



**AIRASIA BERHAD**  
(Company No. 284669-W)

**(Incorporated in Malaysia with limited liability under the Companies Act, 1965)**  
**SECOND QUARTER REPORT ENDED 31 DECEMBER 2005**

**ANNOUNCEMENT**

The Board of Directors of AirAsia Berhad (“AirAsia” or the Company) is pleased to announce the following unaudited consolidated results for the second quarter ended 31 December 2005.

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR PERIOD	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/05 RM'000	31/12/04 RM'000	31/12/05 RM'000	31/12/04 RM'000
Revenue	225,925	178,633	412,202	302,831
Cost of Sales	(139,816)	(114,422)	(290,517)	(206,468)
Gross profit from operations	86,109	64,211	121,685	96,363
Other operating expenses	(22,065)	(12,717)	(37,158)	(25,708)
Other operating income	8,853	3,353	13,127	4,634
Profit from operations	72,897	54,847	97,654	75,289
Finance costs	(1,881)	(1,876)	(2,001)	(3,459)
Depreciation and amortisation	(21,993)	(6,529)	(34,768)	(11,463)
Share of results of jointly controlled entity	4,950	(720)	5,038	(4,020)
<b>Profit before taxation</b>	<b>53,973</b>	<b>45,722</b>	<b>65,923</b>	<b>56,347</b>
Taxation	(555)	(1,671)	(717)	(1,818)
<b>Profit after taxation</b>	<b>53,418</b>	<b>44,051</b>	<b>65,206</b>	<b>54,529</b>
Add: Minority interests	(42)	310	(159)	310
<b>Profit after taxation and minority interests attributable to shareholders</b>	<b>53,376</b>	<b>44,361</b>	<b>65,047</b>	<b>54,839</b>
Basic earnings per share (sen)	2.5	2.2	3.1	2.9
Diluted earnings per share (sen)	2.5	2.2	3.0	2.9

This Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the financial year ended 30 June 2005

The accompanying notes are an integral part of this statement



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(Company No. 284669-W)

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**SECOND QUARTER REPORT ENDED 31 DECEMBER 2005**

**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2005**

	UNAUDITED AS AT END OF CURRENT QUARTER 31/12/05 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 30/06/05 RM'000
<b>NON CURRENT ASSETS</b>		
Property, plant & equipment	569,381	231,486
Investment in a jointly controlled entity	11,757	6,719
Other investments	84	90
Goodwill	8,738	7,334
Deferred expenditure	2,302	3,221
	<b>592,262</b>	<b>248,850</b>
<b>CURRENT ASSETS</b>		
Inventories (at cost)	6,782	4,680
Other investments	27,057	7,717
Trade and other receivables	356,244	278,849
Deposit on aircraft purchase	269,895	182,414
Amount due from a jointly controlled entity	17,835	30,511
Amounts due from associates	76,756	40,634
Deposits, bank and cash balances	355,571	329,289
	<b>1,110,140</b>	<b>874,094</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	215,020	155,010
Amount due to an associate	202	202
Hire-purchase payables	142	167
Term loan (secured)	216,106	-
Current tax liabilities	411	798
	<b>431,881</b>	<b>156,177</b>
<b>NET CURRENT ASSETS</b>	<b>678,259</b>	<b>717,917</b>
<b>NON CURRENT LIABILITIES</b>		
Deferred tax liabilities	13,613	13,613
Term Loan (secured)	230,345	-
Hire-purchase payables	205	283
	<b>244,163</b>	<b>13,896</b>
	<b>1,026,358</b>	<b>952,871</b>
<b>CAPITAL AND RESERVES</b>		
Share capital	234,269	233,503
Share premium	706,116	698,602
Retained Earnings	85,798	20,751
Shareholders' funds	1,026,183	952,856
Minority interests	175	15
	<b>1,026,358</b>	<b>952,871</b>
<b>*NET TANGIBLE ASSETS PER SHARE (RM)</b>	<b>0.44</b>	<b>0.41</b>

This Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements for the financial year ended 30 June 2005



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(Company No. 284669-W)

**(Incorporated in Malaysia with limited liability under the Companies Act, 1965)**  
**SECOND QUARTER REPORT ENDED 31 DECEMBER 2005**

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	CURRENT PERIOD ENDED 31/12/2005	PRECEDING YEAR ENDED 31/12/2004
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	65,923	56,347
Adjustments:		
Share of results of a jointly controlled entity	(5,038)	-
Interest expense	2,001	3,459
Property, plant and equipment		
- Depreciation	34,768	11,464
Amortisation of deferred expenditure	919	-
Interest income	(4,905)	(3,118)
	93,668	68,152
<b>Changes in working capital</b>		
Inventories	(2,102)	(183)
Trade and other receivables	(77,395)	(79,198)
Trade and other payables	60,016	17,911
Intercompany balances	12,676	1,044
	86,863	7,726
<b>Cash (used in)/generated from operations</b>		
Interest paid	(2,001)	(3,459)
Interest received	4,905	3,118
Tax paid	(1,104)	(98)
<b>Net cash (used in)/from operating activities</b>	88,663	7,287
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment		
- Additions	(372,663)	(45,049)
Deposit on aircraft purchase	(87,481)	-
Purchase of investments	(19,340)	-
Advance to associates	(36,122)	(28,560)
Acquisition of an associated company	-	(19,988)
Acquisition of subsidiaries	(1,404)	-
<b>Net cash used in investing activities</b>	(517,010)	(93,597)
<b>CASH FLOWS FROM FINANCING FACILITIES</b>		
Proceeds from allotment of shares	8,280	697,351
Share issue costs	-	-
Hire purchase instalments paid	(103)	(132)
Term loan received	446,451	-
Fixed deposits pledged as securities	2,579	-
<b>Net cash from financing activities</b>	457,207	697,219
<b>NET INCREASE FOR THE FINANCIAL YEAR</b>	28,860	610,909
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	312,548	58,589
<b>*CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	341,408	669,498

\* The balance at end of financial period excludes fixed deposits of RM14.2 million (31/12/04: RM7.5 million) pledged with licensed bank 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 30 June 2005



**AIRASIA BERHAD**  
 (Company No. 284669-W)  
 (Incorporated in Malaysia with limited liability under the Companies Act, 1965)  
**SECOND QUARTER REPORT ENDED 31 DECEMBER 2005**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF  
 CHANGES IN EQUITY**

	Issued and fully paid ordinary shares of RM0.10 each		Distributable		
	Number of shares '000	Nominal value RM'000	Share premium RM'000	Retained earnings RM'000	TOTAL RM'000
<b>6 months ended 31/12/04</b>					
At 1 July 2004	*175,127	175,127	65,959	(90,806)	150,280
**Share split	1,576,144	-	-	-	-
Issuance of shares	583,760	58,376	635,784	-	694,160
Net Profit	-	-	-	54,839	54,839
At 31 December 2004	2,335,031	233,503	701,743	(35,967)	899,279
<b>6 months ended 31/12/05</b>					
At 1 July 2005	2,335,031	233,503	698,602	20,751	952,856
Issuance of ordinary shares - Pursuant to the Employees' Share Option Scheme ('ESOS')	7,667	766	7,514	-	8,280
Net Profit	-	-	-	65,047	65,047
At 31 December 2005	2,342,698	234,269	706,116	85,798	1,026,183

\* Ordinary shares at par value of RM1.00 per share before the share split on 6 Oct 2004

This Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the financial year ended 30 June 2005



**AIRASIA BERHAD**  
(Company No. 284669-W)  
(Incorporated in Malaysia with limited liability under the Companies Act, 1965)  
**SECOND QUARTER REPORT ENDED 31 DECEMBER 2005**

**KEY OPERATING STATISTICS – 31 DECEMBER 2005**

<b>PERFORMANCE INDICATORS</b>	<b>ACTUAL Q2 FY2006</b>	<b>ACTUAL Q1 FY2006</b>
Passengers carried	1,343,795	1,192,692
RPK (million)	1,532	1,358
ASK (million)	2,009	1,953
Average fares (RM)	156	144
Passenger load factor (%)	76%	70%
Revenue per RPK (sen)	14.75	13.72
Cost per ASK (sen)	9.15	9.16
Cost per ASK (sen) excl fuel	5.21	4.70
Sectors flown	11,516	11,436
Number of aircraft at period/ year end	23.00	21.00
Average number of aircraft	19.65	18.76



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(Company No. 284669-W)

**(Incorporated in Malaysia with limited liability under the Companies Act, 1965)**  
**SECOND QUARTER REPORT ENDED 31 DECEMBER 2005**

**UNAUDITED NOTES TO THE ACCOUNTS – 31 DECEMBER 2005**

1. *(A statement that the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements or, if those policies or methods have been changed, a description of the nature and effect of the change)*

The interim financial report has been prepared in accordance with the requirements of Financial Reporting Standards (“FRS”) No. 134 – Interim Financial Reporting and Appendix 9B of the Listing Requirements of the Bursa Malaysia Securities Berhad (Bursa Malaysia). The financial statements should be read in conjunction with the Group's most recent audited financial statements for the year ended 30 June 2005.

The accounting policies and methods of computation used in the Group's annual financial statements for the financial year ended 30 June 2005 have been used in the preparation of the interim financial statements.

2. *(Where the audit report of the enterprise's preceding annual financial statements was qualified, disclosure of the qualification and the current status of the matter(s) giving rise to the qualification)*

The audit report of the Group's annual financial statements for the financial year ended 30 June 2005 was not subject to any qualification.

3. *(Explanatory comments about the seasonality or cyclicity of interim operations)*

AirAsia is principally involved in the provision of air transportation services and thus, is subject to the seasonal demand for air travel. The passenger load factor of our second quarter was 76%, which was 6% higher than the immediately preceding quarter due to higher demand for air travel during the months from October to December. This pattern is in line with the expectation of the Group.

4. *(The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that is unusual because of their nature, size, or incidence)*

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the quarter.



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(Company No. 284669-W)

**(Incorporated in Malaysia with limited liability under the Companies Act, 1965)**  
**SECOND QUARTER REPORT ENDED 31 DECEMBER 2005**

**UNAUDITED NOTES TO THE ACCOUNTS – 31 DECEMBER 2005**

5. *(The nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period)*

There have been no changes in the basis of estimates provided in respect of the financial period under review.

6. *(Issuance, cancellations, repurchases, resale and repayments of debt and equity securities)*

During the financial period under review ended 31 December 2005, the issued and paid-up capital of the Company was increased from 2,335,031,080 to 2,342,698,480 ordinary shares by the issuance of 7,667,400 ordinary shares pursuant to the exercise of ESOS at the option price of RM1.08. Other than the above, there were no issuance and repayment of debt and equity securities, share buy-backs, share cancellation or shares held as treasury shares and resale of treasury shares in the period under review.

7. *(Dividends paid (aggregate or per share) separately for ordinary shares and other shares)*

There were no dividends paid during the quarter under review.

8. *(Segment revenue and segment result for business segments or geographical segments, whichever is the enterprise's primary basis of segment reporting [disclosure of segment data is required in an enterprise's interim financial report only if MASB 22, Segment Reporting, requires that enterprise to disclose segment data in its annual financial statements])*

Segmental information is not presented as there are no significant business segments other than the provision of air transportation services. The financial results for the quarter under review include our share of results from our operations in Thailand and Indonesia, via our joint venture and associated companies, Thai AirAsia Co. Ltd. and PT Indonesia AirAsia respectively. However, the financial results from our operations in Thailand and Indonesia are not significant compared to the operations of the Group. The Group's operations are conducted predominantly in Malaysia.



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(Company No. 284669-W)

**(Incorporated in Malaysia with limited liability under the Companies Act, 1965)**  
**SECOND QUARTER REPORT ENDED 31 DECEMBER 2005**

**UNAUDITED NOTES TO THE ACCOUNTS – 31 DECEMBER 2005**

9. *(Where valuations of property, plant and equipment have been brought forward, without amendment from the previous annual financial statements, a statement to that effect should be given)*

There was no revaluation property, plant and equipment during the quarter under review.

10. *(Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period)*

There were no material events subsequent to the end of the quarter that have not been reflected in the financial statements for the quarter.

11. *(The effect of changes in the composition of the enterprise during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructuring, and discontinuing operations)*

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.

In the recent share acquisition of 49.6% of Shin Corporation Public Company Limited ("ShinCorp"), our joint venture partner in Thai AirAsia Co Limited ("Thai AirAsia"), ShinCorp has liquidated its 50% shares in Thai AirAsia to a new Thai holding company, Asia Aviation Company Limited ("Asia Aviation"). The shareholders of Asia Aviation consist of ShinCorp (49%) and Mr. Sittichai Veerathumnoon (51%).

There is no change to the equity held in Thai AirAsia by AA International Limited (49%), a subsidiary of AirAsia and Mr. Tassapon Bijleveld (1%), the Chief Executive Officer of Thai AirAsia.

There were no material effect on the results of the Company and the Group as a result of this change.





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**SECOND QUARTER REPORT ENDED 31 DECEMBER 2005**

**UNAUDITED NOTES TO THE ACCOUNTS – 31 DECEMBER 2005**

12. *(Changes in contingent liabilities or contingent assets since the last annual balance sheet date)*

There have been no material changes in contingent liabilities since the last audited balance sheet date as at 30 June 2005.

13. *Commitments*

- (a) Capital commitments for property, plant and equipment:

	<u>Group and Company</u>	
	<u>31.12.05</u>	<u>30.06.05</u>
	RM'000	RM'000
Approved and contracted for	7,782,332	8,108,067
Approved and not contracted for	49,573	94,000
	-----	-----
	7,831,905	8,202,067
	=====	=====

- (b) Non-cancelable operating leases

The future minimum lease payments under non-cancelable operating leases are:

	<u>Group and Company</u>	
	<u>31.12.05</u>	<u>30.06.05</u>
	RM'000	RM'000
Not later than 1 year	57,766	90,995
Later than 1 year and not later than 5 years	328,610	258,926
Later than 5 years	86,311	62,871
	-----	-----
	472,687	412,792
	=====	=====



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**SECOND QUARTER REPORT ENDED 31 DECEMBER 2005**

**UNAUDITED NOTES TO THE ACCOUNTS – 31 DECEMBER 2005**

14. *(A review of the performance of the company and its principal subsidiaries, setting out material factors affecting the earnings and/or revenue of the company and the group for the current quarter and financial year-to-date)*

The Group recorded revenue of RM225.9 million and profit before tax of RM54.0 million respectively for the quarter. For the financial year-to-date under review, the Group recorded a revenue of RM412.2 million and profit before tax of RM65.9 million respectively.

As compared to the immediately preceding quarter, revenue and load factor for the quarter under review have improved 21% and 6% respectively. Average fare has increased from RM144 to RM156 due to peak travel season during the current quarter as compared to the immediate preceding quarter. Kindly also refer to Key Operating Statistics on page 5.

15. *(An explanatory comment on any material change in the profit before taxation for the quarter reported on as compared with the immediate preceding quarter)*

The Group achieved a profit before tax of RM54.0 million for the quarter under review. This was an increase of RM42.0 million compared to that of the immediately preceding quarter ended 30 September 2005. The increase in profit was mainly due to higher load factor and average fare during the festive/holiday seasons for the months of October to December. The results for the quarter also showed a significant increase compared with the corresponding quarter of the previous financial year.

The Group equity accounts for profits/losses in jointly-controlled entities and associated companies. Equity accounting for losses is discontinued when the carrying amount of the investment in an associated company reaches zero unless the Group has incurred obligations of the associate.

Included in the Group's result was RM4.9 million, being the 49% share of profits contributed by Thai AirAsia, a jointly-controlled entity. This is an increase of RM4.8 million compared to the preceding quarter ended 30 September 2005. Losses in the Group's associated company, Indonesia AirAsia, which are not included in the Group's results under the existing accounting policy, amounted to RM2.1 million in the current quarter and RM5.1 million for the financial year-to-date.



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(Company No. 284669-W)

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**SECOND QUARTER REPORT ENDED 31 DECEMBER 2005**

**UNAUDITED NOTES TO THE ACCOUNTS – 31 DECEMBER 2005**

16. *(A commentary on the prospects, including the factors that are likely to influence the company's prospects for the remaining period to the end of the financial year or the next financial year if the reporting period is the last quarter)*

The high cost of jet fuel remains a real concern. The Board does not anticipate fuel prices falling significantly and is of the view that they will remain at high levels in the short term. The Company has hedged 100% of its fuel volume requirement for the financial year ending 30 June 2006. Of the total volume, 75% of the requirement was hedged based on WTI crude oil within the pricing band of USD40 to USD52 per barrel. The pricing band for the remaining 25% is between USD48 and USD60 per barrel.

The Group is facing a number of challenges including increased competitive pressures, the unpredictability of fuel prices and the possible outbreak of bird flu in the region. Given the increased level of challenges, the Directors believe it is difficult to make an accurate forecast of the results for the second half of the current financial year. The Directors remain positive on the long term business outlook of the Group that is geared for growth.

17. *(A breakdown of the tax charge and an explanation of the variance between the effective and statutory tax rate for the current quarter and financial year-to-date)*

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Quarter	Current Year Period	Preceding Year Corresponding Period
	31/12/05 RM'000	31/12/04 RM'000	31/12/05 RM'000	31/12/04 RM'000
<u>Group</u>				
Current tax	555	1,671	717	1,818
Deferred tax	0	0	0	0
	555	1,671	717	1,818



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(Company No. 284669-W)

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**SECOND QUARTER REPORT ENDED 31 DECEMBER 2005**

**UNAUDITED NOTES TO THE ACCOUNTS – 31 DECEMBER 2005**

The Company has received approval from Ministry of Finance under Section 127 of Income Tax Act, 1967 for income tax exemption in the form of an Investment Allowance ('IA') of 60% on qualifying expenditure incurred within the period of 5 years commencing 01 July 2004 to 30 June 2009, to be set off against 70% of statutory income for each year of assessment. The IA incentive will contribute positively to AirAsia's future earnings. The current taxation charge is in respect of interest income, which is assessed separately.

18. *(The amount of profits/(losses) on any sale of unquoted investments and/or properties respectively for the current quarter and financial year-to-date)*

There was no sale of unquoted investments or properties for the quarter.

19. *(The following particulars of any purchase or disposal of quoted securities other than securities in existing subsidiaries and associated companies by all companies except closed-end funds, a company whose activities are regulated by any written law relating to banking, finance companies or insurance and are subject to supervision by Bank Negara Malaysia, Member Companies and such other companies as may be exempted by the Exchange:*

- (a) Total purchase consideration and sale proceeds of quoted securities for the current quarter and financial year-to-date and profit/loss arising therefrom;*
- (b) Investments in quoted securities as at the reporting period:-*
- (i) at cost;*
  - (ii) at carrying value/book value; and*
  - (iii) at market value).*

There were no purchases or disposals of quoted securities for the quarter.



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(Company No. 284669-W)

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**SECOND QUARTER REPORT ENDED 31 DECEMBER 2005**

**UNAUDITED NOTES TO THE ACCOUNTS – 31 DECEMBER 2005**

20. (a) *The status of corporate proposals announced but not completed at the latest practicable date which shall not be earlier than 7 days from the date of issue of the quarterly report.*
- (b) *Where applicable, a brief explanation of the status of utilisation of proceeds raised from any corporate proposal)*

There were no corporate proposals announced but not completed as at 20 February 2006 (the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report).

The IPO proceeds were received on 23 November 2004. The amount of RM717.4 million was derived from the issuance of 443,655,900 new shares at RM1.25 each to institutional investors and 140,101,900 new shares at the retail price of RM1.1625 each to the Malaysian public, eligible Directors and employees of the Company and its subsidiary and persons who have contributed to the success of the Group. As at 20 February 2006, the following are the details of the utilization of the IPO proceeds:-

	<b>Proposed Utilization of IPO proceeds</b>	<b>Utilised to date</b>	<b>Balance</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Repayment of bank borrowings	94,240	94,240	0
Capital expenditure	100,000	100,000	0
Estimated listing expenses	35,500	26,420	9,080
Working capital	487,699	260,206	227,493
	<b>717,439</b>	<b>480,866</b>	<b>236,573</b>



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**SECOND QUARTER REPORT ENDED 31 DECEMBER 2005**

**UNAUDITED NOTES TO THE ACCOUNTS – 31 DECEMBER 2005**

21. *(The group borrowings and debt securities as at the end of the reporting period:-*
- (a) Whether secured or unsecured, and a breakdown between secured and unsecured, if applicable;*
  - (b) Breakdown between short term and long term borrowings; and*
  - (b) Whether denominated in foreign currency, and a breakdown of the debt/borrowings in each currency, if applicable)*

Total borrowings as at 31 December 2005 were as follows:-

	RM'000
Term loans (secured) :	
Current	216,106
Non-current	230,345
	-----
Total Outstanding	446,451
	=====

The term loans are for the purchase of new aircraft A320-200.

The maturity period of non-current borrowing does not exceed 12 years. All borrowings are denominated in USD. The effective interest rates per annum of the borrowings at the balance sheet date are between 4.85% to 5.39% per annum.

The above term loans are secured by the following:-

- Assignment of rights under contract with Airbus over each aircraft
- Assignment of insurance of each aircraft
- Assignment of airframe and engine warranties of each aircraft



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**SECOND QUARTER REPORT ENDED 31 DECEMBER 2005**

**UNAUDITED NOTES TO THE ACCOUNTS – 31 DECEMBER 2005**

22. (A summary of off balance sheet financial instruments by type and maturity profile at the latest practicable date which shall not be earlier than 7 days from the date of issue of the quarterly report, including the following information:-

- (a) the face or contract amount (or notional principal amount if there is no face or contract amount); and
- (b) the nature and terms, including at a minimum, a discussion of:
- (i) the credit and market risk of those instruments;
  - (ii) the cash requirement of those instruments; and
  - (iii) the related accounting policies)

Fair value of derivative financial instruments is the present value of their future cash flow and is derived at based on valuation carried out by the Company's bankers.

Fair value of derivative financial instruments for the Group and Company as at balance sheet date is as follows:

	<u>Maturity period</u>	<u>Contract or notional principal amount Barrels</u>	<u>Favourable net fair value RM'000</u>	<u>Unfavourable net fair value RM'000</u>
Fuel forward contracts	1.7.2005 - 30.6.2006	2,208,000	155,176	0
Fuel purchase options contracts	1.7.2005 - 30.6.2006	1,128,000	5,673	
Fuel written options contracts	1.7.2005 - 30.6.2009	10,128,000	0	(147,155)
Fuel swap contracts	1.1.2006 - 29.6.2007	3,700,000	0	(223)
		<u>17,164,000</u>	<u>160,849</u>	<u>(147,378)</u>

23. (Changes in material litigation (including status of any pending material litigation) since the last annual balance sheet date which shall be made up to a date not earlier than 7 days from the date of issue of the quarterly report)

There was no pending material litigation as at 20 February 2006 (a date not earlier than 7 days from the date of issue of this quarterly report) since the last annual balance sheet date.



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**SECOND QUARTER REPORT ENDED 31 DECEMBER 2005**

**UNAUDITED NOTES TO THE ACCOUNTS – 31 DECEMBER 2005**

24. *(Dividend: To be completed if a decision regarding dividend has been made. (State whether dividend amount is before tax, net of tax or tax exempt and if before tax or net of tax, state the tax rate):*
- (a) *(i) an interim/final ordinary dividend has/has not been declared/recommended;*
    - (ii) the amount per share ... sen;*
    - (iii) the previous corresponding period ... sen;*
    - (iv) the date payable ...; and*
    - (v) in respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at ... dd/mm/yyyy; and*
  - (b) *the total dividend for the current financial year ... sen*

The Board of Directors does not recommend any dividend for the quarter.

25. *(To disclose the following in respect of earnings per share:-*
- (a) *the amount used as the numerator in calculating basic and diluted earnings per share and a reconciliation of those amounts to the net profit or loss for the reporting period; and*
  - (b) *the weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share, and a reconciliation of these denominators to each other)*

**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.





**AIRASIA BERHAD**  
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)  
**SECOND QUARTER REPORT ENDED 31 DECEMBER 2005**

**UNAUDITED NOTES TO THE ACCOUNTS – 31 DECEMBER 2005**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year Period	Preceding Year Corresponding Period
	31/12/05	31/12/04	31/12/05	31/12/04
Net profit for the financial period (RM'000)	53,376	44,361	65,047	54,839
Weighted average number of ordinary shares in issue ('000)	2,119,872	2,005,078	2,119,872	1,878,174
Basic earnings per share (sen)	2.5	2.2	3.1	2.9

**Diluted earnings per share**

For the diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group's dilutive potential ordinary shares are in respect of options over shares granted to employees.

In respect of options over shares granted to employees, a calculation is done to determine the number of ordinary shares that could have been acquired at fair value (determined as the average share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding options over shares. The number of ordinary shares calculated is compared with the number of shares that would have been issued assuming the exercise of the options over shares. The difference is added to the denominator as an issue of ordinary shares for no consideration. This calculation serves to determine the "bonus" element in the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to net profit for the period for the options over shares calculation.



**AIRASIA BERHAD**  
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**SECOND QUARTER REPORT ENDED 31 DECEMBER 2005**

**UNAUDITED NOTES TO THE ACCOUNTS – 31 DECEMBER 2005**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year Period	Preceding Year Corresponding Period
	31/12/05	31/12/04	31/12/05	31/12/04
Net profit for the financial period (RM'000)	53,376	44,361	65,047	54,839
Weighted average number of ordinary shares in issue for basic EPS ('000)	2,119,872	2,005,078	2,119,872	1,878,174
Adjusted for share options granted ('000)	29,987	34,005	29,987	22,547
Adjusted weighted average number of ordinary shares ('000)	2,149,859	2,039,083	2,149,859	1,900,721
Diluted earnings per share (sen)	2.5	2.2	3.0	2.9

By order of the Board

JASMINDAR KAUR a/p SARBAN SINGH

(MAICSA 7002687)  
COMPANY SECRETARY  
23 February 2006