



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2012

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 third quarter ended 30 September 2012.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Period ended	Period ended
		30/09/2012 RM'000	30/09/2011 RM'000	30/09/2012 RM'000	30/09/2011 RM'000
Revenue	10	1,237,503	1,081,630	3,587,462	3,216,686
Operating expenses:					
- Staff costs		(138,693)	(125,746)	(413,532)	(353,576)
- Depreciation of property, plant and equipment		(144,534)	(144,145)	(413,208)	(427,813)
- Aircraft fuel expenses		(473,377)	(421,219)	(1,397,210)	(1,239,437)
- Maintenance and overhaul		(39,206)	(16,178)	(89,033)	(58,942)
- User charges and other related expenses		(109,523)	(100,227)	(331,689)	(294,545)
- Aircraft operating lease expenses		(39,255)	(19,804)	(117,937)	(51,105)
- Travel and tour operating expenses		-	-	-	(36,555)
- Other operating expenses		(51,030)	(20,969)	(141,511)	(97,042)
Other (losses)/gains - net	11	32,711	(68,559)	(1,254)	(79,542)
Other income	12	6,583	86,612	44,988	129,791
Operating Profit		281,179	251,395	727,076	707,920
Finance Income	27	20,479	17,595	58,452	44,729
Finance Costs	27	(96,617)	(95,543)	(281,577)	(282,126)
Net operating profit		205,041	173,447	503,951	470,523
Foreign Exchange gain/(loss) on borrowings	27	100,829	(73,082)	87,010	(22,246)
Foreign Exchange gain/(loss) on amounts due from associates and jointly-controlled entities		(42,749)	-	(39,486)	-
Gain on disposal and fair value of interest in Thai AirAsia	17	-	-	1,160,370	-
Share of results of jointly controlled entities	23	3,588	10,132	(8,422)	10,132
Share of results of associates	23	(7,606)	(2,001)	(12,087)	(2,001)
Profit before tax		259,103	108,496	1,691,336	456,408
Current Taxation	28	(4,376)	(2,771)	(15,752)	(14,453)
Deferred taxation	28	(96,917)	46,574	(147,654)	(13,465)
Profit after tax		157,810	152,299	1,527,930	428,490
Attributable to:					
-Equity holders of the company		157,810	152,299	1,527,930	428,490
-Minority interests		-	-	-	-
		157,810	152,299	1,527,930	428,490
Basic earnings per share (sen)		5.7	5.5	55.0	15.4
Diluted earnings per share (sen)		5.7	5.5	54.9	15.4

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.



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(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2012

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/09/2012 RM'000	30/09/2011 RM'000	30/09/2012 RM'000	30/09/2011 RM'000
Profit for the period	157,810	152,299	1,527,930	428,490
Other comprehensive income				
Available-for-sale financial assets	-	-	-	-
Cash flow hedges	45,787	(70,848)	18,448	(13,406)
Foreign currency translation differences	-	-	-	-
Total comprehensive income for the period	203,597	81,451	1,546,378	415,084
Total comprehensive income attributable to:				
Equity holders of the company	203,597	81,451	1,546,378	415,084
Minority Interest	-	-	-	-



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THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2012

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	PERIOD ENDED	YEAR ENDED
	30/09/2012 RM'000	31/12/2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,691,336	777,017
Adjustments:		
Property, plant and equipment		
- Depreciation	413,208	570,909
- Write off	-	1,089
- Impairment	-	16,983
- Gain on disposal	(9,782)	(198,923)
- Gain on disposal and fair value of interest in Thai AirAsia	(1,160,370)	-
Impairment loss on goodwill	-	1,404
Amortisation of other investments	-	25
Unwinding of discount on intercompany receivables	-	(22,656)
Fair value (gains)/losses on derivative financial instruments	100,479	(41,515)
Share of results of jointly-controlled entities	8,422	(11,980)
Share of results of associates	12,087	5,652
Net unrealised foreign exchange (gain)/loss	(259,594)	150,234
Interest expense	188,102	368,007
Interest income	(37,973)	(43,422)
	945,915	1,572,824
Changes in working capital		
Inventories	1,566	(2,177)
Receivables and prepayments	(223,080)	(261,860)
Trade and other payables	73,087	272,573
Intercompany balances	62,407	169,205
Cash generated from operations	859,895	1,750,565
Interest paid	(188,102)	(367,707)
Interest received	37,973	43,422
Tax paid	(7,898)	(22,381)
Net cash from operating activities	701,868	1,403,899
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Additions	(962,250)	(612,393)
- Proceeds from disposal	141,430	387,960
Investment in a jointly controlled entity	-	(111,674)
Investment in an associate	(28,316)	(44,702)
Purchase of available-for-sale financial asset	(16,756)	-
Deposit on aircraft purchase	(3,835)	(106,662)
Net cash used in investing activities	(869,727)	(487,471)
CASH FLOWS FROM FINANCING FACILITIES		
Proceeds from allotment of shares	1,936	5,021
Hire purchase instalments paid	-	(15)
Proceeds from borrowings	725,367	508,148
Dividend paid	-	(76,965)
Repayment of borrowings	(462,044)	(752,224)
Deposits pledged as securities	(239)	16,395
Net cash from / (used in) financing activities	265,020	(299,640)
NET INCREASE FOR THE FINANCIAL PERIOD/YEAR	97,161	616,788
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	2,092,616	1,475,828
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*	2,189,777	2,092,616

* The balance at end of financial period excludes fixed deposits of RM12.633 million (31/12/11: RM12.394 million) pledged with licensed banks as securities for banking facilities granted to the Company

This Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2011



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2012

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		AS AT	AS AT	AS AT
	Note	30/09/2012 RM'000	31/12/2011 RM'000	01/01/2011 RM'000 MFRS
NON CURRENT ASSETS				
Property, plant and equipment	15	9,003,845	8,586,451	9,318,041
Investment in associates	23	1,202,868	39,079	29
Investment in a jointly controlled entity	23	115,232	123,654	-
AFS Financial Assets		182,508	152,942	152,942
Other investment		-	-	25
Goodwill		7,334	7,334	8,738
Deferred tax assets		368,496	516,100	719,260
Receivables and prepayments		22,455	15,548	23,593
Deposit on aircraft purchase		112,557	112,228	-
Amounts due from an associate		454,758	513,614	117,964
Derivative Financial Instruments	33	26,684	44,811	25,544
		11,496,737	10,111,761	10,366,136
CURRENT ASSETS				
Inventories		18,164	19,730	17,553
Receivables and prepayments		1,338,111	1,109,775	841,122
Deposit on aircraft purchase		260,177	255,540	248,684
Amounts due from a jointly controlled entity		7,762	4,526	99,802
Amount due from associates		268,196	289,492	162,386
Deposits, bank and cash balances		2,202,410	2,105,010	1,504,617
Derivative Financial Instruments	33	-	7,659	-
Current tax recoverable		-	2,216	-
		4,094,820	3,793,948	2,874,164
CURRENT LIABILITIES				
Trade and other payables		1,292,666	1,137,232	912,943
Sales in advance		436,623	389,833	328,549
Derivative Financial Instruments	33	5,040	38,011	-
Amount due to associate		-	4,444	5,223
Amount due to a related party		17,713	10,560	41,262
Amount due to a JV entity		-	19,761	-
Hire-purchase payables		-	-	15
Borrowings	32	1,080,389	594,231	553,967
Current tax liabilities		4,655	-	1,632
		2,837,086	2,194,072	1,843,591
NET CURRENT ASSETS				
		1,257,734	1,599,876	1,030,573
NON CURRENT LIABILITIES				
Borrowings	32	6,731,180	7,186,919	7,302,884
Derivative Financial Instruments	33	577,537	488,321	452,865
		7,308,717	7,675,240	7,755,749
		5,445,754	4,036,397	3,640,960
CAPITAL AND RESERVES				
Share capital	7	277,988	277,809	277,344
Share Premium		1,227,907	1,226,150	1,221,594
Foreign exchange reserve		596	596	485
Retained earnings		3,969,903	2,580,930	2,102,571
Other Reserves		(30,640)	(49,088)	38,966
Shareholders' funds		5,445,754	4,036,397	3,640,960
Net assets per share attributable to ordinary equity holders of the Company (RM)		1.96	1.45	1.31

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.



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THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2012

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	Cash Flow Hedge Reserves RM'000	AFS Reserves RM'000	Retained Earnings RM'000	Total RM'000		
	Number of shares 1194863	Nominal Value RM'000								
At 1 January 2012	2,778,087	277,809	1,226,150	596	(159,363)	110,275	2,580,930	4,036,397	-	4,036,397
Net Profit for the period	-	-	-	-	-	-	1,527,930	1,527,930	-	1,527,930
Dividends approved	-	-	-	-	-	-	(138,957)	(138,957)	-	(138,957)
Other comprehensive income	-	-	-	-	18,448	-	-	18,448	-	18,448
Issuance of ordinary shares - Pursuant to the Employees' Share Option Scheme ('ESOS')	1,793	179	1,757	-	-	-	-	1,936	-	1,936
At 30 September 2012	2,779,880	277,988	1,227,907	596	(140,915)	110,275	3,969,903	5,445,754	-	5,445,754
At 1 January 2011	2,773,437	277,344	1,221,594	485	(71,309)	110,275	2,102,571	3,640,960	-	3,640,960
Net Profit for the period	-	-	-	-	-	-	428,489	428,489	-	428,489
Dividends paid	-	-	-	-	-	-	(76,965)	(76,965)	-	(76,965)
Other comprehensive income	-	-	-	-	(13,406)	-	-	(13,406)	-	(13,406)
Issuance of ordinary shares - Pursuant to the Employees' Share Option Scheme ('ESOS')	4,443	444	4,354	-	-	-	-	4,798	-	4,798
At 30 September 2011	2,777,880	277,788	1,225,948	485	(84,715)	110,275	2,454,095	3,983,876	-	3,983,876

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.



AIRASIA BERHAD
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THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2012

KEY OPERATING STATISTICS – 30 September 2012

Performance indicator for Malaysian operations for current quarter against the same quarter last year

Quarter Ended: 30 September	Jul-Sep 2012	Jul-Sep 2011	Change y-o-y
Passengers Carried	4,748,604	4,341,052	9%
Capacity	6,189,480	5,601,600	10%
Seat Load Factor	77%	77%	0 ppt
RPK (million)	5,505	5,058	9%
ASK (million)	7,077	6,490	9%
Average Fare (RM)	191	180	7%
Ancillary Income Per Pax (RM)*	40	39	4%
Unit Passenger Revenue (RM)	232	219	6%
Revenue / ASK (sen)	17.49	16.67	5%
Revenue / ASK (US cents)	5.63	5.36	5%
Cost / ASK (sen)	13.51	12.79	6%
Cost / ASK (US cents)	4.35	4.12	6%
Cost / ASK-ex Fuel (sen)	6.82	6.30	8%
Cost / ASK-ex Fuel (US cents)	2.20	2.03	8%
Aircraft (end of period)	59	54	9%
Average Stage Length (km)	1,145	1,158	-1%
Number of Flights	34,386	31,115	11%
Fuel Consumed (Barrels)	1,180,045	1,058,007	12%
Average Fuel Price (US\$ / Barrel)	129	128	1%

Exchange Rate: RM:USD – 3.1077 - prior year US cents figures are restated at current exchange rate

Definition and calculation methodology

ASK (Available Seat Kilometres)	Total available seats multiplied by the distance flown.
RPK (Revenue Passenger Kilometres)	Number of passengers carried multiplied by distance flown
Revenue/ASK	Total revenue divided by ASK
Cost/ASK	Total expenses before interest and tax divided by ASK
Cost/ASK – ex fuel	Costs, as defined above, less fuel expenses, divided by ASK



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THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2012

NOTES TO THE UNAUDITED ACCOUNTS – 30 September 2012

1. Basis of preparation

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

In accordance with MFRS1 an opening MFRS statement of financial position has been presented at the date of transition to MFRS’s. There are no differences between the opening MFRS statement of financial and the statement of financial position presented under FRS’s at 31 December 2010.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2011.

2. Summary of significant accounting policies

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 2011

In current financial year, the Group is adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards (“MFRS”). In adopting the new framework, the Group is applying MFRS 1 “First-time adoption of MFRS”. MFRS 1 provides for certain optional exemption and certain mandatory exception for first-time MFRS adopters.

Details of standards, amendments to published standards and interpretations to existing standards that are applicable to the Group with effect from 1 January 2012 or later are provided in note 2 to the audited financial statements of the Group for the financial year ended 31 December 2011.

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 2011 in their report dated 27 April 2012.



AIRASIA BERHAD
(Company No. 284669-W)

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THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2012

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2012

4. Seasonality of operations

AirAsia is primarily involved in the provision of air transportation services and thus, is subject to the seasonal demand for air travel. The seat load factor was maintained at 77% in the quarter under review unchanged from the same period last year. Compared against the immediate preceding quarter (second quarter April – June 2012), the seat load factor was 3 percentage points lower. 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.

7. Capital and reserves

During quarter ended 30 September 2012, the total issued and paid-up share capital of the Company increased from RM277,921,958 to RM277,987,858 from the issuance of 659,000 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 cancellation, repurchases, resale and repayment of debt and equity securities for the period ended 30 September 2012.

8. Dividend paid

No dividends were declared or approved in the quarter ended 30 September 2012.

9. Segment reporting

The Group operates a single reportable segment, that of Airline Operations.



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(Company No. 284669-W)

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THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2012

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2012

10. Revenue

	Quarter ended 30/9/2012 RM million	Quarter ended 30/9/2011 RM million
Passenger seat sales	811.4	736.0
Baggage fees	98.5	86.6
Aircraft operating lease income	136.7	127.7
Surcharges and fees	99.8	49.1
Travel and tour operations	-	-
Other revenue	91.1	82.2
	<u>1,237.5</u>	<u>1,081.6</u>

Other revenue includes assigned seat, freight, cancellation, documentation and other fees and the on-board sale of meals and merchandise.

11. Other gains/(losses) - net

Other gains/(losses) – net comprise fair value changes due to movement in mark-to-market (MTM) position on non-designated hedging contracts at 30 September 2012 as compared to 30 June 2012, and are detailed below:

	Quarter ended 30/9/2012 RM million	Quarter ended 30/9/2011 RM million
(i) Gain/(loss) from fuel contracts	41.6	(19.7)
(ii) (Loss)/gain from foreign currency contracts	(12.0)	3.8
(v) Gain/(loss) from interest rate contracts	3.1	(52.7)
	<u>32.7</u>	<u>(68.6)</u>

The above gains and losses arise from the movement in exchange rates (principally RM:US\$), interest rates and crude oil prices relative to the contracted rate during the quarter. The fair value of derivative financial instruments is determined by discounting future cash flows to present value.



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THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2012

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2012

12. Other Income

	Quarter ended 30/9/2012 RM million	Quarter ended 30/9/2011 RM million
(Loss)/gain on disposal of property, plant and equipment	(0.3)	68.3
Others	<u>6.9</u>	<u>18.3</u>
	<u>6.6</u>	<u>86.6</u>

Other income ('others') includes brand licence fees, commission income and advertising income.

13. Other Comprehensive Income

Cash flow hedges represent fair value changes due to movement in MTM position on effective hedging contracts at 30 September 2012 as compared to 30 June 2012 as follows:

	Quarter ended 30/9/2012 RM million	Quarter ended 30/9/2011 RM million
(i) Fair value (loss)/gain in the period	(60.2)	25.5
(i) Amount transferred to income statement	<u>106.0</u>	<u>(96.4)</u>
	<u>45.8</u>	<u>(70.9)</u>

Fair value changes in effective hedging contracts are recognized directly in equity and are transferred to the income statement in the same period as the underlying hedged item affects profit or loss.



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THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2012

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2012

14. Disclosure of Realised and Unrealised Profits

The cumulative retained profit of the Group and its subsidiaries comprises realized and unrealized profit as disclosed in the table below.

	As at 30/9/2012 RM'000	As at 31/12/2011 RM'000
Total retained profit of AirAsia Berhad and its subsidiaries		
(i) Realised	1,824,848	1,781,491
(i) Unrealised	<u>2,175,402</u>	<u>809,277</u>
	<u>4,000,250</u>	<u>2,590,768</u>
Total share of accumulated losses from associates		
(i) Realised	(21,851)	(9,764)
(i) Unrealised	<u>-</u>	<u>-</u>
	<u>(21,851)</u>	<u>(9,764)</u>
Total share of accumulated profit/(losses) from jointly controlled entities		
(i) Realised	(8,496)	(74)
(i) Unrealised	<u>-</u>	<u>-</u>
	<u>(8,496)</u>	<u>(74)</u>
Total group retained profit as per consolidated accounts	<u>3,969,903</u>	<u>2,580,930</u>

15. Property, plant and equipment

(a) acquisition and disposals

During the quarter ended 30 September 2012, the Group acquired property, plant and equipment with a cost of RM369.4 million (quarter ended 30 September 2011: RM139.4 million).

During the quarter ended 30 September 2012, proceeds from disposal of property, plant and equipment totaled RM141.4million (quarter ended 30 September 2011: RM335.9 million).

(b) revaluation

There was no revaluation of property, plant and equipment for the quarter ended 30 September 2012 (quarter ended 30 September 2011: RM Nil).



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THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2012

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2012

(c) impairment

There was no impairment of property, plant and equipment for the quarter ended 30 September 2012 (quarter ended 30 September 2011: RM Nil).

16. Post balance sheet events

There were no material events after the period end that have not been reflected in the financial statements for the financial period ended 30 September 2012 as at the date of this report.

17. Changes in composition of the Group

There were no changes in the composition of the group during the quarter under review.

18. Contingent assets

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

19. 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 2011.

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

Capital commitments for property, plant and equipment:

	Group and Company	
	<u>30/9/2012</u>	<u>30/9/2011</u>
	RM'000	RM'000
Approved and contracted for	38,051,625	40,591,533
Approved but not contracted for	14,009,402	16,858,949
	-----	-----
	52,061,027	57,450,482
	=====	=====



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THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2012

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2012

21. 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	An associate 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
AirAsia Inc (Philippines)	An associate of the Company
AirAsia Japan Co. Ltd	An associate of the Company
Asian Aviation Centre of Excellence Sdn Bhd	A jointly controlled entity of the Company

These following items have been included in the Income Statement.

	Quarter ended 30/9/2012 RM'000	Group Quarter ended 30/9/2011 RM'000
Thai AirAsia		
- Lease rental income on aircraft	78,173	68,971
Indonesia AirAsia		
- Lease rental income on aircraft	44,685	56,965
- Maintenance and overhaul charges	-	2,119
Philippines AirAsia		
- Lease rental income on aircraft	6,806	1,761
Japan AirAsia		
- Lease rental income on aircraft	6,964	-
AirAsia X Sdn. Bhd.		
- Services charged to AirAsia X Sdn Bhd	1,699	4,934
Asian Aviation Centre of Excellence Sdn Bhd		
- Training costs charged to AirAsia Berhad	(3,138)	-



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(Company No. 284669-W)

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THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2012

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2012

22. Review of performance

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

Quarter Ended: 30 September RM'000	Jul-Sep 2012	Jul-Sep 2011
Revenue	1,237,503	1,081,630
Operating expenses:		
- Staff costs	(138,693)	(125,746)
- Depreciation of property, plant and equipment	(144,534)	(144,145)
- Aircraft fuel expenses	(473,377)	(421,219)
- Maintenance and overhaul	(39,206)	(16,178)
- User charges and other related expenses	(109,523)	(100,227)
- Aircraft operating lease expenses	(39,255)	(19,804)
- Other operating expenses	(51,030)	(20,969)
Other (losses)/gains - net	32,711	(68,559)
Other income	6,583	86,612
Operating Profit	281,179	251,395
Finance Income	20,479	17,595
Finance Costs	(96,617)	(95,543)
Net operating profit	205,041	173,447
Foreign Exchange gain/(loss) on borrowings	100,829	(73,082)
Foreign Exchange gain/(loss) on amounts due from associates and jointly-controlled entities	(42,749)	-
Gain on disposal and fair value of interest in Thai AirAsia	-	-
Share of results of jointly controlled entities	3,588	10,132
Share of results of associates	(7,606)	(2,001)
Profit before tax	259,103	108,496
Current Taxation	(4,376)	(2,771)
Deferred taxation	(96,917)	46,574
Profit after tax	157,810	152,299
EBITDAR	464,968	415,344
EBITDAR Margin	38%	38%
EBIT Margin	23%	23%



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2012

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2012

The Group recorded revenue of RM1,237.5 million for the quarter ended 30 September 2012 (“3Q12”), 14% higher than the revenue of RM1,081.6 million recorded in the quarter ended 30 September 2011 (“3Q11”). The revenue growth was supported by 9% growth in passenger volume while the average fare was 7% higher at RM191 as compared to RM180 achieved in 3Q11. Ancillary income per passenger year-on-year increased by 4% to RM40 from RM39. The seat load factor was maintained at 77% unchanged from the same period last year.

The profit before tax for the period was RM259.1 million compared to RM108.5 million in the same quarter of 2011 while the profit after tax for the period was RM157.8 million compared to RM152.3 million in the same quarter of 2011.

(B) Cashflow commentary for current quarter against immediately preceding quarter

Net Cash Flow (RM'000)	Jul-Sep 2012	Apr-Jun 2012
Cash from Operations	248,075	353,290
Cash from Investing Activities	(354,084)	(420,595)
Cash from Financing Activities	143,782	174,614
Net Cash Flow	37,773	107,309

The Group’s cash from operations was RM248.1 million, compared to RM353.3 million in the immediate preceding quarter ended June 2012. Net cash flow in the quarter amounted to RM37.8 million inflow, as cash flows from operating and financing activities exceeded investing cash flows.

(C) Balance sheet commentary for current quarter

Balance Sheet RM million	September 2012	June 2012
Total Debt	7,811	7,915
Cash	2,202	2,164
Net Debt	5,609	5,751
Net Gearing	1.03	1.10

The Group’s total debt as of end of September 2012 was RM7.8 billion. The Group’s net debt after offsetting the cash balances amounted to RM5.6 billion. This translates to a net gearing ratio of 1.03 times, 6% lower than the immediately preceding quarter.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2012

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2012

23. Jointly Controlled Entities and Associate Companies

i) Associate Company - Thai AirAsia

Thai AirAsia is an associate company owned 45% by AirAsia Berhad. As such it is accounted for using the equity method, as permitted by the Malaysian Accounting Standards Board MFRS128, Investments in Associates.

Thai AirAsia recorded revenue of THB4,426.4 million in 3Q12, 17% higher compared to the THB3,772.0 million achieved in 3Q11. The positive growth in revenue is attributed to higher passenger volume despite a 2% decrease in unit passenger revenue. Thai AirAsia achieved passenger growth of 22% as compared to 3Q11 with the seat load factor at 82% which is 2 percentage points higher than 3Q11. Average base fare was significantly maintained at THB1,915 as compared to THB1,919 achieved in 3Q11.

Thai AirAsia achieved a net profit of THB199.1 million in 3Q12, compared to a net profit of THB193.6 million in 3Q11. Net profitability was impacted by higher fuel and maintenance costs.

AirAsia Berhad has recognized RM9.0 million as equity share in the Thai AirAsia net profit for 3Q12.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2012

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2012

(A) Performance indicator for Thailand operations for current quarter against the same quarter last year

Quarter Ended: 30 September	Jul-Sep 2012	Jul-Sep 2011	Change y-o-y
Passengers Carried	1,962,055	1,610,302	22%
Capacity	2,402,820	2,021,040	19%
Seat Load Factor	82%	80%	2 ppt
RPK (million)	2,079	1,813	15%
ASK (million)	2,564	2,269	13%
Average Fare (THB)	1,915	1,919	0%
Ancillary Income Per Pax (THB)	341	390	-13%
Unit Passenger Revenue (THB)	2,256	2,309	-2%
Revenue / ASK (THB)	1.73	1.66	4%
Revenue / ASK (US cents)	5.53	5.32	4%
Cost / ASK (THB)	1.64	1.58	4%
Cost / ASK (US cents)	5.24	5.05	4%
Cost / ASK-ex Fuel (THB)	0.92	0.87	6%
Cost / ASK-ex Fuel (US cents)	2.96	2.79	6%
Aircraft (end of period)	25	21	19%
Average Stage Length (km)	1,067	1,123	-5%
Number of Flights	13,349	11,228	19%
Fuel Consumed (Barrels)	451,119	388,570	16%
Average Fuel Price (US\$ / Barrel)	130	132	-2%

Exchange Rate: USD:THB – 31.24 - prior year US cents figures are restated at current exchange rate



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2012

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2012

(B) Performance of current quarter against the same quarter last year for Thailand

Quarter Ended: 30 September THB'000	Jul-Sep 2012	Jul-Sep 2011
Revenue	4,426,438	3,772,033
Operating expenses:		
- Staff costs	(438,711)	(365,096)
- Depreciation of property, plant and equipment	(19,840)	(17,122)
- Aircraft fuel expenses	(1,826,546)	(1,598,277)
- Maintenance & overhaul	(351,284)	(278,813)
- User charges and other related expenses	(626,339)	(556,133)
- Aircraft operating lease expenses	(789,901)	(695,927)
- Travel and tour operating expenses	-	-
- Other operating expenses	(232,964)	(155,876)
Other (losses)/gains - net	-	-
Other income	89,844	90,689
Operating Profit	230,697	195,478
Finance Income	36,036	1,563
Finance Costs	(5,086)	2,607
Profit before tax	261,647	199,648
Taxation	(62,594)	(6,021)
Profit after tax	199,053	193,627
EBITDAR	1,040,438	908,527
EBITDAR Margin	24%	24%
EBIT Margin	5%	5%



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2012

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2012

(C) Balance Sheet

Quarter Ended: 30 September THB'000	Sep 2012	Dec 2011
Property, Plant & Equipment	1,642,437	309,719
Work In Progress	26,506	7,476
Deferred Expenditure	366,275	
Inventory	55,743	51,233
Other Debtors & Prepayments	1,627,368	1,982,138
Investment in subsidiaries	8,769	
Cash & Short Term Deposits	5,069,023	1,439,281
Total Assets	8,796,122	3,789,846
Sales In Advance	3,180,914	2,716,364
Other Creditors & Accruals	871,748	662,427
Amounts Owing to Related Party	133,129	361,092
Long Term Liabilities	1,426,275	595,938
Total Liabilities	5,612,066	4,335,822
Share Capital	435,556	400,000
Share Premium	2,628,786	1,228
Retained Earnings	119,714	(947,203)
Total Equity	3,184,056	(545,975)

ii) Associate Company - Indonesia AirAsia

Indonesia AirAsia is an associate company owned 49% by AirAsia Berhad. As such it is accounted for using the equity method, as permitted by the Malaysian Accounting Standards Board MFRS128, Investments in Associates. The Group's interest in Indonesia AirAsia has been reduced to zero and the Group will only recognize its share of profits after its share of profits equals the share of losses not previously recognized.

Indonesia AirAsia recorded revenue of IDR 1,200.4 billion in 3Q12, 12% higher as compared to the IDR 1,075.6 billion achieved in 3Q11. The positive growth in revenue can be attributed to higher passenger volumes which increased by 8% year-on-year and a 4% increase in the year-on-year unit passenger revenue. Passengers carried by Indonesia AirAsia increased as capacity rose 8% year-on-year while the seat load factor remained at 78%.

Indonesia AirAsia's achieved an operating profit of IDR138.3 billion in 3Q12, compared to an operating profit of IDR17.0 billion in 3Q11. After finance costs Indonesia AirAsia reported a net profit of IDR74.5 billion in the period compared to a net loss of IDR25.7 billion in the prior year.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2012

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2012

The AirAsia Berhad share of the net profit in the quarter amounted to RM11.9 million. However, as the Group's interest in Indonesia AirAsia has been reduced to zero any profits will only be recognized when a total of RM175.3 million of unrecognized losses have been reversed.

(A) Performance indicator for Indonesia operations for current quarter against the same quarter last year

Quarter Ended: 30 September	Jul-Sep 2012	Jul-Sep 2011	Change y-o-y
Passengers Carried	1,512,842	1,401,525	8%
Capacity	1,942,380	1,801,056	8%
Seat Load Factor	78%	78%	0 ppt
RPK (million)	1,833	1,839	0%
ASK (million)	2,349	2,375	-1%
Average Fare (IDR)	664,275	639,736	4%
Ancillary Income Per Pax (IDR)	129,196	123,407	5%
Unit Passenger Revenue (IDR)	793,471	763,143	4%
Revenue / ASK (IDR)	510.96	452.93	13%
Revenue / ASK (US cents)	5.37	4.76	13%
Cost / ASK (IDR)	452.10	445.79	1%
Cost / ASK (US cents)	4.75	4.68	1%
Cost / ASK-ex Fuel (IDR)	213.59	224.98	-5%
Cost / ASK-ex Fuel (US cents)	2.24	2.36	-5%
Aircraft (end of period)	19	20	-5%
Average Stage Length (km)	1,206	1,324	-9%
Number of Flights	10,831	10,240	6%
Fuel Consumed (Barrels)	455,739	428,980	6%
Average Fuel Price (US\$ / Barrel)	129	128	1%

Exchange Rate: USD:IDR – 9,524 - prior year US cents figures are restated at current exchange rate



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2012

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2012

(B) Performance of current quarter against the same quarter last year for Indonesia

Quarter Ended: 30 September IDR million	Jul-Sep 2012	Jul-Sep 2011
Revenue	1,200,396	1,075,633
Operating expenses:		
- Staff costs	(111,452)	(105,172)
- Depreciation	(22,589)	(5,411)
- Aircraft fuel expenses	(560,349)	(524,379)
- Aircraft operating lease expense	(143,111)	(161,712)
- Maintenance & overhaul	(64,260)	(79,825)
- User charges and other related expenses	(122,649)	(106,578)
- Provision for early return of aircraft	(8,378)	(52,890)
- Other operating expenses	(39,593)	(28,223)
Other (losses)/gains - net	-	-
Other income	10,256	5,524
Operating Profit	138,271	16,967
Finance Income	643	(30,338)
Finance Costs	(64,435)	(12,328)
Profit before tax	74,479	(25,699)
Taxation	-	-
Profit after tax	74,479	(25,699)
EBITDAR	303,971	184,090
EBITDAR Margin	25%	17%
EBIT Margin	12%	2%



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2012

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2012

(C) Balance Sheet

Quarter Ended: 30 September IDR million	Sep 2012	Dec 2011
Property, Plant & Equipment	1,682,965	1,711,148
Work In Progress	228	228
Deferred Expenditure	-	314
Inventory	1,904	1,618
Other Debtors & Prepayments	550,650	157,432
Maintenance Reserves	62,283	-
Cash & Short Term Deposits	132,698	32,191
Total Assets	2,430,729	1,902,931
Sales In Advance	748,732	498,231
Other Creditors & Accruals	560,988	285,994
Amounts Owing to Related Party	2,168,896	2,234,377
Borrowings	138,974	138,974
Total Liabilities	3,617,591	3,157,576
Share Capital	180,000	180,000
Share Premium	-	-
Retained Earnings	(1,366,862)	(1,434,645)
Total Equity	(1,186,862)	(1,254,645)

iii) Jointly Controlled Entity – Asian Aviation Centre of Excellence Sdn Bhd ('AACOE')

AACOE is a joint venture company which is incorporated in Malaysia and is owned in equal shares by AirAsia Berhad and CAE Inc, a Canadian incorporated aviation training organization. AACOE recorded a net profit of RM2.2 million in the quarter of which RM1.1 million is equity accounted in the AirAsia Berhad income statement.

iv) Jointly Controlled Entity – AAE Travel Pte Ltd ('AAE Travel')

AAE Travel is a joint venture company which is incorporated in Singapore and is owned in equal shares by AirAsia Berhad and Expedia Inc, a USA incorporated on-line travel agent. AAE Travel recorded a net profit of RM5.0 million in the quarter of which RM2.5 million is equity accounted in the AirAsia Berhad income statement.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2012

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2012

v) Jointly Controlled Entity – Think Big Digital Sdn Bhd ('BIG')

BIG is a joint venture company which is incorporated in Malaysia and is owned in equal shares by AirAsia Berhad and Tune Money Sdn Bhd. In the quarter under review BIG recorded a net loss of RM3.0m. The share of losses is not recognized in the AirAsia Berhad income statement as AirAsia Berhad currently has only RM1 equity invested in BIG.

vi) Associate Company – AirAsia Inc ('AirAsia Philippines')

AirAsia Philippines is an associate company which is incorporated in the Republic of the Philippines and is 40% owned by AirAsia Berhad. AirAsia Philippines recorded a net loss of RM25.6 million in the quarter of which RM nil is equity accounted in the AirAsia Berhad income statement. As the Group's interest in AirAsia Philippines has been reduced to zero, in accordance with MFRS128 no further losses will be recognized.

vii) Associate Company – AirAsia Japan Co., Ltd ('AirAsia Japan')

AirAsia Japan is an associate company which is incorporated in Japan and is 49% owned by AirAsia Berhad. AirAsia Japan recorded a net loss of RM33.9 million in the quarter of which RM16.6 million is equity accounted in the AirAsia Berhad income statement.

24. Variation of results against preceding quarter

The Group achieved a profit after taxation of RM157.8 million for the quarter under review. This is RM1,037.1 million lower compared to the RM1,194.9 million profit after taxation achieved in the immediately preceding quarter ended 30 June 2012. The preceding quarter included a RM1,160.4 million gain on disposal and fair value of the remaining 45% equity interest in Thai AirAsia.

25. Commentary on prospects

Based on the current forward booking trend, underlying passenger demand in the final quarter for the Malaysian, Thai and Indonesian operations remains positive, while the recently started operations in the Philippines and Japan continue to build scale. Load factors achieved in the month of October were in line with the prior year in Malaysia and Thailand and slightly lower in Indonesia, with average fares higher in Thailand and Indonesia.

The Group will take delivery of eleven A320 aircraft in the final quarter of the year, which will be deployed in Malaysia (5), Indonesia (3), Japan (1) and Thailand (2).



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2012

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2012

In Malaysia, forward loads for the remaining months of the final quarter are higher than in the prior year with base fares also higher, in accordance with the Company's strategy to maintain high load factors with improving yields. Passenger numbers are expected to be particularly strong in November and December during the year end holiday periods and remain strong for the rest of the quarter and in line with seasonal patterns. Both forward loads and average fares in Thailand and Indonesia for the remaining months of the final quarter are in line with or better than in the prior year, while in the Philippines and Japan loads and fares are in line with expectations for the initial stage of operations.

In Thailand, demand for tourism and travel remains strong in the final quarter which is normally the strongest quarter in a year. The shift from Suvarnabhumi to Don Muang airport has significantly strengthened Thai AirAsia's foothold in the domestic market as it is more convenient to commute to and from the city. TAA has opened the Wuhan and Xian routes in this quarter and inbound Chinese passengers remain strong.

Indonesia AirAsia will continue to expand capacity by taking delivery of three aircraft and re-strategizing the fleet allocation. IAA will strengthen its Medan and Surabaya hubs by operating international routes covering Malaysia, Thailand and Singapore, and domestic routes covering west and central Indonesia. IAA will also open Makassar as a new hub to penetrate into the eastern part of Indonesia. From Makassar, it will launch Malaysia and Singapore for international routes, and launch east, central, and west Indonesia for domestic routes. IAA will continue to optimize capacity at each hub to create a stronger network.

Philippines Air Asia will have additional routes in the final quarter, serving Singapore and Taipei from Clark. PAA will also rationalize the domestic routes and frequencies to Kalibo (Boracay) and Davao in Mindanao. Marketing and promotional campaigns will be aggressively pursued as it widens its distribution network. The Philippines continues to show remarkable economic growth, with the government reporting a 9 percent growth in foreign tourist arrivals during the first 9 months of the year.

After the successful launch of the domestic routes in August, Japan AirAsia has been operating in from Narita to Sapporo (Chitose), Fukuoka and Okinawa operating three, two and one daily flight respectively with the initial two aircraft. The delivery of the third aircraft in October enabled JAA to start its first international flight from Narita to Seoul on October 28th, to be followed by Narita to Pusan, which is planned to commence from the end of November. JAA is currently the only low cost carrier operating international flights from Narita.

The outlook for the final quarter of the year should be seen in the context of the current prices of oil and aviation fuel which remain high. However, barring any unforeseen circumstances, the Directors remain positive for the prospects of the Group for the final quarter of 2012.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2012

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2012

26. Profit forecast

As AirAsia Berhad does not provide profit forecasts the disclosure requirements are not applicable.

27. Finance income/(costs)

All figures in RM'000	Group and Company			
	Quarter Ended 30/9/12	Quarter Ended 30/9/11	Year to Date 30/9/12	Year to Date 30/9/11
Finance income				
Interest on amounts due from associates and JV entities	13,013	13,910	38,370	31,788
Interest on deposits	4,824	1,016	10,379	2,934
Other interest income	2,642	2,669	9,703	10,007
	20,479	17,595	58,452	44,729
Finance costs				
Bank borrowings	(94,265)	(93,128)	(274,447)	(275,010)
Amortisation of premiums for interest rate caps	(1,986)	(1,963)	(5,930)	(5,874)
Hire purchase payables	-	-	-	(3)
Bank facilities and other charges	(366)	(452)	(1,200)	(1,239)
	(96,617)	(95,543)	(281,577)	(282,126)
Net cost	(76,138)	(77,948)	(223,125)	(237,397)
Foreign exchange gains/(losses)				
Borrowings				
- realized	(82)	(6,947)	(20,692)	(22,180)
- unrealized	206,992	(162,494)	206,928	(30,300)
- fair value movement recycled from cash flow hedge reserve	(106,081)	96,359	(99,226)	30,234
	100,829	(73,082)	87,010	(22,246)



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2012

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2012

28. Income tax expense

Current taxation

The current taxation charge of RM4.4 million comprises tax payable on interest income.

Deferred taxation

An additional RM96.9 million deferred tax charge arose in the current financial period as a result of the increase in deferred tax liabilities arising from the increase in the difference between the net book value and tax written down value of property, plant and equipment. The reduction in the deferred tax assets is a result of the utilization of capital allowances granted.

29. Unquoted investments and properties

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

30. Quoted investments and properties

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

31. Status of corporate proposals announced

Proposed acquisition plans in Indonesia

Following the announcement on 15 October 2012 on the acquisition of Batavia Air, AirAsia wishes to update that there has been no change in the status of the decision not to pursue with this acquisition.

Call option between AirAsia, Tune Ins Holdings Berhad and Tune Money Sdn Bhd

Following the announcement on 11 October 2012 on the above matter, AirAsia wishes to announce that AirAsia has exercised its right under the Call Option Agreement with Tune Ins Holdings Berhad (formerly known as Tune Ins Holdings Sdn Bhd) (“TIH”) and Tune Money Sdn Bhd dated 20 April 2012 to purchase 121,677,000 ordinary shares of RM0.10 each in TIH, for a consideration of RM16.0 million, which represents 20% of its current issued and paid up share capital of 608,385,080 shares.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2012

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2012

32. Borrowings and debt securities

	At 30/9/2012 RM'000	At 30/6/2012 RM'000
Current	1,080,389	1,022,457
Non-current	6,731,180	6,892,492
Total Debt	7,811,569	7,914,949

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

The maturity period of non-current borrowing is 14 years and below. Borrowings are denominated in US Dollar (predominantly), RM and Euro. The Company has substantially hedged its foreign exchange exposure through foreign exchange contracts as explained in Note 33 (i).

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



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2012

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2012

33. Derivative Financial Instruments:

The fair value of derivative financial instruments is determined in accordance with FRS139 “Financial Instruments: Recognition and Measurement”

(i) Forward Foreign Exchange Contracts

As at 30 September 2012, the Group has hedged approximately 41% of its dollar liabilities of its aircraft and engine loans into Malaysian Ringgit (“MYR”) by using long dated foreign exchange forward contracts. The calculation includes loans for aircraft deployed to Thai AirAsia and Indonesia AirAsia where AirAsia receives lease payments in USD. However, if the calculation is based on loans of aircraft deployed to Malaysia, approximately 64% of the loans are hedged from USD into MYR. The latest weighted average of USDMYR forward exchange rate is 3.2250.

(ii) Interest Rate Hedging

The Group has entered into interest rate hedging transactions to hedge against fluctuations in the US\$ Libor on its existing and future aircraft financing for aircraft delivering from 2005 to 2013. As at 30 September 2012, there are 14 forward start US\$ varying from 1.99% to 2.40%, with 12 years tenure for future aircraft loans for aircraft purchases delivering between the remaining of 2012 and 2013.

(iii) Fuel Hedging

As at 30 September 2012, the Group has entered into Brent fixed swap which represents up to 29% of the Group’s total budgeted fuel consumption for the remaining of 2012 with a weighted average of price US\$116 per barrel.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2012

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2012

33. Derivative financial instruments (continued)

Type of derivatives	Notional Value as at 30/9/2012	Fair Value as at 30/9/2012 Assets/(Liabilities)
(i) Fuel contract	Barrels (million)	RM (million)
- less than 1 year	0.4	(5.0)
- 1 year to 3 years	-	-
Total	0.4	(5.0)
	RM (million)	RM (million)
(ii) Interest rate contracts		
- less than 1 year	-	-
- 1 year to 3 years	-	-
- more than 3 years	4,519.2	(523.9)
Total	4,519.2	(523.9)
	RM (million)	RM (million)
(iii) Foreign currency contracts		
- less than 1 year	-	-
- 1 year to 3 years	69.1	(5.0)
- more than 3 years	3,746.7	(22.0)
Total	3,815.8	(27.0)

The related accounting policies, cash requirements of the derivatives, risks associated with the derivatives and policies to mitigate those risks are unchanged since the last financial year.

34. Material litigation

As at 21 November 2012, there was no material litigation against the Group.

35. Proposed dividend

The Directors do not recommend any dividend for the quarter ended 30 September 2012.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 2012

NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 2012

36. 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 30/9/12	Preceding Year Quarter Ended 30/9/11	Current Year to Date 30/9/12	Preceding Year to Date 30/9/11
Net profit for the financial period (RM'000)	157,810	152,299	1,527,930	428,490
Weighted average number of ordinary shares in issue for basic EPS ('000)	2,779,056	2,776,053	2,779,056	2,776,053
Adjusted for share options granted ('000)	3,204	4,974	3,204	4,974
Adjusted weighted average number of ordinary shares ('000)	2,782,260	2,781,027	2,782,260	2,781,027
Basic earnings per share (sen)	5.7	5.5	55.0	15.4
Diluted earnings per share (sen)	5.7	5.5	55.0	15.4

(b) Diluted earnings per share

Diluted 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, adjusted for share options granted.

37. 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
21 November 2012