



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 31 MARCH 2009

ANNOUNCEMENT

The Board of Directors of AirAsia Berhad (“AirAsia” or “the Company”) is pleased to announce the following unaudited consolidated results of AirAsia and its subsidiaries (collectively known as “the Group”) for the first quarter ended 31 March 2009.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		CURRENT QUARTER ENDED	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR ENDED	PRECEDING YEAR CORRESPONDING YEAR ENDED
		31/03/2009 RM'000	31/03/2008 RM'000	31/03/2009 RM'000	31/03/2008 RM'000
Revenue		714,178	535,156	714,178	535,156
Cost of Sales		(330,866)	(387,754)	(330,866)	(387,754)
Gross profit from operations		383,312	147,402	383,312	147,402
Other operating expenses		(28,933)	(23,593)	(28,933)	(23,593)
Other income		56,367	5,505	56,367	5,505
Profit from operations		410,746	129,314	410,746	129,314
Finance (costs) / Income (Net)	22	(188,466)	41,601	(188,466)	41,601
Depreciation and amortisation		(98,162)	(60,741)	(98,162)	(60,741)
Share of results of jointly controlled entity	18	-	-	-	-
Share of results of associate	18	-	-	-	-
Profit before taxation		124,118	110,174	124,118	110,174
Current taxation	23	(180)	(443)	(180)	(443)
Deferred taxation	23	79,212	51,546	79,212	51,546
Profit after taxation		203,150	161,277	203,150	161,277
Attributable to:					
-Equity holders of the company		203,150	161,277	203,150	161,277
		203,150	161,277	203,150	161,277
Basic earnings per share (sen)		8.6	6.8	8.6	6.8
Diluted earnings per share (sen)		8.6	6.8	8.6	6.8

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



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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2009

	UNAUDITED AS AT END OF CURRENT QUARTER 31/03/2009	AUDITED AS AT PRECEDING FINANCIAL YEAR END 31/12/2008
	RM'000	RM'000
NON CURRENT ASSETS		
Property, plant & equipment	6,793,365	6,594,299
Investment in associates	29	29
Other investments	26,712	26,715
Goodwill	8,738	8,738
Deferred expenditure	479	0
Deferred tax asset	935,321	856,109
Long term prepayments	111,263	103,341
	7,875,907	7,589,231
CURRENT ASSETS		
Inventories (at cost)	22,678	20,684
Other investments	0	0
Trade receivables	19,184	45,958
Prepayment, deposits and other receivables	644,286	648,474
Deposit on aircraft purchase	340,981	334,628
Amount due from a jointly controlled entity	317,996	340,627
Amount due from associates	434,435	387,647
Deposits, bank and cash balances	223,991	153,762
	2,003,551	1,931,780
CURRENT LIABILITIES		
Trade and other payables	980,168	1,068,704
Provision for loss on unwinding of derivatives	151,713	151,713
Borrowings (secured)	526,503	543,985
Hire-purchase payables	77	77
Current tax liabilities	4,246	4,216
	1,662,707	1,768,695
NET CURRENT ASSETS	340,844	163,085
NON CURRENT LIABILITIES		
Borrowings (secured)	6,408,012	6,146,708
Hire-purchase payables	53	72
	6,408,065	6,146,780
	1,808,686	1,605,536
CAPITAL AND RESERVES		
Share capital	237,421	237,421
Reserves	1,571,265	1,368,115
Shareholders' funds	1,808,686	1,605,536
	1,808,686	1,605,536
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.76	0.68

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	CURRENT	PRECEDING
	YEAR ENDED	YEAR ENDED
	31/03/2009	31/03/2008
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	124,118	110,174
Adjustments:		
Share of results of a jointly controlled entity	-	-
Share of results of associates	-	-
Property, plant and equipment		
- Depreciation	98,162	60,741
- Write off	-	-
- Gain on disposal	(33,395)	-
Amortisation of long term prepayments	4,333	1,553
Amortisation of other investments	3	3
Provision for doubtful debts	-	-
Unrealised foreign exchange (gain)/loss	88,586	(72,807)
Interest expense	98,120	48,799
Interest income	(790)	(4,990)
	379,137	143,473
Changes in working capital		
Inventories	(1,994)	2,605
Receivables and prepayments	24,130	(359,437)
Trade and other payables	(88,536)	(30,619)
Intercompany balances	(24,157)	(7,973)
Cash generated from / (used in) operations	288,580	(251,951)
Interest paid	(98,120)	(48,799)
Interest received	790	4,990
Tax paid	(150)	(1,639)
Net cash from / (used in) operating activities	191,100	(297,399)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Additions	(420,958)	(728,888)
- Proceeds from disposal	157,117	-
Deposit on aircraft purchase	-	12,410
Long term prepayments	(12,255)	(5,339)
Additional unquoted investments	-	-
Additional investment in/acquisition of subsidiaries	-	-
Additional investment in/acquisition of associates	-	-
Advance to associate	-	-
Net cash used in investing activities	(276,096)	(721,817)
CASH FLOWS FROM FINANCING FACILITIES		
Proceeds from allotment of shares	-	2,363
Hire purchase instalments paid	(19)	(19)
Proceeds from borrowings	373,730	663,840
Repayment of borrowings	(218,487)	(52,940)
Deposits pledged as securities	-	-
Net cash from financing activities	155,224	613,244
NET INCREASE/(DECREASE)		
FOR THE FINANCIAL YEAR	70,228	(405,972)
CASH AND CASH EQUIVALENTS AT BEGINNING		
OF THE FINANCIAL YEAR	153,762	651,360
CASH AND CASH EQUIVALENTS AT END OF		
FINANCIAL YEAR	223,991	245,389

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



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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	Retained Earnings RM'000	Total RM'000		
	Number of shares '000	Nominal Value RM'000						
At 1 January 2009	2,374,210	237,421	735,352	592	632,171	1,605,536	-	1,605,536
	2,374,210	237,421	735,352	592	632,171	1,605,536	-	1,605,536
Net Profit for the period	-	-	-	-	203,150	203,150	-	203,150
Issuance of ordinary shares - Pursuant to the Employees' Share Option Scheme ('ESOS')	-	-	-	-	-	-	-	-
At 31 March 2009	2,374,210	237,421	735,352	592	835,321	1,808,686	-	1,808,686
At 1 January 2008	2,371,541	237,154	732,737	592	1,128,734	2,099,217	-	2,099,217
	2,371,541	237,154	732,737	592	1,128,734	2,099,217	-	2,099,217
Net Profit for the period	-	-	-	-	(496,563)	(496,563)	-	(496,563)
Issuance of ordinary shares - Pursuant to the Employees' Share Option Scheme ('ESOS')	2,669	267	2,615	-	-	2,882	-	2,882
At 31 December 2008	2,374,210	237,421	735,352	592	632,172	1,605,535	-	1,605,536

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KEY OPERATING STATISTICS – 31 MARCH 2009

PERFORMANCE INDICATORS MALAYSIAN OPERATIONS	Current Quarter (Jan-Mar 2009)	Previous Quarter (Jan-Mar 2008)	Change Δ %
Passengers carried	3,147,609	2,611,556	20.5%
RPK (million)	3,487	2,970	17.4%
ASK (million)	5,207	4,364	19.3%
Average fare (RM)	198	189	4.5%
Seat load factor (%)	70%	72%	-2 ppt
Revenue per ASK (sen)	13.72	12.27	11.8%
Cost per ASK (sen)	8.64	10.58	-18.3%
Cost per ASK (sen) non fuel	4.88	4.38	11.4%
Sectors flown	25,084	20,685	21.3%
Average number of operating aircraft	41.00	36.04	13.8%

PERFORMANCE INDICATORS MALAYSIAN OPERATIONS	Current Quarter (Jan-Mar 2009)	Preceding Quarter (Oct-Dec 2008)	Change Δ %
Passengers carried	3,147,609	3,342,436	-5.8%
RPK (million)	3,487	3,800	-8.2%
ASK (million)	5,207	5,006	4.0%
Average fare (RM)	198	229	-13.5%
Seat load factor (%)	70%	78%	-8 ppt
Revenue per ASK (sen)	13.72	16.75	-18.1%
Cost per ASK (sen)	8.64	10.95	-21.1%
Cost per ASK (sen) non fuel	4.88	4.43	10.2%
Sectors flown	25,084	24,630	1.8%
Average number of operating aircraft	41.00	41.53	-1.3%



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NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2009

1. Basis of preparation

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

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

2. Summary of significant accounting policies

There was no change to accounting policies in the period.

3. Auditors’ report on preceding annual financial statements

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

4. Seasonality of operations

AirAsia is basically involved in the provision of air transportation services and thus, is subject to the seasonal demand for air travel. The seat load factor has decreased by two percentage points on a year on year basis and by 8 percentage points compared to immediate preceding quarter. This seasonal pattern is in line with the expectation of the Group.

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

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

6. Changes in estimates

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



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7. Capital and reserves

During quarter ended 31 March 2009, the total issued and paid-up share capital of the Company was 2,374,210,580 ordinary shares. There was no issuance of ordinary shares, cancellation, repurchases, resale and repayment of debt and equity securities for the period ended 31 March 2009.

8. Dividend paid

There were no dividends paid in the quarter ended 31 March 2009.

9. Segment reporting

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

10. Property, plant and equipment

(a) acquisition and disposals

During the first quarter ended 31 March 2009, the Group acquired plant and equipment with a cost of RM420.9 million (first quarter ended 31 March 2008: RM728.9 million).

There was disposal of RM123.7 million (first quarter ended 31 March 2008: nil) of property, plant and equipment for the quarter ended 31 March 2009.

(b) valuation

There was no revaluation of property, plant and equipment for the quarter ended 31 March 2009.

11. Post balance sheet events

There were no material events after the period end that has not been reflected in the financial statements for the financial period ended 31 March 2009.

12. Changes in composition of the Group

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



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13. Contingent assets

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

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

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

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

Capital commitments for property, plant and equipment:

	<u>Group and Company</u>	
	<u>31.03.09</u>	<u>31.03.08</u>
	RM'000	RM'000
Contracted for	18,208,903	19,065,443
Authorised but not contracted for	9,022,765	8,132,027
	-----	-----
	27,231,668	27,197,470
	=====	=====

16. Material related party transactions

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

Name of company	Relationship
Thai AirAsia	A jointly controlled entity of the Company
PT Indonesia AirAsia	An associate of the Company

	<u>Group</u>
	Quarter ended <u>31 March 2009</u>
	Quarter ended <u>31 March 2008</u>
	RM'000
	RM'000
Thai AirAsia	
- Lease rental income on aircraft	43,538
- Maintenance and overhaul charges received	7,468
PT Indonesia AirAsia	
- Lease rental income on aircraft	31,578
- Maintenance and overhaul charges received	8,662



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17. Review of performance

Performance of current quarter against the same quarter last year

Quarter Ended: 31 March	Jan-Mar 2009	Jan-Mar 2008	Δ (%)
RM'000			
Revenue	714,178	535,321	33%
Non-recurring item gain/(loss)	48,528	0	n/a
EBITDAR	314,840	129,192	144%
Core Operating Profit	165,963	24,008	591%
Profit/(Loss) After Tax	203,150	161,276	26%
EBITDAR Margin	44.1%	24.1%	20.0 ppt
Core Operating Profit Margin	23.2%	4.5%	18.8 ppt
Profit After Tax Margin	28.4%	30.1%	-1.7 ppt
Passengers Carried	3,147,609	2,611,556	21%
Average Fare (RM)	198	189	5%
Load Factor	70%	72%	-2 ppt

The Group recorded revenue of RM714 million for the quarter ended 31 March 2009 (“1Q09”), 33% higher than the revenue of RM535 million recorded in the quarter ended 31 March 2008 (“1Q08”). The positive growth in revenue was attributed to higher passenger volume achieved and higher contribution from ancillary income. Passenger volume grew by 21% in 1Q09 as compared to 1Q08. Average fare was higher by 5% at RM198 as compared to RM189 achieved in 1Q08. Load factor was 2 percentage points lower at 70% as opposed to 72% achieved in the prior year. This was a consequence of the significant capacity addition of 19% in the period under review.

Core operating profit computation

Quarter Ended: 31 March	Jan-Mar 2009	Jan-Mar 2008	Δ (%)
RM'000			
Profit before taxation	124,118	110,174	13%
Adjustments:			
Forex (gain) / loss	90,374	(86,166)	-205%
Non-recurring item (gain) / loss	(48,528)	0	n/a
Core Operating Profit	165,963	24,008	591%

The Group’s core operating profit was RM166 million, a 591% increase against RM24 million achieved in 1Q08. The Malaysian Ringgit has weakened against the US Dollar and



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this has resulted in a translation loss during the quarter. The non-recurring item relates to a gain on disposal of assets during the quarter under review.

Thai AirAsia has performed exceptionally well with a net profit of THB298 million (RM30.5 million) and net profit margin of 12.4%. Thai AirAsia continues to outperform the competitors with its attractive fares, impressive safety track record, high quality service, brand new aircraft and world class punctuality. Even in the shadow of the challenging domestic political landscape, Thai AirAsia carried 4% more passengers to 1.19 million with 5% higher average of THB1,833 as compared to the same period last year.

The Indonesian operation produced a small loss of IDR37 billion (RM11.5 million). Currently, the Indonesian operation is operating with eight Airbus A320 aircraft and this has helped to structurally improve the operational cost, dispatch reliability and service. We have launched services to Singapore from several points in Indonesia (Jakarta, Bandung, Yogyakarta and Bali) and these routes have enjoyed strong passenger traffic support with higher yields.

18. Jointly Controlled Entity and Associate Company

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

	Unrecognised share of operating profit / (loss) for the Quarter ended 31 March 2009 RM’Million	Unrecognised share of operating profit / (loss) as of 31 March 2009 RM’Million
Thai AirAsia	14.9	(164.9)
Indonesia AirAsia	(5.6)	(191.5)

19. Variation of results against preceding quarter

The Group achieved a profit after taxation of RM203 million for the quarter under review. This is substantially better than the RM177 million loss after taxation achieved to that of the immediately preceding quarter ended 31 December 2008.

20. Commentary on prospects

The Group’s strategy to continuously conduct aggressive promotions and enhance customer service has been successful to drive strong traffic growth. The Group continues to expand market share as more and more people switch from full service carriers and fly with AirAsia. Furthermore, the new routes launched in the first quarter have performed well and have already attained profitability despite being in early developmental stage.



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The underlying passenger demand for the second quarter remains positive. Passenger traffic growth remains robust and the ancillary income is also growing strongly. The Group is purchasing fuel on the spot market and enjoys the current low fuel price. All other cost items are expected to reduce stemming from efficiency gains and benefits of economies of scale. The Malaysian Ringgit has been strengthening against the USD since 31 March 2009 and should this trend continues, it will have a positive impact on the Company.

Barring any unforeseen circumstances, the Directors remain optimistic with the prospects of the Group in the second quarter 2009.

21. Profit forecast

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

22. Finance (Cost)/Income

All figures in RM'000	Group and Company			
	Quarter Ended 31/03/09	Quarter Ended 31/03/08	Current Year Ended 31/03/09	Preceding Year Ended 31/03/08
Finance Costs				
Interest costs				
- Bank borrowings	(98,117)	(48,076)	(98,117)	(48,076)
- Hire-purchase payables	(3)	(3)	(3)	(3)
Bank facilities and other charges	(762)	(1,476)	(762)	(1,476)
Net foreign exchange loss	(90,374)	0	(90,374)	0
	(189,256)	(49,555)	(189,256)	(49,555)
Finance Income				
Interest on deposits	790	4,990	790	4,990
Net foreign exchange gain	0	86,166	0	86,166
	790	91,156	790	91,156
Net Finance Cost	(188,466)	41,601	(188,466)	41,601



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23. Income tax expense

	INDIVIDUAL QUARTER		CUMULATIVE YEAR	
	Current Year Quarter Ended	Preceding Year Quarter Ended	Current Year Ended	Preceding Year Ended
	31/03/09 RM'000	31/03/08 RM'000	31/03/09 RM'000	31/03/08 RM'000
<u>Group</u>				
Current tax	180	443	180	443
Deferred tax	(79,212)	(51,546)	(79,212)	(51,546)
	(79,302)	(51,103)	(79,302)	(51,103)

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

24. Unquoted investments and properties

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

25. Quoted investments

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

26. Status of corporate proposals announced

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

The Company on 30th August 2007 has signed a Letter of Intent (“LOI”) with Vinashin as a preliminary step towards exploring, assisting and creating a business cooperation between both parties regarding the establishing of a low cost airline based on the AirAsia business model in Vietnam. The Company will provide updates whenever any material change in status arises.



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27. Borrowings and debt securities

	At 31 March 2009 RM'000	At 31 December 2008 RM'000
Current Secured	526,503	543,985
Non-current Secured	6,408,012	6,146,708
Total Debt	6,934,515	6,690,693

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

The maturity period of non-current borrowing is 14 years and below. The entire borrowings are denominated in US Dollar and Euro. The Company has substantially hedged its foreign exchange exposure through foreign exchange contracts as explained in Note 28 (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

28. Off balance sheet financial instruments

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

- (i) Forward Foreign Exchange Contracts
The Group has hedged 61% of its dollar liabilities pertaining to its aircraft, engine and simulator loans into Ringgit by using long dated foreign exchange.



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(ii) Interest Rate Swaps

The Group entered into interest rate swaps (some of which are capped) to hedge against fluctuations in the US-LIBOR on its existing and future aircraft financing for deliveries between Year 2005 and 2009. The effect of this transaction enables the Group to pay fixed interest rate of between 3.25% (MYR), between 4.55% and 5.20% (USD) over a period of 12 to 14 years.

(iii) Fuel Hedge

As at 31 March 2009, the Group has a net sell Put position of 2.2 million barrels at prices of USD 35/barrel and USD 42/barrel for the period up to June 2010. These net sell positions will expire progressively up to June 2010. As at end of today (28 May 2009), the net sell position is 1.6 million barrels.

29 Material litigation

As at 28 May 2009, there was no material litigation against the Group.

30. Proposed dividend

The Directors do not recommend any dividend for the quarter ended 31 May 2009.



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31. 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 31/03/09	Preceding Period Corresponding Quarter Ended 31/03/08	Current Year Ended 31/03/09	Preceding Period Corresponding Year Ended 31/03/08
Net profit for the financial period (RM'000)	203,150	161,277	203,150	161,277
Weighted average number of ordinary shares in issue for basic EPS ('000)	2,358,303	2,356,542	2,358,303	2,356,542
Adjusted for share options granted ('000)	0	23,217	0	23,217
Adjusted weighted average number of ordinary shares ('000)	2,358,303	2,379,759	2,358,303	2,379,759
Basic earnings per share (sen)	8.6	6.8	8.6	6.8
Diluted earnings per share (sen)	N/A	6.8	N/A	6.8

(b) Diluted earnings per share

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

32. 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
28 May 2009