



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 30 JUNE 2009

ANNOUNCEMENT

The Board of Directors of AirAsia Berhad (“AirAsia” or “the Company”) is pleased to announce the following unaudited consolidated results of AirAsia and its subsidiaries (collectively known as “the Group”) for the second quarter ended 30 June 2009.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Period ended	Period ended
		30/06/2009 RM'000	30/06/2008 RM'000	30/06/2009 RM'000	30/06/2008 RM'000
Revenue		657,444	608,383	1,371,622	1,143,539
Cost of Sales		(312,487)	(439,309)	(643,353)	(827,063)
Gross profit from operations		344,957	169,074	728,269	316,476
Other operating expenses		(35,526)	(28,522)	(64,459)	(52,115)
Other income		13,414	13,922	69,781	19,427
Profit from operations		322,845	154,474	733,591	283,788
Net Finance (cost) / income	22	(76,618)	(130,773)	(265,084)	(89,172)
Depreciation and amortisation		(101,828)	(70,602)	(199,990)	(131,343)
Exceptional item	23	(6,238)	-	(6,238)	-
Share of results of jointly controlled entity	18	-	-	-	-
Share of results of associate	18	-	-	-	-
Profit before taxation		138,161	(46,901)	262,279	63,273
Current taxation	23	(120)	(865)	(300)	(1,308)
Deferred taxation	23	1,135	57,183	80,347	108,729
Profit after taxation		139,176	9,417	342,326	170,694
Attributable to:					
-Equity holders of the company		139,176	9,417	342,326	170,694
		139,176	9,417	342,326	170,694
Basic earnings per share (sen)		5.9	0.4	14.5	7.2
Diluted earnings per share (sen)		5.9	0.4	14.5	7.2

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 30 JUNE 2009

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2009

	PERIOD ENDED	AUDITED FINANCIAL YEAR
	30/06/2009 RM'000	31/12/2008 RM'000
NON CURRENT ASSETS		
Property, plant & equipment	6,833,059	6,594,299
Investment in associates	29	29
Other investments	26,709	26,715
Goodwill	8,738	8,738
Deferred expenditure	479	0
Deferred tax asset	936,456	856,109
Long term prepayments	110,729	103,341
	7,916,199	7,589,231
CURRENT ASSETS		
Inventories (at cost)	22,764	20,684
Other investments	0	0
Trade receivables	24,616	45,958
Prepayment, deposits and other receivables	474,928	648,474
Deposit on aircraft purchase	340,450	334,628
Amount due from a jointly controlled entity	410,408	340,627
Amount due from associates	479,593	387,647
Deposits, bank and cash balances	231,101	153,762
	1,983,860	1,931,780
CURRENT LIABILITIES		
Trade and other payables	989,862	1,068,704
Provision for loss on unwinding of derivatives	0	151,713
Borrowings (secured)	488,272	543,985
Hire-purchase payables	77	77
Current tax liabilities	3,240	4,216
	1,481,451	1,768,695
NET CURRENT ASSETS	502,409	163,085
NON CURRENT LIABILITIES		
Borrowings (secured)	6,469,212	6,146,708
Hire-purchase payables	34	72
	6,469,246	6,146,780
	1,949,362	1,605,536
CAPITAL AND RESERVES		
Share capital	237,560	237,421
Reserves	1,711,802	1,368,115
Shareholders' funds	1,949,362	1,605,536
	1,949,362	1,605,536
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.82	0.68

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 30 JUNE 2009

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	PERIOD ENDED 30/06/2009 RM'000	PERIOD ENDED 30/06/2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	262,279	63,272
Adjustments:		
- Depreciation	199,990	148,973
- Gain on disposal	(37,687)	(3,843)
Amortisation of long term prepayments	4,333	3,707
Amortisation of other investments	6	6
Unrealised foreign exchange loss	76,450	3,061
Interest expense	186,601	108,429
Interest income	(1,682)	(11,485)
	690,290	312,120
Changes in working capital		
Inventories	(2,080)	1,131
Receivables and prepayments	194,408	(70,929)
Trade and other payables	(230,555)	(11,504)
Intercompany balances	(161,727)	(51,377)
Cash generated from operations	490,336	179,441
Interest paid	(186,601)	(108,429)
Interest received	1,682	11,485
Tax paid	(1,276)	(2,240)
Net cash from operating activities	304,141	80,257
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Additions	(566,475)	(1,335,583)
- Proceeds from disposal	165,412	13,410
Deposit on aircraft purchase	(5,822)	5,647
Long term prepayments	(11,721)	(29,340)
Net cash used in investing activities	(418,606)	(1,345,866)
CASH FLOWS FROM FINANCING FACILITIES		
Proceeds from allotment of shares	1,500	2,711
Hire purchase instalments paid	(38)	(38)
Proceeds from borrowings	561,333	1,863,063
Repayment of borrowings	(370,992)	(166,741)
Net cash from financing activities	191,803	1,698,996
NET INCREASE/(DECREASE) FOR THE FINANCIAL YEAR	77,338	433,387
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	153,762	651,360
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	231,101	1,084,748

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 30 JUNE 2009

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Company						Minority Interest RM'000	TOTAL EQUITY RM'000
	Issued and fully paid ordinary shares of RM0.10 each		Share Premium RM'000	Foreign Exchange Reserves RM'000	Retained Earnings RM'000	Total RM'000		
	Number of shares '000	Nominal Value RM'000						
At 1 January 2009	2,374,210	237,421	735,352	592	632,171	1,605,536	-	1,605,536
	2,374,210	237,421	735,352	592	632,171	1,605,536	-	1,605,536
Net Profit for the period	-	-	-	-	342,326	342,326	-	342,326
Issuance of ordinary shares - Pursuant to the Employees' Share Option Scheme ('ESOS')	-	139	1,361	-	-	1,500	-	1,500
At 30 June 2009	2,374,210	237,560	736,713	592	974,497	1,949,362	-	1,949,362
At 1 January 2008	2,371,541	237,154	732,737	592	1,128,734	2,099,217	-	2,099,217
	2,371,541	237,154	732,737	592	1,128,734	2,099,217	-	2,099,217
Net Profit for the period	-	-	-	-	(496,563)	(496,563)	-	(496,563)
Issuance of ordinary shares - Pursuant to the Employees' Share Option Scheme ('ESOS')	2,669	267	2,615	-	-	2,882	-	2,882
At 31 December 2008	2,374,210	237,421	735,352	592	632,172	1,605,535	-	1,605,536

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

**AIRASIA BERHAD**

(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

SECOND QUARTER REPORT ENDED 30 JUNE 2009

KEY OPERATING STATISTICS – 30 JUNE 2009

PERFORMANCE INDICATORS MALAYSIAN OPERATIONS	Current Quarter (Apr-Jun 2009)	Previous Quarter (Apr-Jun 2008)	Change y-o-y
Passengers carried	3,519,486	2,835,671	24.1%
RPK (million)	4,056	3,286	23.4%
ASK (million)	5,520	4,514	22.3%
Average fare (RM)	160	198	-19.2%
Seat load factor (%)	75%	75%	unchanged
Revenue per ASK (sen)	11.91	13.48	-11.6%
Cost per ASK (sen)	7.97	11.49	-30.6%
Cost per ASK (sen) non fuel	4.31	4.38	-1.6%
Sectors flown	26,082	21,208	23.0%
Average number of operating aircraft	42.83	36.60	17.0%

PERFORMANCE INDICATORS MALAYSIAN OPERATIONS	Current Quarter (Apr-Jun 2009)	Preceding Quarter (Jan-Mar 2009)	Change q-o-q
Passengers carried	3,519,486	3,147,609	11.8%
RPK (million)	4,056	3,487	16.3%
ASK (million)	5,520	5,207	6.0%
Average fare (RM)	160	198	-19.3%
Seat load factor (%)	75%	70%	5 ppt
Revenue per ASK (sen)	11.91	13.72	-13.2%
Cost per ASK (sen)	7.97	8.64	-7.7%
Cost per ASK (sen) non fuel	4.31	4.88	-11.6%
Sectors flown	26,082	25,084	4.0%
Average number of operating aircraft	42.83	41.00	4.5%



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 30 JUNE 2009

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2009

1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard (“FRS”) 134: “Interim Financial Reporting” and paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2008. The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2008.

2. Summary of significant accounting policies

There was no change to accounting policies in the period.

3. Auditors’ report on preceding annual financial statements

The auditors have expressed an unqualified opinion on the Group’s statutory financial statements for the financial year ended 31 December 2008 in their report dated 30 April 2009.

4. Seasonality of operations

AirAsia is basically involved in the provision of air transportation services and thus, is subject to the seasonal demand for air travel. The seat load factor remained flat on a year on year basis and increased by five percentage points compared to immediate preceding quarter. This seasonal pattern is in line with the expectation of the Group.

5. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial period-to-date.

6. Changes in estimates

There were no changes in estimates that have had material effect in the current quarter and financial period-to-date results.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 30 JUNE 2009

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2009

7. Capital and reserves

During quarter ended 30 June 2009, the total issued and paid-up share capital of the Company increased from 2,374,209,580 to 2,375,598,580 ordinary shares by the issuance of 1,389,000 ordinary shares of RM0.10 each pursuant to the exercise of ESOS at the option price of RM1.08. Other than the above, there was no issuance, cancellation, repurchases, resale and repayment of debt and equity securities for the period ended 30 June 2009.

8. Dividend paid

There were no dividends paid in the quarter ended 30 June 2009.

9. Segment reporting

Segmental information is not presented as there are no significant business segments other than the provision of air transportation services.

10. Property, plant and equipment

(a) acquisition and disposals

During the second quarter ended 30 June 2009, the Group acquired plant and equipment with a cost of RM145.6 million (second quarter ended 30 June 2008: RM606.7 million).

There was disposal of RM4.0 million (second quarter ended 30 June 2008: nil) of property, plant and equipment for the quarter ended 30 June 2009.

(b) valuation

There was no revaluation of property, plant and equipment for the quarter ended 30 June 2009.

11. Post balance sheet events

There were no material events after the period end that has not been reflected in the financial statements for the financial period ended 30 June 2009.

12. Changes in composition of the Group

There were no changes in the composition of the Group, including business combinations, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations during the quarter.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 30 JUNE 2009

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2009

13. Contingent assets

As at the date of this report, the Group does not have any contingent assets.

14. Changes in contingent liabilities since the last annual balance sheet date

There were no material changes in contingent liabilities since the latest audited financial statements of the Group for the financial year ended 31 December 2008.

15. Capital commitments outstanding not provided for in the interim financial report

Capital commitments for property, plant and equipment:

	<u>Group and Company</u>	
	<u>30.06.09</u>	<u>30.06.08</u>
	RM'000	RM'000
Contracted for	17,431,403	17,921,450
Authorised but not contracted for	8,710,108	7,926,867
	-----	-----
	26,141,511	25,848,317
	=====	=====

16. Material related party transactions

Details of the relationship and transactions between AirAsia and its related parties are as described below. The related party transactions described were carried out on the terms and conditions obtainable in transactions with unrelated parties unless otherwise stated.

Name of company	Relationship
Thai AirAsia	A jointly controlled entity of the Company
PT Indonesia AirAsia	An associate of the Company
AirAsia X Sdn. Bhd.	An investment with common shareholders and directors of the Company

These following items have been included in the Income Statement.

	<u>Quarter ended</u> <u>30 June 2009</u> RM'000	<u>Group</u>	<u>Quarter ended</u> <u>30 June 2008</u> RM'000
Thai AirAsia			
- Lease rental income on aircraft	41,920		28,327
- Maintenance and overhaul charges	6,584		6,620



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 30 JUNE 2009

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2009

PT Indonesia AirAsia		
- Lease rental income on aircraft	39,513	11,052
- Maintenance and overhaul charges	7,408	5,941
- Services charged to AirAsia X Sdn Bhd	7,766	2,629

17. Review of performance

(A) Performance of current quarter against the same quarter last year

Quarter Ended: 30 June RM'000 unless otherwise stated	Apr-Jun 2009	Apr-Jun 2008	Δ (%)
Revenue	657,445	608,352	8%
EBITDAR	271,331	149,152	82%
Core Operating Profit	128,426	29,984	328%
Profit after Tax	139,176	9,417	1378%
EBITDAR Margin	41.3%	24.5%	16.8 ppt
Core Operating Profit Margin	19.5%	4.9%	14.6 ppt
Profit after Tax Margin	21.2%	1.5%	19.6 ppt
Passengers Carried	3,519,486	2,835,671	24%
Average Fare (RM)	160	198	-19%
Load Factor	74.8%	75.2%	-0.4 ppt

The Group recorded revenue of RM657 million for the quarter ended 30 June 2009 ("2Q09"), 8% higher than the revenue of RM608 million recorded in the quarter ended 30 June 2008 ("2Q08"). The positive growth in revenue was attributed to higher passenger volume, higher contribution from ancillary income and includes write-back on certain previously made over provisions. Passenger volume grew by 24% in 2Q09 as compared to 2Q08. Average fare was lower by 19% at RM160 as compared to RM198 achieved in 2Q08. Load factor was constant at 75% as compared to the same period last year.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 30 JUNE 2009

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2009

(B) Performance of current year to date against the period last year

First Half Ended: 30 June RM'000 unless otherwise stated	1H-2009	1H-2008	Δ (%)
Revenue	1,371,622	1,143,673	20%
EBITDAR	586,171	278,345	111%
Core Operating Profit	288,151	53,992	434%
Profit after Tax	342,326	170,693	101%
EBITDAR Margin	42.7%	24.3%	18.4 ppt
Core Operating Profit Margin	21.0%	4.7%	16.3 ppt
Profit after Tax Margin	25.0%	14.9%	10.0 ppt
Passengers Carried	6,667,095	5,447,227	22%
Average Fare (RM)	178	193	-8%
Load Factor	72.3%	73.7%	-1.4 ppt

The Group recorded revenue of RM1,372 million for the first half ended 30 June 2009 (“1H09”), 20% higher than the revenue of RM1,144 million recorded in the first half ended 30 June 2008 (“1H08”). The positive growth in revenue was attributed to higher passenger volume achieved and higher contribution from ancillary income. Passenger volume grew by 22% in 1H09 as compared to 1H08. Average fare was lower by 8% at RM178 as compared to RM193 achieved in 1H08. Load factor was slightly lower by 1.4 percentage points as compared to the same period last year.

(C) Core operating profit for the quarter

Quarter Ended: 30 June RM'000	Apr-Jun 2009	Apr-Jun 2008	Δ (%)
Profit before taxation	138,162	(46,901)	-395%
Adjustments:			
Unwinding of derivatives (gain) / loss	6,238	0	n/a
Forex (gain) / loss	(11,678)	76,885	-115%
Disposal of assets (gain) / loss	(4,296)	0	n/a
Core Operating Profit	128,426	29,984	328%

The Group’s core operating profit was RM128 million, a 328% increase against RM30 million achieved in 2Q08. The core operating profit margins for the period was 19.5%, substantially better than the 4.9% margins achieved in the same period last year. The Malaysian Ringgit has strengthened against the US Dollar and this has resulted in a translation gain of RM12 million during the quarter. The non-recurring item relates to the cost of unwinding derivative structures and disposal of assets during the quarter under review.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 30 JUNE 2009

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2009

Thai AirAsia has performed well despite the weakened consumer sentiment caused by the political situation. The second quarter is a seasonally weak quarter for Thailand and it managed to contain losses to THB81 million (RM8.2 million). Thai operations carried 1.1 million passengers in the period; this is a 10% growth as compared to the same period last year. The average fare achieved in the period was THB1,614 and this is 15% lower than last year. Load factor for the period was at 69%, this is two percentage points lower than the same period last year.

Indonesia AirAsia has achieved significant passenger growth of 47% as compared to the same period last year with constant load factor of 75%. However, average fare was lower due to the significant capacity addition of 56% in the period and the Indonesian operations reported a loss of IDR65 billion (RM21.8 million) in the quarter under review. The operation has made commendable progress to lower its unit cost contributed by the addition of new Airbus A320 aircraft in its fleet. Indonesian operations carried 863,440 passengers in the period; this is a 47% growth compared against the same period last year. The average fare achieved in the period was IDR456,243 and this is 11% lower than last year. Load factor for the period was at 75%, this is constant to the level achieved last year.

18. Jointly Controlled Entity and Associate Company

FRS 128 states that interest in an associate is defined as “the carrying amount of the investment in the associate under the equity method together with any long-term interests that, in substance, form part of the investor’s net investment in the associate”. On this basis, the share of losses of the investment in associate was equity accounted for by the Group and limited to the Group’s investment in the ordinary share capital of the associate.

	Unrecognised share of operating profit / (loss) for the Quarter ended 30 June 2009 RM’Million	Unrecognised share of operating profit / (loss) as of 30 June 2009 RM’Million
Thai AirAsia	(4.0)	(169.0)
Indonesia AirAsia	(10.7)	(202.2)

19. Variation of results against preceding quarter

The Group achieved a profit after taxation of RM139 million for the quarter under review. This is a material positive variation against the RM203 million profit after taxation achieved to that of the immediately preceding quarter ended 31 March 2009.

20. Commentary on prospects

The Group’s strategy to continuously conduct aggressive promotions, remove administrative fees from ticket prices and enhance customer service has been successful to drive strong traffic growth. The Group continues to expand market share as more and more people switch from full service carriers and fly with AirAsia.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 30 JUNE 2009

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2009

Based on current forward booking trend, the passenger underlying passenger demand for the third quarter remains positive. The Group is purchasing fuel on the spot market. All other cost items are expected to remain low due to efficiency initiatives implemented and benefits of economies of scale. However, the Malaysian Ringgit has been weakening against the USD since 30 June 2009 and should this trend continue, it may have a negative impact on the Company.

Barring any unforeseen circumstances, the Directors remain optimistic with the prospects of the Group in the third quarter 2009. However, the Directors are cognizant of the demand seasonality of the business and caution that the third quarter is the seasonally weakest quarter due to the Ramadan fasting month.

Thailand's outlook for the third quarter is positive, the number of passenger growth is satisfactory and the operation has continued to gain market share. In addition, the Thai operation is enjoying the cost benefits of the increased number of Airbus A320 aircraft in its fleet.

Indonesia's outlook for the third quarter is positive with strong passenger growth. The Bali to Perth route – launched in July, is enjoying strong support and the frequency has been increased from once daily to twice daily.

21. Profit forecast

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest are not applicable for the current quarter and financial year-to-date.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 30 JUNE 2009

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2009

22. Finance (Cost)/Income

All figures in RM'000	Group and Company			
	Quarter Ended 30/06/09	Quarter Ended 30/06/08	Period Ended 30/06/09	Period Ended 30/06/08
Finance Costs				
Interest costs				
- Bank borrowings	(88,477)	(59,104)	(186,594)	(107,180)
- Hire-purchase payables	(3)	(3)	(6)	(6)
Bank facilities and other charges	(709)	(1,276)	(1,470)	(1,752)
	(89,189)	(137,268)	(266,766)	(109,938)
Finance Income				
Interest on deposits	893	6,495	1,682	11,485
	12,571	6,495	1,682	20,766
Net Forex Exchange gain / (loss)	11,678	(76,885)	(78,696)	9,281
Net Finance Cost	(76,618)	(130,773)	(265,084)	(89,172)

23. Exceptional item

The exceptional amount of RM6 million in the quarter relates to the cost of the unwinding of fuel derivative contracts.

24. Income tax expense

	INDIVIDUAL QUARTER		CUMULATIVE YEAR	
	Quarter Ended 30/06/09 RM'000	Quarter Ended 30/06/08 RM'000	Period Ended 30/06/09 RM'000	Period Ended 30/06/08 RM'000
<u>Group</u>				
Current tax	120	865	300	1,308
Deferred tax	(1,135)	(57,183)	(80,347)	(108,729)
	(1,015)	(51,103)	(80,047)	(107,421)

The current taxation charge is in respect of interest income, which is assessed separately.

25. Unquoted investments and properties

There was no sale of unquoted investments or properties for the quarter under review and financial period to date.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 30 JUNE 2009

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2009

26. Quoted investments

There was no purchase or disposal of quoted securities for the quarter under review and financial period to date.

27. Status of corporate proposals announced

- (i) *Letter of Intent Between Vietnam Shipbuilding Industry Group (“Vinashin”) and AirAsia*

The Company has announced on 10th August 2009 that the Letter of Intent between Vinashin and the Company has been terminated. Through the effluxion of time, the letter of Intent no longer has a binding effect on both the parties.

- (ii) *Proposed Private Placement of new Ordinary Shares of RM0.10 each in AirAsia (“Placement Share”), representing up to 20% of the Issued and Paid-up Share Capital of AirAsia (“Proposed Private Placement”)*

The Company has announced on 3rd August 2009 on its intention to issue new shares in order to raise capital by the way of book-building. The issue price of the placement of shares will be fixed at a date determined later after the relevant approvals from Bursa Malaysia Securities Berhad and shareholders approvals have been obtained. The Company will provide updates and make the necessary announcements in due course.

28. Borrowings and debt securities

	At 30 June 2009 RM'000	At 31 December 2008 RM'000
Current Secured	488,272	543,985
Non-current Secured	6,469,212	6,146,708
Total Debt	6,957,484	6,690,693

The borrowings are mainly in the form of term loans which are for the purchase of new aircraft A320-200.

The maturity period of non-current borrowing is 14 years and below. The entire borrowings are denominated in US Dollar and Euro. The Company has substantially hedged its foreign exchange exposure through foreign exchange contracts as explained in Note 29 (i).



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 30 JUNE 2009

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2009

The Company's aircraft financing facilities are principally secured by the following types of security:

- (a) Assignment of rights under contract with Airbus over each aircraft
- (b) Assignment of insurance and reinsurances of each aircraft
- (c) Assignment of airframe and engine warranties of each aircraft
- (d) Mortgage of the aircraft
- (e) Deregistration Power of Attorney

29. Off balance sheet financial instruments:

The fair value of derivative financial instruments is the present value of their future cash flows and is derived from the valuations, calculated by the Group's bankers.

(i) The Group has hedged 58% of its dollar liabilities pertaining to its aircraft, engine and simulator loans into Malaysian Ringgit by using long dated foreign exchange forward contracts.

(ii) Interest Rate Swaps

The Group had entered into hedge against fluctuations in the US-LIBOR on its existing and future aircraft financing for deliveries between the Year 2005 and 2009. Up to 30 June 2009, the Group had terminated 17 Interest Rate Swaps (average fixed rate at 4.99%) due to a sharp decline in both short-term and long-term interest rates. The cost of the termination has been provided for during the previous Financial Year ended 31 December 2008 and has now been realised. At the same time, the Group has entered into new interest rate hedges i.e. Interest Rate Swaps and Interest Rate Caps of between 3.50% and 3.85% per annum. Hence, the effect of the interest rate hedging transactions enable the Group to pay fixed interest rate of 3.25% (MYR), between 3.50% and 5.20% (USD) over a period of 12 to 14 years.

(iii) Fuel Hedging

The Group has not entered into any new fuel hedging contracts. However, the Group has a balance of buy put positions of 2.43 million barrels at price of USD\$42/barrel for the period between July 2009 and June 2010 after closing out the sell put positions covering 3.66 million barrels in June 2009.

30. Material litigation

As at 12 August 2009, there was no material litigation against the Group.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 30 JUNE 2009

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2009

31. Proposed dividend

The Directors do not recommend any dividend for the quarter ended 30 June 2009.

32. Earnings per share

(a) Basic earnings per share

Basic earnings per share of the Group are calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30/06/09	Preceding Period Corresponding Quarter Ended 30/06/08	Current Year Ended 30/06/09	Preceding Period Corresponding Year Ended 30/06/08
Net profit for the financial period (RM'000)	139,176	9,417	342,326	170,694
Weighted average number of ordinary shares in issue for basic EPS ('000)	2,359,043	2,358,292	2,359,043	2,358,292
Adjusted for share options granted ('000)	0	14,243	0	14,243
Adjusted weighted average number of ordinary shares ('000)	2,359,043	2,372,535	2,359,043	2,372,535
Basic earnings per share (sen)	5.9	0.4	14.51	7.2
Diluted earnings per share (sen)	5.9	0.4	14.51	7.2

(b) Diluted earnings per share

The Group has no dilution in its earnings per share in the current quarter as they are no dilutive potential.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
SECOND QUARTER REPORT ENDED 30 JUNE 2009

NOTES TO THE UNAUDITED ACCOUNTS – 30 JUNE 2009

33. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors.

By order of the Board

JASMINDAR KAUR a/p SARBAN SINGH

(MAICSA 7002687)
COMPANY SECRETARY
12 August 2009