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23. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING

23.1 Opening and Closing of Applications

Applications for the IPO will be accepted from 10.00 a.m. on October 20, 2004 and will be closed at 5.00 p.m. on October 27, 2004 or for such further period or periods as the Directors of the Company, the Selling Shareholders and the Joint Managing Underwriters in their absolute discretion may mutually decide. **Late applications will not be accepted.**

Any extension to the closing date for the applications will be published in widely circulated English and Bahasa Malaysia newspapers within Malaysia.

23.2 Methods of Application

Applications for the Shares may be made using either of the following ways:

- (i) Application Forms; or
- (ii) Electronic Share Application.

23.3 Procedures for Application

Applications shall be made in relation with and subject to the terms of this Prospectus and the Memorandum and Articles of Association of the Company.

(i) Application by the eligible Directors and employees of AirAsia

Applications for the 23,350,400 Shares reserved for eligible Directors and employees of AirAsia and persons who have contributed to the success of AirAsia must be made only on the **Pink** Application Forms provided only and not any other Application Form or by way of Electronic Share Application. The amount payable in full on application is RM1.40 per Share.

(ii) Application by the Malaysian public

Applications for the 116,751,600 Shares made available for applications by Malaysian citizens, companies, societies, co-operatives and institutions must be made on the **White** Application Forms provided or by way of Electronic Share Application through a Participating Financial Institution. The amount payable in full on application is RM1.40 per Share.

Persons submitting applications by way of Application Forms may not submit applications by way of Electronic Share Applications and *vice versa*. A corporation or institution cannot apply for the Shares by way of Electronic Share Application.

Persons submitting applications by way of Application Forms or by way of Electronic Share Applications MUST have a CDS Account.

Directors and employees of MIH and their immediate family members are strictly prohibited from applying for the Shares in this exercise.

23. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

23.4 Applications Using Application Form

23.4.1 Application Forms

The following relevant Applications Forms issued with the notes and instructions printed therein are accompanied by this Prospectus:

- (i) **Pink** Application Forms for applications by the eligible Directors and employees of AirAsia and persons who have contributed to the success of AirAsia; and
- (ii) **White** Application Forms for applications by Malaysian citizens, companies, societies, co-operatives and institutions, of which at least 30% is to be set aside strictly for Bumiputra individuals, companies, societies, co-operatives and institutions.

White Applications Forms together with copies of this Prospectus may be obtained, subject to availability from RHB Sakura, participating organizations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia and MIH.

Only one Application Form from each Applicant will be considered and each application must be for 100 Shares or multiples thereof. **Multiple applications will not be accepted. A person who submits multiple applications in his own name or by using the name of others, with or without their consents, commits an offence under Section 87A of the Securities Industry Act, 1983 ("SIA") and if convicted, may be punished with a minimum fine of RM1,000,000 and to a jail term of up to 10 years under Section 88B of the SIA.**

In the case of an individual applicant other than a member of the armed forces or police, the name and national registration identity card number of the applicant must be exactly the same as stated in the:

- (a)
 - (i) Applicant's National Registration Identity Card ("NRIC"); or
 - (ii) "Resit Pengenalan Sementara (JPN 1/9)" issued pursuant to Peraturan 5(5), Peraturan-Peraturan Pendaftaran Negara 1990; or
 - (iii) any valid temporary identity document as issued by the National Registration Department from time to time; or
- (b) the Records of the Depository.

Where the applicant is a member of the armed forces or police, the name and the armed forces or police personnel number (as the case may be) of the applicant must be exactly the same as that stated in his authority card.

In the case of a corporate/institutional applicant, the name and the certificate of incorporation number of the applicant must be exactly the same as that stated in the applicant's certificate of incorporation.

No acknowledgement of the receipt of the Application Form or application monies will be made by the Company and / or the MIH.

23. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

23.4.2 Terms and Conditions for applications using Application Form

Applications by way of Application Forms shall be made on, and subject to, the terms and conditions set out below:

- (a) Applicant who is an individual must be a Malaysian citizen residing in Malaysia, with Malaysian address and with CDS Account;
- (b) Applicants which are corporations/institutions incorporated in Malaysia must have CDS Accounts and subject to the following:
 - (i) If the corporation/institution has a share capital, more than half of the issued share capital (excluding preference share capital) is held by Malaysian citizens; and
 - (ii) There is a majority of Malaysian citizens on the board of Directors/trustee;
- (c) Applicant which is a superannuation, provident or pension fund must be established or operating in Malaysia and with a CDS Account;
- (d) Applications will not be accepted from trustees, any person under 18 years of age, sole proprietorships, partnership or other incorporated bodies or associations, other than corporations/institutions referred to in Section 23.4.2(b) and (c) of this Section or the trustees thereof;
- (e) Application for the Shares must be made on the Application Form issued together with this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and this Prospectus. In accordance with Section 41(2) of the Securities Commission Act, 1993, the Application Form together with the notes and instructions printed therein is accompanied by this Prospectus. Applications which do not **STRICTLY** conform to the terms of this Prospectus or Application Form or notes and instructions printed therein or which are illegible will not be accepted.
- (f) Each completed Application Form must be accompanied by remittance in Ringgit Malaysia for the full amount payable by any of the following:
 - (i) BANKER'S DRAFT or CASHIER'S ORDER purchased within Malaysia only and drawn on a bank in Kuala Lumpur (differentiated by a special red band for Bumiputra applicants); or
 - (ii) CHEQUES issued by participating licensed finance companies in Malaysia and drawn on a bank in Kuala Lumpur (differentiated by a special red band for Bumiputra applicants); or
 - (iii) MONEY ORDER or POSTAL ORDER (for applicants from Sabah and Sarawak only); or
 - (iv) GUARANTEED GIRO ORDER ("GGO") from Bank Simpanan Nasional Malaysia Berhad (differentiated by a special red band for Bumiputra applicants); or
 - (v) ATM STATEMENT obtained from any of the following financial institutions:
 - Affin-ACF Finance Berhad;
 - Alliance Bank Malaysia Berhad;
 - AmBank Berhad;
 - AmFinance Berhad;
 - Bumiputra-Commerce Bank Berhad;
 - EON Bank Berhad;

23. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

- EON Finance Berhad;
- Hong Leong Bank Berhad;
- Hong Leong Finance Berhad;
- Malayan Banking Berhad;
- Mayban Finance Berhad;
- Public Bank Berhad;
- Public Finance Berhad;
- RHB Bank Berhad;
- Southern Bank Berhad; or
- Southern Finance Berhad.

and must be made out in favour of “**MIH SHARE ISSUE ACCOUNT NUMBER 330**” and crossed “**A/C PAYEE ONLY**” (excluding ATM statements) and endorsed on the reverse side with the NAME AND ADDRESS OF THE APPLICANT. Applications accompanied by any mode of payments other than those stated above or with excess or insufficient remittances or inappropriate banker’s draft, cashier’s order, cheque issued by participating licensed financial institutions, GGO, money order, postal order or ATM statement will not be accepted. Details of the remittance must be completed in the appropriate boxes provided in the Application Forms.

- (g) An applicant **MUST** state his CDS Account number in the space provided in the Application Form and he shall be deemed to have authorized the Depository to disclose information pertaining to the CDS Account to MIH and/or the Company.
- (h) The name and address of the applicant must be written on the reverse side of the Banker’s Draft, Cashier’s Order, ATM Statement, Money Order, Cheques issued by participating licensed finance companies or GGO from Bank Simpanan Nasional Malaysia Berhad.
- (i) The Directors of the Company and the Selling Shareholders, reserve the right to require any successful applicant to appear in person at the registered office of MIH at anytime prior to the Listing to ascertain the regularity or propriety of the application. The Directors of the Company and the Selling Shareholders shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (j) MIH, acting under the authorities of the Directors of the Company and the Selling Shareholders, reserves the right to reject applications which do not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.
- (k) MIH, acting under the authorities of the Directors of the Company and the Selling Shareholders, reserves the right not to accept any application or accept any application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the Shares to a reasonable number of applicants with a view to establish an adequate market for the Shares.
- (l) Where an application is not accepted or accepted in part only, the full amount or the balance of the application monies, as the case may be, without interest, will be returned and despatched to the applicant within 10 Market Days from the date of the final ballot of the Application Lists by ordinary post or registered post to the applicant’s address last maintained with the Depository, or where the application is not accepted due to the applicant not having provided a CDS Account, to the address per the NRIC or “Resit Pengenaln Sementara (JPN 1/9)” or any valid temporary identity document as issued by the National Registration Department from time to time or the Authority Card in the case of armed forces/police personnel, at the applicant’s own risk.
- (m) The applicant shall ensure that his personal particulars stated in the Application Form are identical with the records maintained by the Depository. The applicant must inform the Depository

23. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

promptly of any change in address failing which the notification letter of successful allocation will be sent to his registered or correspondence address last maintained with the Depository.

- (n) MIH, acting under the authorities of the Directors of the Company and the Selling Shareholders, reserves the right to bank in all application monies from unsuccessful Bumiputra applicants and partially successful Bumiputra applicants, which would subsequently be refunded without interest and shall be despatched to the applicant within 10 Market Days from the date of the final ballot of the Application Lists by registered post to the applicant's address last maintained with the Depository at the applicant's own risk.
- (o) Completed Application Forms accompanied by the appropriate remittance and legible photocopy of the relevant documents must be despatched by **ORDINARY POST** in the official envelopes provided, to the following address:

Malaysian Issuing House Sdn Bhd
27th Floor, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
P.O.Box 13269
50804 Kuala Lumpur

or **DELIVERED BY HAND AND DEPOSITED** in the Drop-In Boxes provided at the back portion of Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur so as to arrive not later than 5.00 p.m. on October 27, 2004 or for such further period or periods as the Directors of the Company, Selling Shareholders and the Joint Managing Underwriters in their absolute discretion may mutually decide.

Applications may also be **DELIVERED IN A DRIVE-IN-MANNER** at Stadium Hoki Tun Razak, Jalan Duta, Kuala Lumpur on October 27, 2004, between 10.00 a.m. to 5.00 p.m. only.

- (p) PLEASE DIRECT ALL ENQUIRIES IN RESPECT OF THE **WHITE APPLICATION FORM** TO MIH.

23.5 Applications via Electronic Share Application

23.5.1 Steps for Electronic Share Application through a Participating Financial Institution's ATM

- (a) Applicant must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account;
- (b) Applicant **MUST** have a CDS Account; and
- (c) Applicant is to apply for the Shares *via* the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application are set out in the terms and conditions for Electronic Share Applications (please refer to Section 23.5.3 below). Applicant is to enter at least the following information through the ATM where the instructions on the ATM screen at which he enters his Electronic Share Application requires him to do so:
- Personal Identification Number ("PIN");
 - **MIH Share Issue Account Number 330**;
 - CDS Account Number;
 - Number of Shares applied for and/or the RM amount to be debited from the account;
 - and
 - Confirmation of several mandatory statements.

23. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

23.5.2 Participating Financial Institutions

Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches:

- AmBank Berhad;
- AmFinance Berhad;
- Bumiputra-Commerce Bank Berhad;
- HSBC Bank Malaysia Berhad;
- Malayan Banking Berhad;
- Mayban Finance Berhad;
- OCBC Bank (Malaysia) Berhad; or
- Standard Chartered Bank Malaysia Berhad (at selected branches only).

23.5.3 Terms and Conditions of Electronic Share Application

The procedures for Electronic Share Applications at ATMs of Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions ("Steps"). For illustration purposes, the procedures for Electronic Share Applications at ATMs are set out in Section 23.5.1 "Steps for Electronic Share Application through a Participating Financial Institution". The Steps set out the actions that the applicant must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Applications set out below before making an Electronic Share Application. Any reference to the "applicant" in the terms and conditions for Electronic Share Applications and the Steps shall mean the applicant who applies for the Shares through an ATM of any of the Participating Financial Institutions.

Only an applicant who is an individual with a CDS Account is eligible to utilise the facility.

The applicant must have an existing account with, and be an ATM cardholder of, one of the Participating Financial Institutions before he can make an Electronic Share Application at an ATM of the Participating Financial Institution. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for Shares at an ATM belonging to other Participating Financial Institutions. Upon the completion of his Electronic Share Application transaction, the applicant will receive a computer-generated transaction slip ("Transaction Record"), confirming the details of his Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by the Company or MIH. The Transaction Record is for retention by the applicant and should not be submitted with any Application Form.

Upon the closing of the Public Issue for the application for the Shares on October 27, 2004 at 5.00 p.m. ("Closing Date and Time"), the Participating Financial Institution shall submit a magnetic tape containing its respective customers' applications for the Shares to MIH as soon as practicable but not later than 12.00 p.m. of the 2nd business day after the Closing Date and Time.

An applicant will be allowed to make an Electronic Share Application for Shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which he has an account and its branches, subject to the applicant making only one application.

AN APPLICANT MUST ENSURE THAT HE USES HIS OWN CDS ACCOUNT NUMBER WHEN MAKING AN ELECTRONIC SHARE APPLICATION. AN APPLICANT OPERATING A JOINT ACCOUNT WITH ANY PARTICIPATING FINANCIAL INSTITUTION MUST ENSURE THAT HE ENTERS HIS OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO HIM IN HIS OWN NAME. HIS APPLICATION WILL BE REJECTED IF HE FAILS TO COMPLY WITH THE FOREGOING CONDITIONS.

The Electronic Share Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below:

23. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

- i. The Electronic Share Application shall be made in relation with and subject to the terms of this Prospectus and the Memorandum and Articles of Association of the Company.
- ii. The applicant is required to confirm the following statements (by depressing pre-designated keys (or buttons) on the ATM keyboard) and undertake that the following information given is true and correct:
 - he has attained 18 years of age as at the closing date of the share application;
 - he is a Malaysian citizen residing in Malaysia;
 - he has read the Prospectus and understood and agreed with the terms and conditions of the application;
 - this is the only application that he is submitting; and
 - he thereby gives consent to the Participating Financial Institution and the Depository to disclose information pertaining to him and his account with the Participating Financial Institution and the Depository to MIH and other relevant authorities.

The application will not be successfully completed and cannot be recorded, as a completed transaction at the ATM unless the applicant completes all the steps required by the Participating Financial Institutions. By doing so, the applicant shall be treated as signifying his confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 97 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Depositories) Act, 1991 to the disclosure by the relevant Participating Financial Institution or the Depository, as the case may be, of any of the applicant's particulars to MIH, or any relevant regulatory bodies.

- iii. THE APPLICANT CONFIRMS THAT HE IS NOT APPLYING FOR SHARES AS NOMINEE OF ANY OTHER PERSON AND THAT ANY ELECTRONIC SHARE APPLICATION THAT HE MAKES IS MADE BY HIM AS BENEFICIAL OWNER. THE APPLICANT SHALL ONLY MAKE ONE ELECTRONIC SHARE APPLICATION AND SHALL NOT MAKE ANY OTHER APPLICATION FOR THE SHARES, WHETHER AT THE ATMs OF ANY PARTICIPATING FINANCIAL INSTITUTION OR ON THE PRESCRIBED APPLICATION FORMS.
- iv. The applicant must have sufficient funds in his account with the relevant Participating Financial Institutions at the time he makes his Electronic Share Application, failing which his Electronic Share Application will not be completed. Any Electronic Share Application, which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made, will be rejected.
- v. The applicant agrees and undertakes to subscribe for or purchase and to accept the number of Shares applied for as stated on the Transaction Record or any lesser number of Shares that may be allotted or allocated to him in respect of his Electronic Share Application. In the event that the Company decides to allot or allocate any lesser number of such Shares or not to allot or allocate any Shares to the applicant, the applicant agrees to accept any such decision as final. If the applicant's Electronic Share Application is successful, his confirmation (by his action of pressing the designated key on the ATM) of the number of Shares applied for shall signify, and shall be treated as, his acceptance of the number of Shares that may be allotted or allocated to him and to be bound by the Memorandum and Articles of Association of the Company.
- vi. MIH, acting under the authorities of the Directors of the Company and the Selling Shareholders, reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the Shares to a reasonable number of applicants with a view to establish an adequate market for the Shares.

23. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

- vii. Where an Electronic Share Application is not accepted or accepted in part only, the relevant Participating Financial Institutions will be informed of the non-successful or partially successful applications. Where an Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the application monies without interest into the applicant's account with that Participating Financial Institution within two Market Days after the receipt of confirmation from MIH. MIH shall inform the Participating Financial Institutions of the non-successful or partially successful applications within two Market Days after the balloting date. The applicants may check their accounts on the fifth Market Day from the balloting day.

Where an Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into the applicant's account with the Participating Financial Institution within two Market Days after the receipt of confirmation from MIH. A number of applications will, however, be held in reserve to replace any successfully balloted applications, which are subsequently rejected. For such applications, which are subsequently rejected, the application monies without interest will be refunded to the applicants by MIH by way of cheques issued by MIH. The cheques will be issued to the applicants not later than 10 Market Days from the date of the final ballot of the Application Lists.

Should applicants encounter any problems in their applications, they may refer to the Participating Financial Institutions.

- viii. The applicant requests and authorises the Company and/the Selling Shareholders:
- (a) to credit the Shares allotted or allocated to the applicant into the CDS Account of the applicant; and
 - (b) to issue share certificate(s) representing such Shares allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and sends the same to the Depository.
- ix. The applicant, acknowledging that his Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond the control of the Company and the Selling Shareholders, MIH or the Participating Financial Institution, irrevocably agrees that if:
- (a) The Company, Selling Shareholders or MIH does not receive the applicant's Electronic Share Application; and
 - (b) Data relating to the applicant's Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to the Company, Selling Shareholders or MIH,

the applicant shall be deemed not to have made an Electronic Share Application and the applicant shall not claim whatsoever against the Company, Selling Shareholders, MIH or the Participating Financial Institution for the Shares applied for or for any compensation, loss or damage.

- x. All particulars of the applicant in the records of the relevant Participating Financial Institution at the time he makes his Electronic Share Application shall be deemed to be true and correct and the Company, the Selling Shareholders, MIH and relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- xi. The applicant shall ensure that his personal particulars as recorded by both the Depository and the relevant Participating Financial Institutions are correct and identical. The applicant must inform the Depository promptly of any change in address failing which the notification letter

23. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

of successful allocation will be sent to his registered or correspondence address last maintained with the Depository.

- xii. By making and completing an Electronic Share Application, the applicant agrees that:
- (a) in consideration of the Company agreeing to allow and accept the making of any application for the Shares via the Electronic Share Application facility established by the Participating Financial Institution at their respective ATMs, his Electronic Share Application is irrevocable;
 - (b) the Company, the Selling Shareholders, the Participating Financial Institutions, the Depository and MIH shall not be liable for any delays, failures or inaccuracies in the processing of data relating to his Electronic Share Application to the Company due to a breakdown or failure of transmission or communication facilities or to any cause beyond their control;
 - (c) notwithstanding the receipt of any payment by or on behalf of the Company, the acceptance of the offer made by the applicant to subscribe for and purchase the Shares for which the applicant's Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allocation for prescribed securities, in respect of the said Shares;
 - (d) the applicant irrevocably authorises the Depository to complete and sign on his behalf as transferee or renounce any instrument of transfer and/or other documents required for the issue or transfer of the Shares allocated to the applicant; and
 - (e) the Company agrees that in relation to any legal action or proceedings arising out of or in relation with the contract between the parties and/or the Electronic Share Application Scheme and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that the Company irrevocably submit to the jurisdiction of the Courts of Malaysia.
- xiii. The Directors of the Company and the Selling Shareholders, reserves the right to require any successful applicant to appear in person at the registered office of MIH at anytime prior to the Listing to ascertain the regularity or propriety of the application. The Directors of the Company and/the Selling Shareholders shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- xiv. MIH, acting under the authorities of the Directors of the Company and the Selling Shareholders, reserves the rights to reject any application, which does not conform to these instructions.
- xv. A surcharge of RM2.50 per Electronic Share Application will be charged by the respective Participating Financial Institution.

23.6 Application and Acceptance

MIH, acting under the authorities of the Directors of the Company and the Selling Shareholders, reserves the right not to accept any application which does not strictly comply with the instructions or to accept any application in part only without assigning any reason therefor.

The submission of an application does not necessarily mean that the application will be successful.

ALL APPLICATIONS MUST BE FOR 100 SHARES OR MULTIPLES THEREOF.

**23. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Cont'd)**

In the event of an over-subscription, acceptance of applications by the Malaysian public shall be subject to ballot to be conducted in a fair and equitable manner as approved by the Directors of the Company. Due consideration will be given to the desirability of distributing the Shares to a reasonable number of applicants with a view to broaden the shareholding base of the Company and to establish an adequate market in the Shares of the Company.

Pursuant to Listing Requirements of Bursa Malaysia Securities Berhad, at least 25% of the enlarged issued and paid-up share capital of the Company must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each. The Company is expected to achieve this at the point of Listing. However, in the event that the above requirement is not met pursuant to the Initial Public Offering, the Company may not be allowed to proceed with the Listing. In the event thereof, monies paid in respect of all applications will be returned without interest.

In the event of an under-subscription for the Shares by the Malaysian public, all the Shares not applied for will be made available for subscription by the Retail Underwriters and Joint Managing Underwriters.

WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE RETURNED WITHOUT INTEREST AND DESPATCHED TO THE APPLICANT WITHIN 10 MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS BY ORDINARY POST OR REGISTERED POST TO THE APPLICANT'S ADDRESS REGISTERED WITH THE DEPOSITORY AT THE APPLICANT'S OWN RISK.

MIH, ACTING UNDER THE AUTHORITIES OF THE DIRECTORS OF THE COMPANY AND THE SELLING SHAREHOLDERS, RESERVES THE RIGHT TO BANK-IN ALL APPLICATION MONIES FROM UNSUCCESSFUL BUMIPUTRA APPLICANTS AND PARTIALLY SUCCESSFUL BUMIPUTRA APPLICANTS REFUND MONIES IN RESPECT OF UNSUCCESSFUL BUMIPUTERA APPLICANTS WHOSE MONIES HAVE BEEN BANKED-IN AND PARTIALLY SUCCESSFUL APPLICANTS WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT WITHIN 10 MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS BY REGISTERED POST TO THE APPLICANT'S ADDRESS REGISTERED WITH THE DEPOSITORY AT THE APPLICANT'S OWN RISK.

NO APPLICATION SHALL BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

23.7 CDS Account

Pursuant to Section 29 of the Securities Industry (Depositories) Act, 1991, all dealings in the Shares will be by book entries through CDS Accounts. No share certificates will be issued to successful applicants.

Only an applicant who has a CDS Account can make an application by way of Application Form. An applicant should state his CDS Account number in the space provided in the Application Form and he shall be deemed to have authorized the Depository to disclose information pertaining to the CDS Account to MIH or the Company. Where an applicant does not presently have a CDS Account, he should open a CDS Account at an ADA prior to making an application for the Shares.

23. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Cont'd)

In the case of an application by way of Electronic Share Application, only an applicant who has a CDS Account can make an Electronic Share Application and the applicant shall furnish his CDS Account number to the Participating Financial Institution by way of keying in his CDS Account number if the instructions on the ATM screen at which he enters his Electronic Share Application requires him to do so.

Failure to comply with the specific instructions or inaccuracy in the CDS Account number arising from the use of invalid, third party or nominee accounts, may result in the application being rejected. If a successful applicant fails to state his CDS Account number, MIH, under the authorities of the Directors of the Company and the Selling Shareholders, reserves the right to reject the application. Applications may also be rejected if the applicants' particulars provided in the Application Forms, or the applicant's records at the Participating Financial Institutions (in the case of Electronic Share Application) differ from those in the Depository's records such as the identity card number, name and nationality.

Refund Mechanism

The refunds for applications made via Application Form or Electronic Share Application will be effected via remittances in the form of cheques, which will be dispatched by ordinary post to the addresses of the successful applicants as stated in the Depository records at their own risks within 10 Market Days from the final ballot of applications for the Shares.

The Final Retail Price will be published in widely circulated English and Bahasa Malaysia newspapers in Malaysia within two Market Days after the Price Determination Date. In addition, all successful applicants will be informed via written notice of the Final Retail Price in the notices of allotment.

23.8 Notice of Allotment

Shares allotted to all successful applicants will be credited to their respective CDS Accounts. A notice of allotment will be despatched to the successful or partially successful applicants at the applicant's address last maintained with the Depository at the applicant's own risk within 10 Market Days after the final ballot of the Application Lists. This is the only acknowledgement of acceptance of the application.

All applicants must inform the Depository of his updated address promptly by adhering to the certain rules and regulation of the Depository, failing which the notification letter on successful allotment shall be sent to the applicant's registered or correspondence address last maintained with the Depository.

Applicants may also check the status of their application by logging on to the MIH website, www.mih.com.my or by calling their respective ADAs at the telephone number as stated in Section 23.9 of this Prospectus or MIH Enquiry Services at 03-26932075 (10 lines), 10 Market Days (during office hours only) after the balloting date.

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23. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING (Cont'd)

23.9 List of ADAs

The list of ADAs and their respective addresses, telephone numbers and broker codes are as follows:

<u>Name</u>	<u>Address and Telephone Number</u>	<u>Broker Code</u>
<i>Kuala Lumpur</i>		
Affin-UOB Securities Sdn Bhd	Level 3, Menara Keck Seng No. 203, Jalan Bukit Bintang 55100 Kuala Lumpur Tel No: 03-21438668	028-001
AmSecurities Sdn Bhd	15 th Floor, Bangunan AmBank Group No. 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No: 03-20782788	086-001
Avenue Securities Sdn Bhd	Ground Floor & Level 1 THB Satu Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No: 03-20951111	052-001
ECM Libra Securities Sdn Bhd (formerly known as BBMB Securities Sdn Bhd)	2 nd Floor, Wisma Genting, Jalan Sultan Ismail 50250 Kuala Lumpur Tel: +603-2718-1888	099-001
BIMB Securities Sdn Bhd	1 st & 2 nd Floor, Podium Block AMDB Building No. 1, Jalan Lumut 50400 Kuala Lumpur Tel No: 03-40433533	024-001
CIMB Securities Sdn Bhd	9 th Floor, Commerce Square Jalan Semantan Damansara Heights 50490 Kuala Lumpur Tel No: 03-20849999	065-001
HLG Securities Sdn Bhd	Level 5, Wisma Kia Peng No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No: 03-21681168	066-001
Hwang-DBS Securities Berhad	2 nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr Ismail 60000 Kuala Lumpur Tel No: 03- 77106688	068-009
Hwang-DBS Securities Berhad	Nos. 34-5, 36-5, 38-5, 40-5, 42-5 & 44-5 5 th Floor Cheras Commercial Centre Jalan 5/101C Off Jalan Kaskas 5 th Mile Cheras 56100 Kuala Lumpur Tel No: 03-91303399	068-012

**23. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Cont'd)**

<u>Name</u>	<u>Address and Telephone Number</u>	<u>Broker Code</u>
<i>Kuala Lumpur (Cont'd)</i>		
Hwang-DBS Securities Berhad	Suite 7-03, 7th Floor Suite 12-02 & Part of Suite 12-01 12th Floor, Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No: 03-27112775	068-014
Inter-Pacific Securities Sdn Bhd	West Wing, Level 13 Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur Tel No: 21171888	054-001
Jupiter Securities Sdn Bhd	7 th - 9 th Floor Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No: 03-20341888	055-001
K&N Kenanga Bhd	8 th Floor Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No: 03-21649080	073-001
KAF-Seagroatt & Campbell Securities Sdn Bhd	30 th Floor, Menara Weld No. 76, Jalan Raja Chulan 50200 Kuala Lumpur Tel No: 03-20201600	053-001
Kuala Lumpur City Securities Sdn Bhd	No. 8, Jalan Binjai Off Jalan Ampang 50450 Kuala Lumpur Tel No: 03-21667922	076-001
Kuala Lumpur City Securities Sdn Bhd	Ground, 1 st and 2 nd Floor No. 33, Plaza Cyrstaville Jalan 23/70A Desa Sri Hartamas 50480 Kuala Lumpur Tel No: 03-62033366	076-010
Leong & Company Sdn Bhd	Level 18, Wisma Cyclecarri No. 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No: 03-26928899	061-001
M&A Securities Sdn Bhd	Level G-2, No. 45 & 47 The Boulevard, Mid Valley City Lingkar Syed Putra 59200 Kuala Lumpur Tel No: 03-22821820	057-002
Mayban Securities Sdn Bhd	Level 5-13, MaybanLife Tower Dataran Maybank, No. 1, Jalan Maarof 59000, Kuala Lumpur Tel No: 03-22978888	098-001

**23. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Cont'd)**

<u>Name</u>	<u>Address and Telephone Number</u>	<u>Broker Code</u>
<i>Kuala Lumpur (Cont'd)</i>		
Mercury Securities Sdn Bhd	Lot 6-05, Level 6 Tower Block, Menara Mileniurn 8, Jalan Damanlela, Bukit Damansara 50490 Kuala Lumpur Tel No : 03-20942828	093-002
MIDF Sisma Securities Sdn Bhd	17 th & 18 th Floor, Empire Tower 182, Jalan Tun Razak 50400 Kuala Lumpur Tel No: 03-21668888	026-001
OSK Securities Berhad	10 th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No: 03-21624388	056-001
OSK Securities Berhad	Ground Floor, No. 15 Block A Jalan Prima 1, Pusat Niaga Metro Prima, 52100 Kuala Lumpur Tel No: 03-62575869	056-028
OSK Securities Berhad	Ground Floor No. M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3 A Pandan Indah 55100 Kuala Lumpur Tel No : 03-42804798	056-054
OSK Securities Berhad	Ground, 1st, 2nd & 3rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No : 03-90587222	056-058
PB Securities Sdn Bhd	27 th Floor Public Bank Building No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No: 03-20313011	051-001
PM Securities Sdn Bhd	Ground & 1 st Floor MUI Plaza Jalan P. Ramlee 50250 Kuala Lumpur Tel No: 03-21463000	064-001
RHB Securities Sdn Bhd	Level 9, Tower One, RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel No: 03-92852233	087-001
Sime Securities Sdn Bhd	21 st Floor, Sime Bank Building No. 4, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No: 03-22749288	097-001

**23. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Cont'd)**

<u>Name</u>	<u>Address and Telephone Number</u>	<u>Broker Code</u>
<i>Kuala Lumpur (Cont'd)</i>		
TA Securities Holdings Berhad	Floor 13,15-18, 20, 23, 28-30, 34 & 35 Menara TA One No. 22, Jalan P Ramlee 50250 Kuala Lumpur Tel No: 03-20721277	058-003
<i>Selangor Darul Ehsan</i>		
Affin-UOB Securities Sdn Bhd	2 nd , 3 rd & 4 th Floor Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No: 03-33439999	028-002
Hwang-DBS Securities Berhad	16 th , 18 th – 20 th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No: 03-55133288	068-002
Hwang-DBS Securities Berhad	East Wing & Central Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No: 03-56356688	068-010
JF Apex Securities Berhad	6th Floor, Wisma Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No: 03-87361118	079-001
JF Apex Securities Berhad	Level 15 th & 16 th Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No: 03-76201118	079-002
K & N Kenanga Bhd	13 th Floor, Menara Yayasan Selangor No. 18A, Jalan Persiaran Barat Off Jalan Timur 46000 Petaling Jaya Selangor Darul Ehsan Tel No: 03-79562169	073-005
K & N Kenanga Bhd	1 st Floor, Wisma UEP Pusat Perniagaan USJ 10 Jalan USJ10/1A 47620 Subang Jaya Selangor Darul Ehsan Tel No: 03-80241682	073-006

23. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Cont'd)

<u>Name</u>	<u>Address and Telephone Number</u>	<u>Broker Code</u>
<i>Selangor Darul Ehsan (Cont'd)</i>		
K & N Kenanga Bhd	Room 7.02, Level 7, Menara ING Intan Millenium Square No. 68, Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No: 03-30057550	073-007
Mohaiyani Securities Sdn Bhd	1 st , 2 nd & 3 rd Floor Plaza Damansara Utama No. 2, Jalan SS21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No: 03-77297345	095-001
OSK Securities Berhad	24, 24M, 24A, 26M, 28M & 28A Jalan SS 2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No: 03-78736366	056-011
OSK Securities Berhad	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No: 03-87363378	056-045
OSK Securities Berhad	Ground & 1st Floor No. 15, Jalan Bandar Rawang 48000 Rawang Selangor Darul Ehsan Tel No : 03-60928916	056-047
OSK Securities Berhad	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Pemiagaan NBC Baru 1 ½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03-33439180	056-048
PM Securities Sdn Bhd	No. 157 & 159 Jalan Kenari 23/A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No: 03-80700773	064-003
PM Securities Sdn Bhd	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No: 03-33415300	064-007
SJ Securities Sdn Bhd	Level 3, Holiday Villa No. 9, Jalan SS12/1 Subang Jaya 47500 Petaling Jaya Selangor Darul Ehsan Tel No: 03-56340202	096-001

**23. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Cont'd)**

<u>Name</u>	<u>Address and Telephone Number</u>	<u>Broker Code</u>
<i>Melaka</i>		
Malacca Securities Sdn Bhd	No. 1, 3 & 5, Jalan PPM 9 Plaza Pandan Malim (Business Park) Balai Panjang, P.O. Box 248 75250 Melaka Tel No: 06-3371533	012-001
OSK Securities Berhad	579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No: 06-2825211	056-003
PM Securities Sdn Bhd	No. 11 & 13, Jalan PM2, Plaza Mahkota 75000 Melaka Tel No: 06-2866008	064-006
RHB Securities Sdn Bhd	Lot 9 & 10, First Floor Tabung Haji Building Jalan Bandar Kaba 75000 Melaka Tel No: 06-2833622	087-002
<i>Perak Darul Ridzuan</i>		
Avenue Securities Sdn Bhd	No. 63, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No: 05-2422828	052-002
TA Securities Holdings Berhad	Ground, 1 st & 2 nd Floor, Plaza Teh Teng Seng 227, Jalan Kampar 30250 Ipoh Perak Darul Ridzuan Tel No: 05-2531313	058-001
Hwang-DBS Securities Berhad	21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No: 05-8060888	068-003
Hwang-DBS Securities Berhad	Ground & 1st Floor No. 22, Persiaran Greentown I Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2559988	068-015
Kuala Lumpur City Securities Sdn Bhd	No. 43 & 44, Ground Floor Taman Sentosa, Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No: 05-6910910	076-008
M&A Securities Sdn Bhd	M&A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No: 05-2419800	057-001

**23. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Cont'd)**

<u>Name</u>	<u>Address and Telephone Number</u>	<u>Broker Code</u>
<i>Perak Darul Ridzuan (Cont'd)</i>		
Mayban Securities Sdn Bhd	55, 57 & 63, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No: 05-2558233	098-002
OSK Securities Berhad	21-25, Jalan Seenivasagam Greentown, 30450 Ipoh Perak Darul Ridzuan Tel No: 05-2415100	056-002
OSK Securities Berhad	Ground & 1 st Floor, No. 17, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No: 05-6236498	056-014
OSK Securities Berhad	1 st Floor, No. 23 & 25, Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No: 05-6921228	056-016
OSK Securities Berhad	Ground Floor, 28, Jalan Maharaja Taman Bagan Serai Baru 34300 Bagan Serai Perak Darul Ridzuan Tel No: 05-7231888	056-018
OSK Securities Berhad	Ground Floor, No. 40, 42 & 44, Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No: 05-8088229	056-034
OSK Securities Berhad	No. 72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No: 05-4671801	056-044
OSK Securities Berhad	Ground & 1st Floor No. 181, Jalan Besar 31100 Sungai Siput Perak Darul Ridzuan Tel No: 05-5951001	056-049
OSK Securities Berhad	Ground Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel No : 05-7170888	056-052
SBB Securities Sdn Bhd	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No: 05-2530888	090-001

23. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Cont'd)

<u>Name</u>	<u>Address and Telephone Number</u>	<u>Broker Code</u>
<i>Pulau Pinang</i>		
A.A. Anthony Securities Sdn Bhd	No. 41-1-1 & 41-2-1 Jalan Cantonment 10250 Pulau Pinang Tel No: 04-2299318	078-002
Avenue Securities Sdn Bhd	No. 111, Jalan Macalister 10400 Pulau Pinang Tel No: 04-2281868	052-003
ECM Libra Securities Sdn Bhd <i>(formerly known as BBMB Securities Sdn Bhd)</i>	7 th & 8 th Floor, Menara PSCI 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No: 04-2283355	099-002
Hwang-DBS Securities Berhad	Level 2, 3, 4, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No: 04-2636996	068-001
Hwang-DBS Securities Berhad	Ground, 1 st Floor & 2 nd Floor 1620 & 1621, Jalan Permatang Batu Taman Industri Permatang Batu 14000 Bukit Mertajam Pulau Pinang Tel No: 04-5372882	068-006
K&N Kenanga Bhd	Lot 1.02, Level 1, Menara KWSP 38, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No: 04-2106666	073-013
Mercury Securities Sdn Bhd	Ground, 1 st , 2 nd & 3 rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Seberang Prai Pulau Pinang Tel No: 04-3322123	093-001
OSK Securities Berhad	64, Bishop Street 20F & 20G Penang Street 10200 Pulau Pinang Tel No: 04-2634222	056-004
OSK Securities Berhad	Ground, 1 st & 2 nd Floor, No. 2677, Jalan Chain Ferry, Taman Inderwasih, 13600 Prai Pulau Pinang Tel No: 04-3900022	056-005
OSK Securities Berhad	Ground & Upper Floor 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No: 04-5402888	056-015

**23. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Cont'd)**

<u>Name</u>	<u>Address and Telephone Number</u>	<u>Broker Code</u>
<i>Pulau Pinang (Cont'd)</i>		
OSK Securities Berhad	No. 834 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No: 04-5831888	056-032
OSK Securities Berhad	Ground & 1st Floor No. 15-G-5, 15-G-6, 15-1-5, 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No: 04-6404888	056-042
PM Securities Sdn Bhd	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No: 04-2273000	064-004
Thong & Kay Hian Securities Sdn Bhd	Wisma Sri Pinang, Level 5 & 6 60, Green Hall 10200 Pulau Pinang Tel No: 04-2635481	070-001
UT Securities Sdn Bhd	6 th , 10 th & 12 th Floor, Mayban Trust Building 3, Penang Street 10200 Pulau Pinang Tel No: 04-2626644	059-001
<i>Perlis Indra Kayangan</i>		
Kuala Lumpur City Securities Sdn Bhd	2 nd Floor, Podium Block KWSP Building 01000 Kangar Perlis Indra Kayangan Tel No: 04-9765200	076-003
<i>Kedah Darul Aman</i>		
Hwang-DBS Securities Berhad	No. 70A, B & C, Jalan Mawar I Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No: 04-4256666	068-011
Kuala Lumpur City Securities Sdn Bhd	2 nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No: 04-7317088	076-004
OSK Securities Berhad	Ground Floor Swiss Inn Hotel, No.1, Jalan Pahlawan 08000 Sungai Petani Kedah Darul Aman Tel No: 04-4204888	056-017

**23. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Cont'd)**

<u>Name</u>	<u>Address and Telephone Number</u>	<u>Broker Code</u>
<i>Kedah Darul Aman (Cont'd)</i>		
OSK Securities Berhad	No. 35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No: 04-4964888	056-019
OSK Securities Berhad	Ground & 1 st Floor 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No: 04-7209888	056-021
<i>Negeri Sembilan Darul Khusus</i>		
Hwang-DBS Securities Berhad	Ground & 1 st Floor 105, 107 & 109 Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No: 06-7612288	068-007
Hwang-DBS Securities Berhad	No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No: 06-4553188	068-013
OSK Securities Berhad	Ground, 1 st & 2 nd Floor No. 33, Jalan Dato' Bandar Tunggal, 70000 Seremban Negeri Sembilan Darul Khusus Tel No: 06-7641641	056-024
OSK Securities Berhad	1 st Floor, No. 3601 Jalan Besar, 73000 Tampin Negeri Sembilan Darul Khusus Tel No: 06-4421000	056-037
OSK Securities Berhad	1 st & 2 nd Floor, No. 168 Jalan Mewah (Pusat Pemiagaan UMNO Bahagian Jempol) 71200 Bahau Negeri Sembilan Darul Khusus Tel No: 06-4553011	056-040
OSK Securities Berhad	Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No: 06-6461234	056-046
PM Securities Sdn Bhd	1 st , 2 nd & 3 rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No: 06-7623131	064-002

**23. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
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<u>Name</u>	<u>Address and Telephone Number</u>	<u>Broker Code</u>
<i>Johor Darul Takzim</i>		
A.A. Anthony Securities Sdn Bhd	Suite 8.2, Level 8 Menara Sarawak Enterprise No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No: 07-3332000	078-001
AmSecurities Sdn Bhd	2 nd & 3 rd Floor Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No: 07-4342282	086-002
Avenuc Securities Sdn Bhd	No. 57, 59 & 61 Jalan Ali 84000 Muar Johor Darul Takzim Tel No: 06-9532222	052-004
Eng Securities Sdn Bhd	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No: 07-2231211	081-001
Hwang-DBS Securities Berhad	Level 7, Johor Bahru City Square (Office Tower) 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No: 07-2222692	068-004
K & N Kenanga Bhd	Level 2, Menara Pelangi Jalan Kuning Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No: 07-3333600	073-004
K & N Kenanga Bhd	No. 31 Lorong Dato' Ahmad Jalan Khalidi 84000 Muar Johor Darul Takzim Tel No: 06-9542711	073-008
K & N Kenanga Bhd	No. 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No: 07-9333515	073-009
K & N Kenanga Bhd	No. 33 & 35 (Ground & 1 st Floor A & B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No: 07-7771161	073-010
Kuala Lumpur City Securities Sdn Bhd	No. 46 & 48 Jalan Dato' Kapten Ahmad 86000 Kluang Johor Darul Takzim Tel No: 07-7717922	076-006

**23. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Cont'd)**

<u>Name</u>	<u>Address and Telephone Number</u>	<u>Broker Code</u>
<i>Johor Darul Takzim (Cont'd)</i>		
OSK Securities Berhad	Unit 27-01 to 27-08, Level 27 Menara Landmark No. 12, Jalan Ngee Heng 80000 Johor Bahru Johor Darul Takzim Tel No: 07-2212233	056-006
OSK Securities Berhad	53, 53-A & 53-B Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No: 07-4380288	056-009
OSK Securities Berhad	Ground Floor, No. 17, Jalan Delima Pusat Perdagangan Pontian 82000 Pontian Johor Darul Takzim Tel No: 07-6868018	056-023
OSK Securities Berhad	Ground & 1 st Floor, No. 19, Jalan Pesta 1-1 Taman Tun Dr Ismail 1 Jalan Bakri, 84000 Muar Johor Darul Takzim Tel No: 06-9538262	056-025
OSK Securities Berhad	Ground & 1 st Floor 10, Jalan Bendahara 12 Taman Ungku Tun Aminah 81300 Skudai Johor Darul Takzim Tel No: 07-5577628	056-029
OSK Securities Berhad	Ground & 1 st Floor No. 28 Jalan Tengku Ahmad 85000 Segamat Johor Darul Takzim Tel No: 07-9321543	056-030
OSK Securities Berhad	Ground, 1 st & 2 nd Floor No. 17 Jalan Manggis 86000 Kluang Johor Darul Takzim Tel No: 07-7769655	056-031
OSK Securities Berhad	240 & 240A, Jalan Besar 83700 Yong Peng Johor Darul Takzim Tel No: 07-4675388	056-033
OSK Securities Berhad	Ground, 1 st Floor & 2 nd Floor No. 10 Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No: 07-6626288	056-035

**23. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Cont'd)**

<u>Name</u>	<u>Address and Telephone Number</u>	<u>Broker Code</u>
<i>Johor Darul Takzim (Cont'd)</i>		
OSK Securities Berhad	Ground Floor, No. 7, Jalan Jaya 81900 Kota Tinggi Johor Darul Takzim Tel No: 07-8822018	056-036
OSK Securities Berhad	Ground, 1 st & 2 nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No: 06-9787180	056-038
OSK Securities Berhad	1 st Floor, No. 2 & 4, Jalan Makmur, Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No: 07-9256881	056-039
OSK Securities Berhad	Ground & 1st Floor No. 1 & 1-01, Jalan Rosmerah 2/11 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3522293	056-043
PM Securities Sdn Bhd	Suite 5.1, Level 5, Menara Pelangi Jalan Kuning Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No: 07-2781813	064-005
<i>Pahang Darul Makmur</i>		
Kuala Lumpur City Securities Sdn Bhd	A-397, A-399 & A-401 Taman Sri Kuantan III Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel No: 09-5660800	076-002
OSK Securities Berhad	A-27 & A-29, Lorong Tun Ismail 9 Seri Dagangan Kuantan Business Centre 25000 Kuantan Pahang Darul Makmur Tel No: 09-5163811	056-007
OSK Securities Berhad	Ground Floor, 98, Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No: 09-2234943	056-022
OSK Securities Berhad	Ground Floor No. 43, Jalan Bunga Tanjung 28400 Mentakab Pahang Darul Makmur Tel No: 09-2771541	056-026

**23. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Cont'd)**

<u>Name</u>	<u>Address and Telephone Number</u>	<u>Broker Code</u>
<i>Pahang Darul Makmur (Cont'd)</i>		
OSK Securities Berhad	Ground Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No: 05-4914913	056-041
<i>Kelantan Darul Naim</i>		
Kota Bharu Securities Sdn Bhd	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No: 09-7432288	075-001
Kuala Lumpur City Securities Sdn Bhd	Lot 6 & 7, Section 25 Jalan Sultan Yahya Petra Bandar Kota Bharu 15200 Kota Bharu Kelantan Darul Naim Tel No: 09-7432588	076-007
OSK Securities Berhad	No. 3953-H, Ground & 1st Floor Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No: 09-7430077	056-020
<i>Terengganu Darul Iman</i>		
FA Securities Sdn Bhd	No. 51 & 51A, Ground, Mezzanine & 1 st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No: 09-6238128	021-001
Kuala Lumpur City Securities Sdn Bhd	No. 1D, Ground & Mezzanine No. 1E, Ground & Mezzanine 1st & 2nd Floor, Jalan Air Jerneh 20300 Kuala Terengganu Terengganu Darul Iman Tel No: 09-6317922	076-009
OSK Securities Berhad	Ground Floor, 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No: 09-8583109	056-027
OSK Securities Berhad	31A, Ground Floor 31A & 31B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu. Terengganu Darul Iman Tel No: 09-6261816	056-055

**23. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Cont'd)**

<u>Name</u>	<u>Address and Telephone Number</u>	<u>Broker Code</u>
<i>Terengganu Darul Iman (Cont'd)</i>		
PTB Securities Sdn Bhd	1 st , 2 nd & 3 rd Floor No. 61, Jalan Sultan Ismail P.O. Box 151 Pejabat Pos Besar 20700 Kuala Terengganu Terengganu Darul Iman Tel No: 09-6235546	025-001
<i>Sarawak</i>		
TA Securities Holdings Berhad	12G, H & I, Jalan Kampung Datu 96000 Sibu Sarawak Tel No: 084-319998	058-002
Hwang-DBS Securities Berhad	Lot 328, Jalan Abell 93100 Kuching Sarawak Tel No: 082-236999	068-005
Hwang-DBS Securities Berhad	192, Bintulu Parkcity Commerce Square Lot 3478, Bintulu Town District 97000 Bintulu Sarawak Tel No: 086-330008	068-016
K & N Kenanga Bhd	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No: 085-435577	073-002
K & N Kenanga Bhd	Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No: 082-338000	073-003
OSK Securities Berhad	Ground, 1 st & 6 th Floor Wisma Chinese Chambers Lot 357, Section 47, K.T.L.D. Jalan Bukit Mata Kuching 93100 Kuching Sarawak Tel No: 082-422252	056-008
OSK Securities Berhad	Lot 1168, Ground Floor Wisma Interhill Miri Waterfront Commercial Centre 98008 Miri Sarawak Tel No: 085-422788	056-012
OSK Securities Berhad	101 & 102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No: 084-329100	056-013

**23. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Cont'd)**

<u>Name</u>	<u>Address and Telephone Number</u>	<u>Broker Code</u>
<i>Sarawak (Cont'd)</i>		
OSK Securities Berhad	Ground Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel No: 084-654100	056-050
OSK Securities Berhad	Ground Floor No. 11, Lorong Maju 96500 Bintangor Sarawak Tel No: 084-693100	056-051
OSK Securities Berhad	Ground Floor No. 177, Taman Sri Dangang 97000 Bintulu Sarawak Tel No: 086-311770	056-053
OSK Securities Berhad	Ground & 1st Floor Lot 1085, Jalan Buangsiol 98700 Limbang Sarawak Tel No : 085-213188	056-060
<i>Wilayah Persekutuan Labuan</i>		
CIMB Securities Sdn Bhd	Unit 7(A), Level 7, Main Office Tower Financial Park Labuan Jalan Merdeka 87000 Wilayah Persekutuan Labuan Tel No: 087-451666	065-002
<i>Sabah</i>		
Hwang-DBS Securities Berhad	Room Nos. 106-109, Mezzanine Floor Room Nos. 207-212, 2 nd Floor Gaya Centre, Jalan Tun Fuad Stephens 88400 Kota Kinabalu Sabah Tel No: 088-311688	068-008
InnoSabah Securities Berhad	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No: 088-234090	020-001
Kuala Lumpur City Securities Sdn Bhd	Suite 1-9-E1, 9 th Floor, CPS Tower No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No: 088-253922	076-005
OSK Securities Berhad	5 th Floor, Wisma BSN Sabah Jalan Kemajuan, Karamunsing 88000 Kota Kinabalu Sabah Tel No: 088-269788	056-010

23. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE RETAIL OFFERING
(Cont'd)

<u>Name</u>	<u>Address and Telephone Number</u>	<u>Broker Code</u>
<i>Sabah (Cont'd)</i>		
OSK Securities Berhad	1st Floor, TB-3338, Wisma Jin Ho Town Extension No. 2 Jalan St. Patrick 91008 Tawau Sabah Tel No: 089-779815	056-056
OSK Securities Berhad	Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah Tel No: 089-222275	056-057

Executive Summary**LOW COST CARRIERS, AVIATION, AND ECONOMIC DEVELOPMENT
IN SOUTHEAST ASIA**

23 July 2004

1 PROJECT BACKGROUND

This document is an executive summary of the 23 July 2004 report prepared by The S-A-P Group LLC for AirAsia Berhad on the topic of low cost carriers, aviation, and economic development in Southeast Asia. The independent expert report was prepared for inclusion in a prospectus for AirAsia Berhad and should be read in its entirety.

This executive summary includes forecasts and other forward-looking estimates. These forward-looking statements are necessarily based on various assumptions and estimates that are inherently subject to various risks and uncertainties relating to possible invalidity of the underlying assumptions and estimates and possible changes or development of social, economic, business, industry, market, legal, government, and regulatory circumstances and conditions and actions taken or omitted to be taken by others. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic and competitive market conditions and future government and business decisions, all of which are difficult or impossible to predict accurately. This report contains information supplied by and analysis based on public and private sources. While we believe that the information is correct, we cannot guarantee its validity.

2 LOW COST CARRIERS (LCC)

Low cost carriers (LCC) now account for significant shares of activity in the world's major aviation markets. In the United States, LCC now comprise approximately 25% of total domestic passenger departures. In Australia in April 2004, one LCC accounted for 25% of all domestic departing seats, while in some European cities, LCC provided 35% of seat capacity for departing Western European flights.

We believe that overall LCC market shares will continue to grow and could, in certain markets, account for more than 50% of all passenger activity.

2.1 What is a LCC?

LCC are defined by their ability to achieve drastically reduced unit operating costs. As a result, the average airfares they offer can be substantially lower than those of other carriers. In their pursuit of keeping costs low, LCC typically have most, but not necessarily all, of the following operating and financial characteristics:

Operating Characteristics

- Primarily point-to-point services
- Use of secondary airports
- Fast aircraft turnaround times
- Flight lengths of 600 km to 2,500 km
- Single fleet types
- Medium capacity, jet aircraft (approximately 100 to 180 seats)
- Single-class service, with slightly higher seat densities than most other economy class cabins
- Limited onboard services; catering (food/beverages) is offered for a fee
- Limited cargo services
- Flexible, entrepreneurial corporate cultures that may not exist at larger, traditional carriers

Financial Characteristics

- Lower-than-average airport costs.
- Lower-than-average salary and benefits costs.
- Low cost ticket distribution methods.
- Lower-than-average airfares.
- Extra charges and fees paid by passengers

2.2 LCC Development in Asia

LCC and low fare airline activity is beginning to grow, albeit very rapidly, in Asia. Based in Cebu City, Philippines, Cebu Pacific Air was launched in March 1996 as a domestic low-fare carrier. Within two years of its launch, the airline had achieved a 30% share of the domestic passenger market.

Malaysia-based AirAsia Berhad introduced low-cost, no-frills services in January 2002 and, as of 23 July 2004, served 19 domestic and international cities from its base at Kuala Lumpur International Airport and other airports in Malaysia. Launched in Bangkok in February 2004, Thai AirAsia (a LCC affiliated with AirAsia Berhad) competes with a low-fare carrier (Orient Thai Airways, which is marketed as One-Two-Go), as well as several other carriers. In July 2004, Thai Airways International helped to launch Nok Air, a LCC that is initially serving domestic markets from Bangkok.

Other low-fare and LCC in the region include several current and planned Singapore-based carriers. Valuair launched services in May 2004 to Bangkok, Hong Kong, and Jakarta. Tiger Airways, established by Singapore Airlines, plans to serve five to ten destinations by the end of 2004. Qantas Airways is working to establish a Singapore-based LCC similar to its recently launched JetStar operation in Australia.

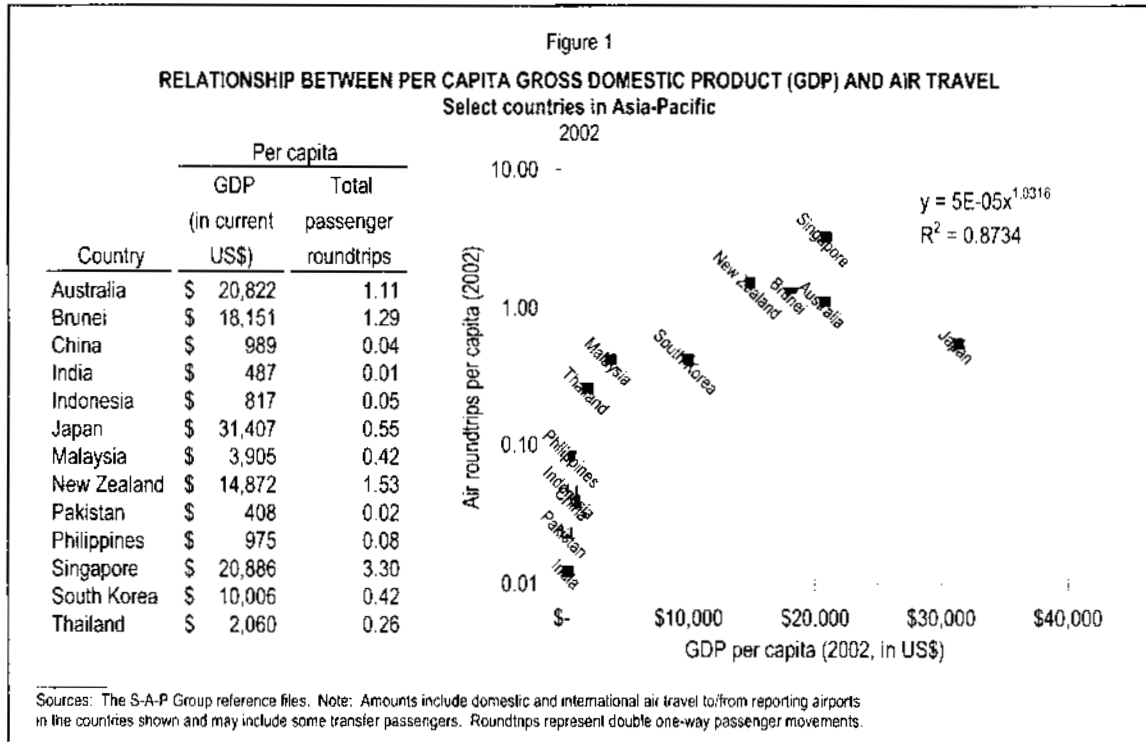
3 RELATIONSHIPS BETWEEN INDICATORS AND AIR TRAVEL

Numerous factors drive aviation activity levels, including:

- Population size and composition
- Disposable income
- Airfares and other travel costs
- Aviation regulation
- Geography
- Substitute forms of transport
- Business, industry, and other commercial activities
- Tourism (inbound, outbound, and domestic)
- Number of holidays and vacation days
- Local social and travel custom

GDP and Total Air Travel

Figure 1, below, illustrates the per capita relationships between annual GDP and yearly air roundtrips (domestic and international) for airports in 13 countries in the Asia-Pacific region. As shown, countries with high per capita levels of GDP tend to have high levels of air travel. Note that the travel movement amounts include travel by local residents and foreign visitors.

**4 HISTORIC AND FORECAST PASSENGER GROWTH RATES**

Historic and forecast passenger growth rates for select air markets are provided in the sections that follow. The forecasts are based on varying levels of quantitative and qualitative analyses, including econometric analysis (assessing the historic correlations between activity and GDP levels); historic and estimated future population, GDP, and GNI levels; historic and estimated future visitor arrival levels; the potential for liberalisation of aviation regulatory regimes; current and potential future airfare levels; and forecasts prepared by other industry observers.

In preparing the forecasts, we relied on primary and secondary data sources. As with most aviation activity forecasts, significant levels of judgment are employed and the results cannot be guaranteed.

4.1 Southeast Asia, China, and India Region

The Boeing Company reports that passenger air travel within Southeast Asia, as measured in RPK, grew at a compounded average annual growth rate of 7.5% from 1985 to 2002. Passenger activity between Southeast Asia and China grew at 9.3% per year. During the same period, global RPK grew at 4.4% per year.

We forecast that from 2003 to 2008, passenger aviation activity within Southeast Asia, China, and India will grow at the following average annual rates:

- Domestic and international within Southeast Asia, China, India: 9.9%

We forecast that from 2003 to 2008, passenger aviation activity within Southeast Asia will grow at the following average annual rates:

- Domestic and international within Southeast Asia: 8.6%

4.2 Malaysia

From 1985 to 2003, domestic passenger movements at Malaysian airports grew at a compounded average annual growth rate of 11.2%. During the same period, international passenger movements grew at 8.0% per year.

We forecast that from 2003 to 2008, passenger aviation activity for Malaysia will grow at the following average annual rates:

- Domestic: 6.6%
- International (only to/from Southeast Asia, China, India): 9.2%

4.3 Thailand

From 1985 to 2003, domestic passenger movements at Thailand's major international airports (those located in Bangkok, Phuket, Chiang Mai, Chiang Rai, and Had Yai) grew at a compounded average annual growth rate of 10.6%. During the same period, international passenger movements grew at 7.9% per year.

We forecast that from 2003 to 2008, passenger aviation activity for Thailand will grow at the following average annual rates:

- Domestic: 10.1%
- International (only to/from Southeast Asia, China, India): 7.8%

4.4 Indonesia

From 1985 to 2003, domestic passenger movements at Jakarta's Soekarno Hatta International Airport, the country's busiest airport and national gateway, grew at a compounded average annual growth rate of 9.6%. During the same period, international passenger movements grew at an average rate of 7.6% per year.

We forecast that from 2003 to 2008, passenger aviation activity for Indonesia will grow at the following average annual rates:

- Domestic: 13.2%
- International (only to/from Southeast Asia, China, India): 10.5%

5 AVIATION INDUSTRY GROWTH IN ASIA

5.1 Growth Prospects

We believe that growth rates for the passenger aviation industry in the region will continue to be strong over the next 15 years. Some of the optimism for rapid growth in Asian aviation is a result of China's continued economic expansion and the liberalisation of travel policies for its citizens. In particular, Chinese government aviation officials have recently indicated an interest in building a more liberal air service framework between China and the ASEAN countries. China also recently signed an "open skies" agreement with Thailand, allowing nearly unrestricted air services between the countries. Liberal aviation agreements allow for increased competition on routes and lower airfares, thereby stimulating increased activity levels.

In addition to the impact of China, strong growth for Asia's aviation industry will likely result from the combination of continued socioeconomic growth, geography, liberalisation of the aviation industry, and expansion of LCC:

Socioeconomic Growth

- Population growth
- Per capita income growth
- Increased disposable income
- Increased urbanisation
- Increased intra-regional business and reduced trade barriers

Geography

- Few other modes of transport
- Location on major trade routes
- Proximity to major population centers

Liberalisation of the Aviation Industry

- Liberalisation of aviation regulations
- Increased liberalisation of travel restrictions that hinder cross-border travel

Expansion of LCC

- Improved operating efficiency for LCC and non-LCC carriers
- Competitive responses by non-LCC carriers could stimulate overall activity levels
- Government efforts to increase LCC services by developing new capacity
- Increased pressure on government to liberalise bilateral aviation agreements

5.2 Potential Constraints

The opportunities for industry-wide aviation activity growth could be offset by:

- Increased fuel prices and/or unfavorable currency exchange levels could constrain demand
- Regional conflicts or scares, including civil unrest, terrorist activities, or other events
- Insufficient airport or airspace capacity
- Government travel restrictions

6 PROSPECTS FOR LCC IN THE REGION

6.1 Opportunities and Challenges for LCC

LCC in Southeast Asia face opportunities and challenges similar to those experienced by LCC elsewhere, while some of these prospects are unique to operating in the region. Summarized below are several factors we believe may influence the near- and long-term developments of Southeast Asian LCC:

Opportunities

- Building demand and market share by increasing flight frequencies.
- Developing point-to-point services between secondary cities.
- China's economic growth and liberalisation of trade and tourism.
- India's strong economic growth and aviation industry liberalisation.
- Availability of primary and secondary airport capacity.

Challenges

- Access to new markets, given market regulations and airport capacity.
- Potential overexpansion of LCC.
- Competition from other carriers.

6.2 LCC Market Shares in the Region

Summarized in Table 1, below, are estimated current LCC and low-fare carrier market shares for domestic and international activities in select Asian countries. The estimates are provided as of 1 June 2004, and are expected to grow rapidly for some of these countries over the coming years.

(For purposes of this study, we have generally defined LCC as operators that are substantially more cost efficient than their non-LCC competitors. As airlines worldwide increase their focus on operating and cost efficiencies, the distinction between LCC and other carriers will be less apparent than it is today.)

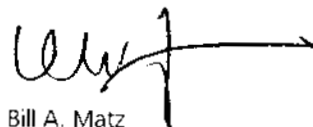
Table 1
CURRENT LCC AND LOW-FARE CARRIER MARKET SHARES (ESTIMATED)
Departing Seats
as of 1 June 2004

Country	Domestic activity		International activity (a)	
	Share	Carriers included	Share	Carriers included
India	1%	Air Deccan	--	--
Indonesia	21%	Lion Air	8%	AirAsia, Lion Air, Valuair
Malaysia	25%	AirAsia	5%	AirAsia, Lion Air
Philippines	33%	Cebu Pacific Air	--	--
Singapore	n.a.	--	2%	Thai AirAsia, Lion Air, Valuair
Thailand	20%	Orient Thai (b), Thai AirAsia	2%	AirAsia, Thai AirAsia, Valuair

Source: The S-A-P Group, estimates, 1 June 2004. (a) within Southeast Asia region. (b) operating as One-Two-Go.
n.a. = not applicable.

THE S-A-P GROUP LLC

Date of summary: 23 July 2004



Bill A. Matz
Managing Director