



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

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)  
FIRST QUARTER REPORT ENDED 31 March 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 first quarter ended 31 March 2012.

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Period ended	Period ended
		31/03/2012 RM'000	31/03/2011 RM'000	31/03/2012 RM'000	31/03/2011 RM'000
Revenue	10	1,168,398	1,053,283	1,168,398	1,053,283
Operating expenses:					
- Staff costs		(150,978)	(117,995)	(150,978)	(117,995)
- Depreciation of property, plant and equipment		(130,742)	(141,136)	(130,742)	(141,136)
- Aircraft fuel expenses		(442,284)	(376,547)	(442,284)	(376,547)
- Maintenance and overhaul		(27,622)	(25,919)	(27,622)	(25,919)
- User charges and other related expenses		(108,720)	(126,122)	(108,720)	(126,122)
- Aircraft operating lease expenses		(40,385)	(15,795)	(40,385)	(15,795)
- Travel and tour operating expenses		-	(17,933)	-	(17,933)
- Other operating expenses		(43,104)	(32,836)	(43,104)	(32,836)
Other (losses)/gains - net	11	(10,384)	13,862	(10,384)	13,862
Other income		25,896	28,855	25,896	28,855
<b>Operating Profit</b>		<b>240,075</b>	<b>241,717</b>	<b>240,075</b>	<b>241,717</b>
Finance Income	26	18,418	14,671	18,418	14,671
Finance Costs	26	(90,525)	(94,488)	(90,525)	(94,488)
<b>Net operating profit</b>		<b>167,968</b>	<b>161,900</b>	<b>167,968</b>	<b>161,900</b>
Foreign Exchange gain/(loss) on borrowings	26	83,583	40,974	83,583	40,974
Foreign Exchange gain/(loss) on amounts due from associates and jointly-controlled entities		(28,192)	-	(28,192)	-
Share of results of a jointly controlled entity	22	(2,989)	-	(2,989)	-
Share of results of associates	22	(7,965)	-	(7,965)	-
<b>Profit before tax</b>		<b>212,405</b>	<b>202,874</b>	<b>212,405</b>	<b>202,874</b>
Current Taxation	28	(3,800)	(3,658)	(3,800)	(3,658)
Deferred taxation	28	(36,169)	(27,288)	(36,169)	(27,288)
<b>Profit after tax</b>		<b>172,436</b>	<b>171,928</b>	<b>172,436</b>	<b>171,928</b>
Attributable to:					
-Equity holders of the company		172,436	171,928	172,436	171,928
-Minority interests		-	-	-	-
		<b>172,436</b>	<b>171,928</b>	<b>172,436</b>	<b>171,928</b>
Basic earnings per share (sen)		6.2	6.2	6.2	6.2
Diluted earnings per share (sen)		6.2	6.2	6.2	6.2

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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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Period ended	Period ended
	31/03/2012 RM'000	31/03/2011 RM'000	31/03/2012 RM'000	31/03/2011 RM'000
<b>Profit/(Loss) for the period</b>	172,436	171,928	172,436	171,928
Other comprehensive income / (loss)				
Available-for-sale financial assets	-	-	-	-
Cash flow hedges	12 118,728	1,405	118,728	1,405
Foreign currency translation differences	-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>	<b>291,164</b>	<b>173,333</b>	<b>291,164</b>	<b>173,333</b>
Total comprehensive income/(loss) attributable to:				
Equity holders of the company	291,164	173,333	291,164	173,333
Minority Interest	-	-	-	-



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## UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	PERIOD ENDED	PERIOD ENDED
	31/03/2012 RM'000	31/12/2011 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	212,405	777,017
Adjustments:		
Property, plant and equipment		
- Depreciation	130,742	570,909
- Write off	-	1,089
- Impairment	-	16,983
- Gain on disposal	(10,107)	(198,923)
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	114,481	(41,515)
Share of results of jointly-controlled entities	2,989	(11,980)
Share of results of associates	7,965	5,652
Net unrealised foreign exchange (gain)/loss	(165,111)	150,234
Interest expense	88,110	368,007
Interest income	(18,418)	(43,422)
	363,056	1,572,824
<b>Changes in working capital</b>		
Inventories	1,169	(2,177)
Receivables and prepayments	(157,264)	(261,860)
Trade and other payables	(58,802)	272,573
Intercompany balances	24,732	169,205
<b>Cash generated from / (used in) operations</b>	172,891	1,750,565
Interest paid	(87,810)	(367,707)
Interest received	18,418	43,422
Tax paid	(2,996)	(22,381)
<b>Net cash from / (used in) operating activities</b>	<b>100,503</b>	<b>1,403,899</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment		
- Additions	(107,572)	(612,393)
- Proceeds from disposal	12,524	387,960
Investment in a jointly controlled entity	-	(111,674)
Investment in an associate	-	(44,702)
Deposit on aircraft purchase	-	(106,662)
<b>Net cash used in investing activities</b>	<b>(95,048)</b>	<b>(487,471)</b>
<b>CASH FLOWS FROM FINANCING FACILITIES</b>		
Proceeds from allotment of shares	316	5,021
Hire purchase instalments paid	-	(15)
Proceeds from borrowings	102,141	508,148
Dividend paid	-	(76,965)
Repayment of borrowings	(155,761)	(752,224)
Deposits pledged as securities	(72)	16,395
<b>Net cash from financing activities</b>	<b>(53,376)</b>	<b>(299,640)</b>
<b>NET INCREASE/(DECREASE) FOR THE FINANCIAL PERIOD</b>	(47,921)	616,788
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	2,092,616	1,475,828
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*</b>	<b>2,044,695</b>	<b>2,092,616</b>

\* The balance at end of financial period excludes fixed deposits of RM12.466 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



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		AS AT	AS AT	AS AT
	Note	31/03/2012 RM'000	31/12/2011 RM'000	01/01/2011 RM'000 MFRS
<b>NON CURRENT ASSETS</b>				
Property, plant and equipment	14	8,560,864	8,586,451	9,318,041
Investment in associates	22	31,114	39,079	29
Investment in a jointly controlled entity	22	120,664	123,654	-
AFS Financial Assets		152,942	152,942	152,942
Other investment		-	-	25
Goodwill		7,334	7,334	8,738
Deferred tax assets		479,931	516,100	719,260
Receivables and prepayments		14,982	15,548	23,593
Deposit on aircraft purchase		108,544	112,228	-
Amounts due from an associate		501,462	513,614	117,964
Derivative Financial Instruments	33	25,180	44,811	25,544
		10,003,017	10,111,761	10,366,136
<b>CURRENT ASSETS</b>				
Inventories		18,561	19,730	17,553
Receivables and prepayments		1,241,429	1,109,775	841,122
Deposit on aircraft purchase		264,007	255,540	248,684
Amounts due from a jointly controlled entity		4,526	4,526	99,802
Amount due from associates		284,804	289,492	162,386
Deposits, bank and cash balances		2,057,161	2,105,010	1,504,617
Derivative Financial Instruments	33	27,459	7,659	-
Current tax recoverable		1,412	2,216	-
		3,899,359	3,793,948	2,874,164
<b>CURRENT LIABILITIES</b>				
Trade and other payables		1,096,731	1,137,232	912,943
Sales in advance		387,743	389,833	328,549
Derivative Financial Instruments	33	1,627	38,011	-
Amount due to associate		4,444	4,444	5,223
Amount due to a related party		7,360	10,560	41,262
Amount due to a JV entity		59,046	19,761	-
Hire-purchase payables		-	-	15
Borrowings	32	605,313	594,231	553,967
Current tax liabilities		-	-	1,632
		2,162,264	2,194,072	1,843,591
<b>NET CURRENT ASSETS</b>				
		1,737,095	1,599,876	1,030,573
<b>NON CURRENT LIABILITIES</b>				
Borrowings	32	6,891,608	7,186,919	7,302,884
Derivative Financial Instruments	33	520,627	488,321	452,865
		7,412,235	7,675,240	7,755,749
		4,327,877	4,036,397	3,640,960
<b>CAPITAL AND RESERVES</b>				
Share capital	7	277,838	277,809	277,344
Share Premium		1,226,437	1,226,150	1,221,594
Foreign exchange reserve		596	596	485
Retained earnings		2,753,366	2,580,930	2,102,571
Other Reserves		69,640	(49,088)	38,966
Shareholders' funds		4,327,877	4,036,397	3,640,960
Net assets per share attributable to ordinary equity holders of the Company (RM)		1.56	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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**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 '000	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	-	-	-	-	-	-	172,436	172,436	-	172,436
Dividends paid	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	118,728	-	-	118,728	-	118,728
Issuance of ordinary shares - Pursuant to the Employees' Share Option Scheme ('ESOS')	293	29	287	-	-	-	-	316	-	316
At 31 March 2012	2,778,380	277,838	1,226,437	596	(40,635)	110,275	2,753,366	4,327,877	-	4,327,877
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	-	-	-	-	-	-	171,928	171,928	-	171,928
Other comprehensive income	-	-	-	-	1,405	-	-	1,405	-	1,405
Issuance of ordinary shares - Pursuant to the Employees' Share Option Scheme ('ESOS')	2,080	208	2,038	-	-	-	-	2,246	-	2,246
At 31 March 2011	2,775,517	277,552	1,223,632	485	(69,904)	110,275	2,274,499	3,816,539	-	3,816,539

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.



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### KEY OPERATING STATISTICS – 31 March 2012

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

Quarter Ended: 31 March	Jan-Mar 2012	Jan-Mar 2011	Change y-o-y
Passengers Carried	4,821,397	4,318,334	12%
Capacity	6,057,000	5,415,120	12%
Seat Load Factor	80%	80%	0 ppt
RPK (million)	5,546	5,108	9%
ASK (million)	6,907	6,374	8%
Average Fare (RM)	177	164	7%
Ancillary Income Per Pax (RM)	40	40*	-1%
Unit Passenger Revenue (RM)	216	204	6%
Revenue / ASK (sen)	16.92	16.53	2%
Revenue / ASK (US cents)	5.58	5.45	2%
Cost / ASK (sen)	13.44	12.73	6%
Cost / ASK (US cents)	4.43	4.20	6%
Cost / ASK-ex Fuel (sen)	7.04	6.83	3%
Cost / ASK-ex Fuel (US cents)	2.32	2.25	3%
Aircraft (end of period)	57	53	8%
Average Stage Length (km)	1,143	1,180	-3%
Number of Flights	33,650	30,084	12%
Fuel Consumed (Barrels)	1,133,866	1,055,071	7%
Average Fuel Price (US\$ / Barrel)	129	118	9%

*Exchange Rate: RM:USD – 3.0331, prior year US cents figures are restated at current exchange rate.*

\*Adjusted from previously published figure to be comparable with current period.

#### **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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## **NOTES TO THE UNAUDITED ACCOUNTS – 31 March 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.

### **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 the same in the quarter under review against the same period last year. Compared against the immediate preceding quarter (fourth quarter October – December 2011), the seat load factor was 2 percentage points lower. This seasonal pattern is in line with the expectation of the Group.



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## NOTES TO THE UNAUDITED ACCOUNTS – 31 March 2012

### 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 31 March 2012, the total issued and paid-up share capital of the Company increased from RM277,808,558 to RM277,837,858 from the issuance of 29,300 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 31 March 2012.

### 8. Dividend paid

No dividends were declared or approved in the quarter ended 31 March 2012.

### 9. Segment reporting

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

### 10. Revenue

	Quarter ended 31/3/2012 RM million	Quarter ended 31/3/2011 RM million
Passenger seat sales	788.5	709.7
Baggage fees	97.1	91.6
Aircraft operating lease income	124.5	119.0
Surcharges and fees	64.3	5.3
Travel and tour operations	-	22.6
Other revenue	94.0	105.1
	<u>1,168.4</u>	<u>1,053.3</u>

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





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## NOTES TO THE UNAUDITED ACCOUNTS – 31 March 2012

### 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 31 March 2012 as compared to 31 December 2011, and are detailed below:

	Quarter ended 31/3/2012 RM million	Quarter ended 31/3/2011 RM million
(i) Gain / (loss) from fuel contracts	(4.2)	2.6
(ii) Gain / (loss) from foreign currency contracts	(13.2)	(2.4)
(v) Gain / (loss) from interest rate contracts	7.0	13.7
	<u>(10.4)</u>	<u>13.9</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.

### 12. Other Comprehensive Income

Cash flow hedges represent fair value changes due to movement in MTM position on effective hedging contracts at 31 March 2012 as compared to 31 December 2011 as follows:

	Quarter ended 31/3/2012 RM million	Quarter ended 31/3/2011 RM million
(i) Fair value gain/(loss) in the period	(14.6)	(58.7)
(i) Amount transferred to income statement	<u>(104.1)</u>	<u>60.1</u>
	<u>(118.7)</u>	<u>1.4</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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## NOTES TO THE UNAUDITED ACCOUNTS – 31 March 2012

### 13. 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 31/3/2012 RM'000	As at 31/12/2011 RM'000
Total retained profit of AirAsia Berhad and its subsidiaries		
(i) Realised	2,280,643	1,781,491
(i) Unrealised	<u>493,515</u>	<u>809,277</u>
	<u>2,774,158</u>	<u>2,590,768</u>
Total share of accumulated losses from associates		
(i) Realised	(17,729)	(9,764)
(i) Unrealised	<u>-</u>	<u>-</u>
	<u>(17,729)</u>	<u>(9,764)</u>
Total share of accumulated losses from jointly controlled entities		
(i) Realised	(3,063)	(74)
(i) Unrealised	<u>-</u>	<u>-</u>
	<u>(3,063)</u>	<u>(74)</u>
Total group retained profit as per consolidated accounts	<u><b>2,753,366</b></u>	<u><b>2,580,930</b></u>

### 14. Property, plant and equipment

#### (a) acquisition and disposals

During the quarter ended 31 March 2012, the Group acquired property, plant and equipment with a cost of RM234.8 million (quarter ended 31 March 2011: RM226.5 million).

During the quarter ended 31 March 2012, the Group disposed of property, plant and equipment with a net book value of RM114.3 million (quarter ended 31 March 2011: RM 21.3 million).



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### *(b) revaluation*

There was no revaluation of property, plant and equipment for the quarter ended 31 March 2012 (quarter ended 31 March 2011: RM Nil).

### *(c) impairment*

There was no impairment of property, plant and equipment for the quarter ended 31 March 2012 (quarter ended 31 March 2011: RM Nil).

### **15. 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 31 March 2012 as at the date of this report.

### **16. Changes in composition of the Group**

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

### **17. Contingent assets**

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

### **18. 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.

### **19. Capital commitments outstanding not provided for in the interim financial report**

Capital commitments for property, plant and equipment:

	<b>Group and Company</b>	
	<u>31/3/2012</u>	<u>31/3/2011</u>
	RM'000	RM'000
Approved and contracted for	38,851,691	11,755,591
Approved but not contracted for	16,192,069	7,879,572
	-----	-----
	55,043,760	19,635,163
	=====	=====



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## NOTES TO THE UNAUDITED ACCOUNTS – 31 March 2012

### 20. 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.

<b>Name of company</b>	<b>Relationship</b>
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
AirAsia Inc (Philippines)	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.

	<b>Quarter ended</b> <b>31/3/2012</b> <b>RM'000</b>	<b>Group</b> <b>Quarter ended</b> <b>31/3/2011</b> <b>RM'000</b>
<b>Thai AirAsia</b>		
- Lease rental income on aircraft	74,951	64,739
- Maintenance and overhaul charges	-	-
<b>Indonesia AirAsia</b>		
- Lease rental income on aircraft	43,881	54,238
- Maintenance and overhaul charges	-	1,577
<b>Philippines AirAsia</b>		
- Lease rental income on aircraft	5,682	-
- Maintenance and overhaul charges	-	-
<b>AirAsia X Sdn. Bhd.</b>		
- Services charged to AirAsia X Sdn Bhd	1,311	16,957
<b>Asian Aviation Centre of Excellence Sdn Bhd</b>		
- Training costs charged to AirAsia Berhad	(6,359)	-



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**21. Review of performance**

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

Quarter Ended: 31 March	Jan-Mar 2012	Jan-Mar 2011
RM'000		
<b>Revenue</b>	<b>1,168,398</b>	<b>1,053,283</b>
Operating expenses:		
- Staff costs	(150,978)	(117,995)
- Depreciation of property, plant and equipment	(130,742)	(141,136)
- Aircraft fuel expenses	(442,284)	(376,547)
- Maintenance and overhaul	(27,622)	(25,919)
- User charges and other related expenses	(108,720)	(126,122)
- Aircraft operating lease expenses	(40,385)	(15,795)
- Travel and tour operating expenses	-	(17,933)
- (Loss)/gain on unwinding of derivatives		
- Other operating expenses	(43,104)	(32,836)
Other (losses)/gains - net	(10,384)	13,862
Other income	25,896	28,855
<b>Operating Profit</b>	<b>240,075</b>	<b>241,717</b>
Finance Income	18,418	14,671
Finance Costs	(90,525)	(94,488)
<b>Net operating profit</b>	<b>167,968</b>	<b>161,900</b>
Foreign Exchange gain/(loss) on borrowings	83,583	40,974
Foreign Exchange gain/(loss) on amounts due from associates and jointly-controlled entities	(28,192)	-
Share of results of a jointly controlled entity	(2,989)	-
Share of results of associates	(7,965)	-
<b>Profit before tax</b>	<b>212,405</b>	<b>202,874</b>
Current Taxation	(3,800)	(3,658)
Deferred taxation	(36,169)	(27,288)
<b>Profit after tax</b>	<b>172,436</b>	<b>171,928</b>
<b>EBITDAR</b>	<b>411,202</b>	<b>398,648</b>
EBITDAR Margin	35%	38%
EBIT Margin	21%	23%



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The Group recorded revenue of RM1,168.4 million for the quarter ended 31 March 2012 (“1Q12”), 11% higher than the revenue of RM1,053.3 million recorded in the quarter ended 31 March 2011 (“1Q11”). The revenue growth was supported by 12% growth in passenger volume while the average fare was 7% higher at RM177 as compared to RM164 achieved in 1Q11. Ancillary income per passenger year-on-year was unchanged at RM40 on a like for like basis. The seat load factor was 80%, the same as in the corresponding period last year.

The profit after tax for the period was RM172.4 million compared to RM171.9 million in the same quarter of 2011.

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

Net Cash Flow (RM'000)	Jan - Mar 2012	Oct - Dec 2011
Cash from Operations	100,504	538,181
Cash from Investing Activities	(95,048)	(224,070)
Cash from Financing Activities	(53,377)	76,931
<b>Net Cash Flow</b>	<b>(47,921)</b>	<b>391,042</b>

The Group’s cash from operations was RM100.5 million, compared to RM538.2 million in the immediate preceding quarter ended December 2011. Net cash flow in the quarter amounted to RM47.9 million outflow, as cash flows from investing and financing activities exceeded operating cash flows.

### (C) Balance sheet commentary for current quarter

Balance Sheet RM million	Mar 2012	Dec 2011
Total Debt	7,497	7,781
Cash	2,057	2,105
<b>Net Debt</b>	<b>5,440</b>	<b>5,676</b>
Net Gearing	1.26	1.41

The Group’s total debt as of end of 31 March 2012 was RM7,497 million. The Group’s net debt after offsetting the cash balances amounted to RM5,440 million. This translates to a net gearing ratio of 1.26 times, 11% lower than the immediately preceding quarter.



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### **22. Jointly Controlled Entity and Associate Company**

#### **i) Jointly Controlled Entity - Thai AirAsia**

Thai AirAsia is a joint venture company owned 49% by AirAsia Berhad. As such it is accounted for using the equity method, as permitted by the Malaysian Accounting Standards Board FRS131, Interests in Joint Ventures. The Group's interest in Thai AirAsia is currently RM2.3million. Accordingly the Company's profit is equity accounted in the current quarter.

Thai AirAsia recorded revenue of THB4,868.1 million in 1Q12, 18% higher compared to the THB4,137.1 million achieved in 1Q11. The positive growth in revenue is attributed to higher passenger volume, a consistent contribution from ancillary income and improving yields. Thai AirAsia has achieved passenger growth of 17% as compared to 1Q11 while the seat load factor was higher by 3 percentage points at 87%. Average base fare was higher by 1% at THB1,904 as compared to THB1,885 achieved in 1Q11.

Thai AirAsia's achieved a net profit of THB621.6 million in 1Q12, compared to a net profit of THB806.7 million in 1Q11. Net profitability was impacted by fee costs associated with the IPO process which totaled THB64.2 million.

The amount recognized in the income statement of AirAsia Berhad equated to RM2.3 million after deducting unrecognized losses which totaled RM28.5million at 31 December 2011.



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

Quarter Ended: 31 March	Jan-Mar 2012	Jan-Mar 2011	Change y-o-y
Passengers Carried	2,131,397	1,817,485	17%
Capacity	2,459,160	2,154,780	14%
Seat Load Factor	87%	84%	3 ppt
RPK (million)	2,174	1,906	14%
ASK (million)	2,540	2,261	12%
Average Fare (THB)	1,904	1,885	1%
Ancillary Income Per Pax (THB)	354	364	-3%
Unit Passenger Revenue (THB)	2,258	2,248	0%
Revenue / ASK (THB)	1.92	1.83	5%
Revenue / ASK (US cents)	6.25	5.97	5%
Cost / ASK (THB)	1.67	1.46	15%
Cost / ASK (US cents)	5.44	4.75	15%
Cost / ASK-ex Fuel (THB)	0.93	0.82	14%
Cost / ASK-ex Fuel (US cents)	3.05	2.67	14%
Aircraft (end of period)	24	20	20%
Average Stage Length (km)	1,033	1,049	-2%
Number of Flights	13,662	11,971	14%
Fuel Consumed (Barrels)	457,426	399,815	14%
Average Fuel Price (US\$ / Barrel)	133	117	13%

*Exchange Rate: USD:THB – 30.66, prior year US cents figures are restated at current exchange rate.*





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

<b>Quarter Ended: 31 March THB'000</b>	<b>Jan-Mar 2012</b>	<b>Jan-Mar 2011</b>
<b>Revenue</b>	<b>4,868,109</b>	<b>4,137,102</b>
Operating expenses:		
- Staff costs	(460,253)	(336,918)
- Depreciation of property, plant and equipment	(17,705)	(15,890)
- Aircraft fuel expenses	(1,867,950)	(1,438,773)
- Maintenance & overhaul	(356,893)	(270,994)
- User charges and other related expenses	(633,674)	(543,134)
- Aircraft operating lease expenses	(753,072)	(655,156)
- Travel and tour operating expenses	-	-
- Other operating expenses	(242,018)	(124,439)
Other (losses)/gains - net	-	-
Other income	92,288	93,458
<b>Operating Profit</b>	<b>628,832</b>	<b>845,256</b>
Finance Income	4,930	21,702
Finance Costs	(10,477)	(59,596)
<b>Profit before tax</b>	<b>623,285</b>	<b>807,362</b>
Taxation	(1,644)	(693)
<b>Profit after tax</b>	<b>621,641</b>	<b>806,669</b>
EBITDAR	1,399,609	1,516,302
EBITDAR Margin	29%	37%
EBIT Margin	13%	20%



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**(C) Balance Sheet**

<b>Quarter Ended: 31 March</b>	<b>Mar 2012</b>	<b>Dec 2011</b>
<b>THB'000</b>		
Property, Plant & Equipment	343,783	309,719
Work In Progress	16,090	7,476
Deferred Expenditure		
Inventory	47,819	51,233
Other Debtors & Prepayments	1,440,864	1,982,138
Cash & Short Term Deposits	2,625,023	1,439,281
<b>Total Assets</b>	<b>4,473,579</b>	<b>3,789,846</b>
Sales In Advance	3,167,941	2,716,364
Other Creditors & Accruals	764,796	662,427
Amounts Owing to Related Party	363,874	361,092
Long Term Liabilities	101,300	595,938
<b>Total Liabilities</b>	<b>4,397,912</b>	<b>4,335,822</b>
Share Capital	400,000	400,000
Share Premium	1,228	1,228
Retained Earnings	(325,561)	(947,203)
<b>Total Equity</b>	<b>75,667</b>	<b>(545,975)</b>

**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 FRS128, 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 IDR911.3 billion in 1Q12, 17% higher as compared to the IDR779.0 billion achieved in 1Q11. The positive growth in revenue can be attributed to higher passenger volumes and higher base fares which rose by 3% over the same quarter in 2011. Passengers carried by Indonesia AirAsia increased by 16% year on year while the seat load factor fell to 77% from 79% a year before as passenger growth was slightly behind capacity growth.

Indonesia AirAsia's achieved an operating profit of IDR15.4 billion in 1Q12, compared to an operating profit of IDR8.8 billion in 1Q11. After finance costs Indonesia AirAsia reported a net loss of IDR36.6 billion in the period compared to a net profit of IDR31.9 billion in the prior year, when finance income included unrealized foreign exchange gains of IDR32.0 billion.



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The AirAsia Berhad share of the net loss in the quarter amounted to RM6.1 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 RM192.1 million of unrecognized losses have been reversed.

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

Quarter Ended: 31 March	Jan-Mar 2012	Jan-Mar 2011	Change y-o-y
Passengers Carried	1,273,362	1,093,643	16%
Capacity	1,655,280	1,388,588	19%
Seat Load Factor	77%	79%	-2 ppt
RPK (million)	1,601	1,511	6%
ASK (million)	2,117	1,953	8%
Average Fare (IDR)	572,316	556,448	3%
Ancillary Income Per Pax (IDR)	138,447	152,052	-9%
Unit Passenger Revenue (IDR)	710,763	708,500	0%
Revenue / ASK (IDR)	430.54	398.86	8%
Revenue / ASK (US cents)	4.76	4.41	8%
Cost / ASK (IDR)	423.24	394.35	7%
Cost / ASK (US cents)	4.67	4.36	7%
Cost / ASK-ex Fuel (IDR)	211.51	222.30	-5%
Cost / ASK-ex Fuel (US cents)	2.34	2.46	-5%
Aircraft (end of period)	17	20	-15%
Average Stage Length (km)	1,288	1,407	-8%
Number of Flights	9,196	7,911	16%
Fuel Consumed (Barrels)	350,410	325,711	8%
Average Fuel Price (US\$ / Barrel)	141	114	24%

*Exchange Rate: USD:IDR – 9,054, prior year US cents figures are restated at current exchange rate.*



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

Quarter Ended: 31 March IDR million	Jan-Mar 2012	Jan-Mar 2011
<b>Revenue</b>	<b>911,345</b>	<b>779,048</b>
Operating expenses:		
- Staff costs	(95,281)	(87,728)
- Depreciation	(22,474)	(4,894)
- Aircraft fuel expenses	(448,181)	(336,051)
- Aircraft operating lease expense	(127,869)	(157,672)
- Maintenance & overhaul	(77,608)	(75,968)
- User charges and other related expenses	(100,449)	(93,462)
- Travel and tour operating expenses	-	-
- Provision for early return of aircraft	-	-
- Other operating expenses	(36,580)	(20,878)
Other (losses)/gains - net	-	-
Other income	12,549	6,414
<b>Operating Profit</b>	<b>15,452</b>	<b>8,809</b>
Finance Income	656	35,032
Finance Costs	(52,762)	(11,898)
Profit before tax	<b>(36,654)</b>	<b>31,943</b>
Taxation	-	-
Profit after tax	<b>(36,654)</b>	<b>31,943</b>
EBITDAR	165,795	171,375
EBITDAR Margin	18%	22%
EBIT Margin	2%	1%



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**(C) Balance Sheet**

<b>Quarter Ended: 31 March</b>	<b>Mar 2012</b>	<b>Dec 2011</b>
<b>IDR million</b>		
Property, Plant & Equipment	1,703,456	1,711,148
Work In Progress	228	228
Deferred Expenditure	184	314
Inventory	1,336	1,618
Other Debtors & Prepayments	372,343	157,432
Cash & Short Term Deposits	142,843	32,191
<b>Total Assets</b>	<b>2,220,390</b>	<b>1,902,931</b>
Sales In Advance	640,649	498,231
Other Creditors & Accruals	540,112	286,427
Amounts Owing to Related Party	2,192,386	2,234,377
Borrowings	138,974	138,974
<b>Total Liabilities</b>	<b>3,512,122</b>	<b>3,158,009</b>
Share Capital	180,000	180,000
Share Premium	-	-
Retained Earnings	(1,471,732)	(1,435,078)
<b>Total Equity</b>	<b>(1,291,732)</b>	<b>(1,255,078)</b>

**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 RM6.6m in the quarter of which RM3.3 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 loss of RM17.5m in the quarter of which RM8.6 is equity accounted in the AirAsia Berhad income statement.



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### 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 RM4.3m. 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 RM12.5m in the quarter of which RM5.0m is equity accounted in the AirAsia Berhad income statement.

### 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 RM6.0m in the quarter of which RM3.0m is equity accounted in the AirAsia Berhad income statement.

## 23. Variation of results against preceding quarter

The Group achieved a profit after taxation of RM172.4 million for the quarter under review. This is higher by RM36.7 million compared to the RM135.7 million profit after taxation achieved in the immediately preceding quarter ended 31 December 2011.

## 24. Commentary on prospects

Based on the current forward booking trend, underlying passenger demand in the second quarter for the Malaysian, Thai and Indonesian operations remains positive. Load factors achieved in the month of April were in line with the prior year in Malaysia and Thailand and slightly lower in Indonesia though with higher capacity aircraft. Average fares were higher in Malaysia, in line with the previous year in Indonesia and slightly lower in Thailand.

In Malaysia, forward loads for the remaining months of the second quarter are in line with the prior year with base fares higher, in accordance with the Company's strategy to maintain high load factors with improving yields. Passenger numbers are expected to 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 second quarter are in line with the prior year, while in the Philippines, loads and fares are in line with expectations for the initial stage of operations.



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In Thailand, tourism in the second quarter is expected to see strong growth, benefitting from political stability and the end of the recent flooding in the country. Southern destinations including Phuket, Krabi and Trang are all performing well with load factors above 85%. The new destinations launched in the first quarter of the year, Chennai and Chongqing, are also outperforming expectations.

In Indonesia the Bandung hub will be expanded with the launch of new routes to Pekanbaru and Penang. In addition a new domestic route, Yogyakarta to Denpasar, will be launched in the quarter while there will be frequency additions on the key Bandung to Kuala Lumpur and Denpasar to Surabaya sectors.

In the Philippines, AirAsia commenced operations on 28 March 2012. Three domestic destinations are currently served using one aircraft and regional routes will be launched in June using the second PAA aircraft

The Group will take delivery of three A320 aircraft in the second quarter of the year, which will be deployed in Malaysia, Indonesia and Japan. The aircraft will be used to operate new routes from Bandung, in Indonesia, and from Tokyo, in Japan, and to increase frequency on existing routes in Malaysia.

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

### **25. Profit forecast**

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



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**26. Finance Income/(Costs)**

All figures in RM'000	Group and Company			
	Quarter Ended 31/3/12	Quarter Ended 31/3/11	Year to Date 31/3/12	Year to Date 31/3/11
<b>Finance income</b>				
Interest on amounts due from associates and JV entities	12,614	10,171	12,614	10,171
Interest on deposits	1,703	955	1,703	955
Other interest income	4,101	3,545	4,101	3,545
	<b>18,418</b>	<b>14,671</b>	<b>18,418</b>	<b>14,671</b>
<b>Finance costs</b>				
Bank borrowings	(88,110)	(92,088)	(88,110)	(92,088)
Amortisation of premiums for interest rate caps	(1,951)	(1,964)	(1,951)	(1,964)
Hire purchase payables	-	(2)	-	(2)
Bank facilities and other charges	(464)	(434)	(464)	(434)
	<b>(90,525)</b>	<b>(94,488)</b>	<b>(90,525)</b>	<b>(94,488)</b>
<b>Net Income/(Cost)</b>	<b>(72,107)</b>	<b>(79,817)</b>	<b>(72,107)</b>	<b>(79,817)</b>
<b>Foreign exchange gains/(losses)</b>				
Borrowings				
- realized	(5,623)	(10,423)	(5,623)	(10,423)
- unrealized	193,303	111,477	193,303	111,477
- fair value movement recycled from cash flow hedge reserve	(104,097)	(60,080)	(104,097)	(60,080)
	<b>83,583</b>	<b>40,974</b>	<b>83,583</b>	<b>40,974</b>

**27. Exceptional item**

There were no exceptional items in the quarter under review.





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### **28. Income tax expense**

#### *Current taxation*

The current taxation charge of RM3.8 million comprises tax payable on interest income.

#### *Deferred taxation*

The RM36.2 million deferred tax charge arose from an increase of RM15.6 million of deferred tax liabilities and reduction of RM20.6 million of deferred tax assets in the period. The deferred tax liabilities increased as the difference between the net book value and tax written down value of property plant and equipment increased in the period. The deferred tax assets decreased as a result of the utilization of capital allowances granted and balancing charges from the disposal of assets.

### **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**

#### *Philippines Joint Venture*

Following the announcement on 22 February 2012 on the above matter, AirAsia wishes to announce that the Philippines Joint Venture commenced commercial air services on 28 March 2012.

#### *Japan Joint Venture*

Following the announcement on 22 February 2012 on the above matter, AirAsia wishes to update that there has been no change in the status of the Japan Joint Venture.



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**32. Borrowings and debt securities**

	<b>At 31/3/2012 RM'000</b>	<b>At 31/12/2011 RM'000</b>
<b>Current</b>	605,313	594,231
<b>Non-current</b>	6,891,608	7,186,919
<b>Total Debt</b>	<b>7,496,921</b>	<b>7,781,150</b>

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



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### 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 31 March 2012, the Group has hedged approximately 43% 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 68% of the loans are hedged from USD into MYR. The latest weighted average of RM/USD forward exchange rate is 3.2247.

#### (ii) Interest Rate Hedging

The Group has entered into interest rate hedging transactions to hedge against fluctuations in the US\$ Libor and Singapore Swap Offer Rate (“SOR”) on its existing and future aircraft financing for aircraft delivering from 2005 to 2013. As at 31 March 2012, there are 13 forward start US\$ and 2 forward start Singapore SOR interest rate swaps varying from 2.00% 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 31 March 2012, the Group has a portfolio of Brent fixed swaps of up to 16% of the projected fuel consumption for first half 2012 with a weighted average price of US\$104.87 per barrel. We have also entered hedges using Cracks at a weighted average of US\$15.00 per barrel making up to 13% of the total projected fuel consumption. This gives an effective Singapore Jet Kerosene hedge of an average of US\$119.80 per barrel in the first half 2012.

The Group has also entered up to 7% of the projected fuel consumption in first half 2012 via Singapore Jet Kerosene fixed swaps at a weighted average of US\$119.10

In total, the effective Singapore Jet Kerosene hedge that has been done for first half 2012 (inclusive of Brent fixed swaps, Cracks fixed swaps, and Singapore Jet Kerosene swaps) is up to 23% of the total projected fuel consumption with a weighted average of US\$119.58 per barrel.



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## NOTES TO THE UNAUDITED ACCOUNTS – 31 March 2012

### Derivative financial instruments

Type of derivatives	Notional Value as at 31/3/2012	Fair Value as at 31/3/2012 Assets/(Liabilities)
(i) Fuel contract	Barrels (million)	RM (million)
- less than 1 year	0.9	25.8
- 1 year to 3 years	-	-
<b>Total</b>	<b>0.9</b>	<b>25.8</b>
	RM (million)	RM (million)
(ii) Interest rate contracts		
- less than 1 year	-	-
- 1 year to 3 years	-	-
- more than 3 years	4,650.9	(438.2)
<b>Total</b>	<b>4,650.9</b>	<b>(438.2)</b>
(iii) Foreign currency contracts	RM (million)	RM (million)
- less than 1 year	-	-
- 1 year to 3 years	25.7	(1.1)
- more than 3 years	3,942.3	(56.2)
<b>Total</b>	<b>3,968.0</b>	<b>(57.3)</b>

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 23 May 2012, there was no material litigation against the Group.

### 35. Proposed dividend

The Directors do not recommend any dividend for the quarter ended 31 March 2012.



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**NOTES TO THE UNAUDITED ACCOUNTS – 31 March 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 31/3/12	Preceding Year Quarter Ended 31/3/11	Current Year to Date 31/3/12	Preceding Year to Date 31/3/11
Net profit for the financial period (RM'000)	172,436	171,928	172,436	171,928
Weighted average number of ordinary shares in issue for basic EPS ('000)	2,778,334	2,775,190	2,778,334	2,775,190
Adjusted for share options granted ('000)	3,751	5,068	3,751	5,068
Adjusted weighted average number of ordinary shares ('000)	2,782,085	2,780,258	2,782,085	2,780,258
Basic earnings per share (sen)	6.2	6.2	6.2	6.2
Diluted earnings per share (sen)	6.2	6.2	6.2	6.2

*(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  
23 May 2012