



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 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 fourth quarter ended 31 December 2009.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended (restated)	Year ended	Year ended (restated)
		31/12/2009 RM'000	31/12/2008 RM'000	31/12/2009 RM'000	31/12/2008 RM'000
Revenue		894,059	904,988	3,178,854	2,851,786
Cost of Sales		(513,640)	(501,534)	(1,797,433)	(2,003,208)
Gross profit from operations		380,419	403,454	1,381,421	848,578
Other operating expenses		(59,443)	(26,185)	(173,884)	(106,201)
Other income		-	53,066	77,280	64,895
Profit from operations		320,976	430,335	1,284,817	807,272
Net Finance (cost) / income	22	7,461	(117,558)	(243,372)	(499,300)
Depreciation and amortisation		(116,353)	(127,574)	(424,585)	(346,954)
Exceptional item	23	28,695	(614,936)	22,457	(830,216)
Share of results of jointly controlled entity	18	-	-	-	-
Share of results of associate	18	-	-	-	-
Profit/(Loss) before taxation		240,779	(429,733)	639,317	(869,198)
Current taxation	24	2,243	(134)	1,620	(3,769)
Deferred taxation	24	(166,365)	228,138	(91,883)	376,404
Profit/(Loss) after taxation		76,657	(201,729)	549,054	(496,563)
Attributable to:					
-Equity holders of the company		76,657	(201,729)	549,054	(496,563)
		76,657	(201,729)	549,054	(496,563)
Basic earnings per share (sen)		3.1	(8.5)	22.4	(20.9)
Diluted earnings per share (sen)		3.1	(8.5)	22.4	(20.9)

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 BALANCE SHEET AS AT 31 DECEMBER 2009

	YEAR ENDED	RESTATED FINANCIAL
	31/12/2009	31/12/2008
	RM'000	RM'000
NON CURRENT ASSETS		
Property, plant & equipment	7,936,788	6,594,299
Investment in associates	29	29
Other investments	26,703	26,715
Goodwill	8,738	8,738
Deferred tax asset	764,226	856,109
Long term prepayments	24,072	24,257
Amount due from a jointly controlled entity	39,140	24,227
Amount due from associates	74,272	31,190
	8,873,968	7,565,564
CURRENT ASSETS		
Inventories (at cost)	20,865	20,684
Trade receivables	36,212	45,958
Prepayment, deposits and other receivables	546,489	643,423
Deposit on aircraft purchase	330,978	334,628
Amount due from a jointly controlled entity	343,323	316,400
Amount due from associates	395,757	356,457
Deposits, bank and cash balances	747,606	153,762
Tax recoverable	1,177	-
	2,422,407	1,871,312
CURRENT LIABILITIES		
Trade and other payables	1,039,427	1,068,704
Provision for loss on unwinding of derivatives	0	151,713
Borrowings (secured)	495,663	538,934
Hire-purchase payables	57	77
Current tax liabilities	0	4,216
	1,535,147	1,763,644
NET CURRENT ASSETS	887,260	107,668
NON CURRENT LIABILITIES		
Borrowings (secured)	7,097,405	6,067,624
Hire-purchase payables	16	72
	7,097,421	6,067,696
	2,663,807	1,605,536
CAPITAL AND RESERVES		
Share capital	275,774	237,421
Reserves	2,388,033	1,368,115
Shareholders' funds	2,663,807	1,605,536
	2,663,807	1,605,536
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.97	0.68

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	YEAR ENDED 31/12/2009 RM'000	YEAR ENDED 31/12/2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	639,317	(869,198)
Adjustments:		
Property, plant and equipment		-
- Depreciation	424,585	346,954
- Write off	-	29
- Gain on disposal	(30,696)	(15,554)
Loss on disposal of other investments	-	4,217
Amortisation of long term prepayments	3,897	10,261
Amortisation of other investments	12	13
Write-off of receivables	-	737
Provision for loss on unwinding of derivatives	-	151,713
Unrealised foreign exchange (gain)/loss	(91,682)	227,994
Interest expense	370,089	297,533
Interest income	(6,300)	(20,990)
	1,309,222	133,709
Changes in working capital		
Inventories	(181)	(3,117)
Receivables and prepayments	97,723	(148,520)
Trade and other payables	(235,887)	390,480
Intercompany balances	(124,218)	(565,117)
Cash generated from / (used in) operations	1,046,659	(192,565)
Interest paid	(315,191)	(239,755)
Interest received	6,300	20,990
Tax paid	(3,773)	(4,731)
Net cash from / (used in) operating activities	733,995	(416,061)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Additions	(1,918,916)	(2,623,001)
- Proceeds from disposal	182,538	50,043
Deposit on aircraft purchase	3,650	-
Deposit on lease of aircraft	-	(7,448)
Long term prepayments	(38,676)	(48,197)
Proceeds from disposal of other investments	-	26,675
Net cash used in investing activities	(1,771,404)	(2,601,928)
CASH FLOWS FROM FINANCING FACILITIES		
Proceeds from allotment of shares	509,217	2,882
Hire purchase instalments paid	(77)	(77)
Proceeds from borrowings	1,720,539	3,044,531
Repayment of borrowings	(598,425)	(300,780)
Deposits pledged as securities	5,112	2,019
Net cash from financing activities	1,636,365	2,748,575
NET INCREASE/(DECREASE) FOR THE FINANCIAL YEAR	598,956	(269,414)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	120,803	390,217
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	719,759	120,803

* The balance at end of financial period excludes fixed deposits of RM27.847 million (31/12/08: RM32.959 million) pledged with licensed bank as securities for banking facilities granted to the Company

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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 year	-	-	-	-	549,054	549,054	-	549,054
Issuance of ordinary shares								
- Pursuant to the Employees' Share Option Scheme ('ESOS')	2,793	279	3,464	-	-	3,743	-	3,743
- Issue of shares	380,742	38,074	467,400	-	-	505,474	-	505,474
At 31 December 2009	2,757,745	275,774	1,206,216	592	1,181,225	2,663,807	-	2,663,807
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 year	-	-	-	-	(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	632,171	1,605,536	-	1,605,536

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KEY OPERATING STATISTICS – 31 DECEMBER 2009

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

Quarter Ended: 31 December	Oct-Dec 2009	Oct-Dec 2008 (restated)	Change y-o-y
Passengers Carried	3,995,405	3,342,436	20%
Capacity	5,031,720	4,265,348	18%
Seat Load Factor	79.4%	78.4%	1.0 ppt
ASK (million)	5,863	5,006	17%
RPK (million)	4,410	3,800	16%
Average Fare (RM)	176.1	228.6	-23%
Ancillary Income per pax (RM)	24.7	22.2	11%
Unit Passenger Revenue (RM)	200.8	250.8	-20%
Rev / ASK (sen)	14.21	17.43	-18%
Rev / ASK (US cents)	4.18	4.90	-15%
Cost / ASK (sen)	11.12	12.94	-14%
Cost / ASK (US cents)	3.27	3.64	-10%
Cost / ASK-ex fuel (sen)	6.39	6.42	0%
Cost / ASK-ex fuel (US cents)	1.88	1.81	4%
Aircraft (average)	45.0	41.5	8%
Aircraft (end of period)	48	44	9%
Average Stage Length (km)	1,162	1,200	-3%
Number of Flights	27,939	24,630	13%
Fuel Consumed (barrels)	1,017,346	887,259	15%
Average Fuel Price (US\$/barrel)	80.1	103.5	-23%



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KEY OPERATING STATISTICS – 31 DECEMBER 2009

(B) Performance indicator for Malaysian operations for current financial year against last financial year

Full Year Ended: 31 December	Jan-Dec 2009	Jan-Dec 2008 (restated)	Change y-o-y
Passengers Carried	14,253,244	11,808,058	21%
Capacity	19,016,280	15,660,228	21%
Seat Load Factor	75.0%	75.4%	-0.4 ppt
ASK (million)	21,977	18,717	17%
RPK (million)	15,432	13,485	14%
Average Fare (RM)	168.2	203.7	-17%
Ancillary Income per pax (RM)	29.1	19.9	46%
Unit Passenger Revenue (RM)	197.3	223.6	-12%
Rev / ASK (sen)	13.54	14.79	-8%
Rev / ASK (US cents)	3.84	4.43	-13%
Cost / ASK (sen)	10.41	12.80	-19%
Cost / ASK (US cents)	2.95	3.84	-23%
Cost / ASK-ex fuel (sen)	6.15	5.38	14%
Cost / ASK-ex fuel (US cents)	1.74	1.61	8%
Aircraft (average)	43.1	36.6	18%
Aircraft (end of period)	48	44	9%
Average Stage Length (km)	1,166	1,207	-3%
Number of Flights	105,646	89,118	19%
Fuel Consumed (barrels)	3,779,698	3,254,201	16%
Average Fuel Price (US\$/barrel)	70.4	127.9	-45%



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NOTES TO THE UNAUDITED ACCOUNTS – 31 DECEMBER 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.

Lease rental income for aircraft based in Thailand and Indonesia which was previously offset against expenses has now been reclassified as other operating income as part of the Group’s revenue. This will affect the computation of key performance indicators such as Cost/ASK and Revenue/ASK.

Fees in relation to aircraft financing, which was previously capitalised and classified as prepayments is now set off against borrowings.

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 was 1 percentage point higher in the quarter under review against the same period last year. Compared against the immediate preceding quarter (third quarter July-September), the seat load factor was 4 percentage points higher. 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.



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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 December 2009, the total issued and paid-up share capital of the Company increased from 2,757,317,580 to 2,757,744,580 ordinary shares by the issuance of 427,000 ordinary shares of RM0.10 each pursuant to the exercise of ESOS at the option price of RM1.08. Other than the above, there was no cancellation, repurchases, resale and repayment of debt and equity securities for the period ended 31 December 2009.

8. Dividend paid

There were no dividends paid in the quarter ended 31 December 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 fourth quarter ended 31 December 2009, the Group acquired plant and equipment with a cost of RM784.8 million (fourth quarter ended 31 December 2008: RM536.4 million).

There was disposal of RM24.1m (fourth quarter ended 31 December 2008: RM10.7 million) of property, plant and equipment for the quarter ended 31 December 2009.

(b) valuation

There was no revaluation of property, plant and equipment for the quarter ended 31 December 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 December 2009 as at the date of this report.



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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.

13. Contingent assets

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

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

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

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

Capital commitments for property, plant and equipment:

	<u>Group and Company</u>	
	<u>31.12.09</u>	<u>31.12.08</u>
	RM'000	RM'000
Contracted for	16,234,759	17,684,836
Authorised but not contracted for	8,431,514	8,581,247
	-----	-----
	<u>24,666,273</u>	<u>26,266,083</u>

16. Material related party transactions

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

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



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These following items have been included in the Income Statement.

	Quarter ended <u>31 December 2009</u> RM'000	<u>Group</u> Quarter ended <u>31 December 2008</u> RM'000
Thai AirAsia		
- Lease rental income on aircraft	47,340	36,830
- Maintenance and overhaul charges	6,839	6,901
PT Indonesia AirAsia		
- Lease rental income on aircraft	40,826	22,317
- Maintenance and overhaul charges	3,850	9,378
AirAsia X Sdn. Bhd.		
- Services charged to AirAsia X Sdn Bhd	5,497	3,814

17. Review of performance

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

Quarter Ended: 31 December RM'000 unless otherwise stated	Oct-Dec 2009	Oct-Dec 2008 (restated)	Change y-o-y
Ticket Sales	703,598	764,022	-8%
Ancillary Income	98,777	73,821	34%
Other Operating Income	91,684	67,146	37%
Revenue	894,059	904,988	-1%
EBITDAR	346,904	374,226	-7%
Core Operating Profit	119,231	213,279	-44%
Profit after Tax	76,657	(201,729)	n/a
EBITDAR Margin	38.8%	41.4%	-2.6 ppt
Core Operating Profit Margin	13.3%	23.6%	-10.2 ppt
Profit after Tax Margin	8.6%	-22.3%	n/a

The Group recorded revenue of RM894 million for the quarter ended 31 December 2009 ("4Q09"), 1% lower than the revenue of RM905 million recorded in the quarter ended 31 December 2008 ("4Q08"). Passenger volume grew by 20% in 4Q09 as compared to 4Q08. Average fare was lower by 23% at RM176 as compared to RM229 achieved in 4Q08. Seat load factor was 1 percentage point higher at 79% compared to 78% in the same period last year.



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Quarter Ended: 31 December RM'000	Oct-Dec 2009	Oct-Dec 2008 (restated)	Change y-o-y
Profit before taxation	240,779	(429,732)	n/a
Adjustments:			
Unwinding of derivatives (gain) / loss	(28,695)	614,936	n/a
Forex (gain) / loss	(99,844)	31,787	n/a
Disposal of assets (gain) / loss	6,991	(3,712)	n/a
Core Operating Profit / (Loss)	119,231	213,279	-44%

The Group's core operating profit for the period was RM119 million. This is a 44% decline from the core operating profit achieved in 4Q08. The core operating profit margin for the period was at 13.3%, this is lower than the 23.6% core operating profit margin achieved in 4Q08. The Group has unwound currency hedges for a net gain of RM29 million in the period under review. The Malaysian Ringgit has strengthened against the US Dollar and this has resulted in a translation gain of RM100 million during the quarter. The Group has disposed Boeing 737-300 aircraft in the quarter at a loss of RM7 million.

(B) Performance of full year 2009 against last year

Full Year Ended: 31 December RM'000 unless otherwise stated	Jan-Dec 2009	Jan-Dec 2008 (restated)	Change y-o-y
Ticket Sales	2,397,340	2,405,179	0%
Ancillary Income	415,168	234,838	77%
Other Operating Income	366,345	211,769	73%
Revenue	3,178,854	2,851,786	11%
EBITDAR	1,324,234	833,819	59%
Core Operating Profit	447,453	180,481	148%
Profit after Tax	549,054	(496,563)	n/a
EBITDAR Margin	41.7%	29.2%	12.4 ppt
Core Operating Profit Margin	14.1%	6.3%	7.7 ppt
Profit after Tax Margin	17.3%	-17.4%	n/a

The Group recorded revenue of RM3,179 million for the full year ended 31 December 2009 ("2009"), 11% higher than the revenue of RM2,852 million recorded for the full year ended 31 December 2008 ("2008"). The positive growth in revenue was attributed to higher contribution from ancillary income and other operating income. Passenger volume grew by 21% in 2009 as compared to 2008. Average fare was lower by 17% at RM168 as compared to RM204 achieved in 2008. Seat load factor was constant at 75% as compared to the same period last year.



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Full Year Ended: 31 December RM'000	Jan-Dec 2009	Jan-Dec 2008 (restated)	Change y-o-y
Profit before taxation	639,317	(869,198)	n/a
Adjustments:			
Unwinding of derivatives (gain) / loss	(22,457)	830,216	n/a
Forex (gain) / loss	(123,575)	235,016	n/a
Non-recurring item (gain) / loss	(45,833)	(15,554)	n/a
Core Operating Profit / (Loss)	447,453	180,481	148%

The Group's core operating profit in 2009 was RM440 million. This is a growth of 148% from the core operating profit achieved in 2008. The core operating profit margin for 2009 was at 14.1% which is 7.7 percentage points higher than 2008's core operating profit margin. The Group has unwound derivative structures during the year with a net gain of RM22 million. The Malaysian Ringgit has strengthened against the US Dollar and this has resulted in a translation gain of RM124 million during the year. The non-recurring gain of RM46 million relates to the aircraft sale and leaseback transaction and disposal of Boeing 737-300 aircraft during the year.

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

Net Cash Flow (RM'000)	Oct-Dec 2009	Jul-Sep 2009	Change q-o-q
Cash from Operations	380,428	49,426	670%
Cash from Investing Activities	(777,737)	(575,061)	35%
Cash from Financing Activities	622,765	821,797	-24%
Net Cash Flow	225,457	296,162	-24%

The Group's net cash flow was RM225 million, a decrease of RM71 million against the immediate preceding quarter ended September 2009. The Group has a capital expenditure of RM778 million largely relating to the acquisition of Airbus A320 aircraft, refer Note 10. (a) for further explanation.

(D) Balance sheet commentary for current quarter

Balance Sheet RM million	Oct-Dec 2009	Jul-Sep 2009	Change q-o-q
Total Debt	7,593	7,215	5%
Unrestricted Cash	748	527	42%
Net Debt	6,845	6,688	2%
Net Gearing	2.57	2.60	-1%



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The Group's total debt as of end of 31 December 2009 was RM7,593 million. The Group's net debt after offsetting the cash balances amounted to RM6,845 million. This translates to a net gearing ratio of 2.57 times.

18. Jointly Controlled Entity and Associate Company

(A) AirAsia Thailand

AirAsia Thailand	Oct-Dec	Oct-Dec	Change
Quarter Ended: 31 December	2009	2008	y-o-y
Revenue (THB'000)	2,907,347	2,306,940	26%
EBITDAR (THB'000)	(281,256)	567,495	-150%
Core Operating Profit / (Loss) (THB'000)	334,174	83,420	301%
Profit / (Loss) after Tax (THB'000)	(623,171)	83,420	301%
Exceptional items	1,109,112	0	n/a
EBITDAR Margin	-9.7%	24.6%	n/a
Core Operating Profit Margin	11.5%	3.6%	7.9 ppt
Profit / (Loss) after Tax Margin	-21.4%	3.6%	n/a
Passenger carried	1,432,798	854,244	68%
Average Fare (THB)	1,789	2,450	-27%
Seat Load Factor	81%	75%	6.0 ppt
ASK (million)	1,852	1,182	57%
RPK (million)	1,493	882	69%

AirAsia Thailand recorded revenue of THB2,907 million in 4Q09, this is 26% higher compared to 4Q08. The positive growth in revenue is attributed to higher passenger volume and higher contribution from ancillary income. AirAsia Thailand has achieved significant passenger growth of 68% as compared to 4Q08 and load factors have increased by six percentage points to 81%. Average fare was lower by 27% at THB1,789 as compared to THB2,450 achieved in 4Q08.

AirAsia Thailand's operating environment has improved substantially during the quarter from the resurgence of tourist arrivals coupled by a strong domestic market. The Thai operations produced core operating profit of THB334 million in 4Q09, this is fourfold increase as compared to the core operating profit achieved in 4Q08. There was a provision in the amount of THB1,109 million relating to the redelivery cost of Boeing 737-300 aircraft. Thailand also recorded a forex translation gain of THB152 million during the period. The losses after tax for the period was THB623 million after taking into account the provisions and forex gains.



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AirAsia Thailand	FY 2009	FY 2008	Change y-o-y
Year Ended: 31 December			
Revenue (THB'000)	9,325,988	8,884,542	5%
EBITDAR (THB'000)	849,309	705,182	20%
Core Operating Profit / (Loss) (THB'000)	148,355	(735,423)	-120%
Profit / (Loss) after Tax (THB'000)	(808,990)	(735,423)	10%
Exceptional items	1,109,112	0	n/a
EBITDAR Margin	9.1%	7.9%	1.2 ppt
Core Operating Profit Margin	1.6%	-8.3%	9.9 ppt
Profit / (Loss) after Tax Margin	-8.7%	-8.3%	n/a
Passenger carried	4,988,270	4,061,967	23%
Average Fare (THB)	1,656	2,002	-17%
Seat Load Factor	75.6%	75.8%	-0.2 ppt
ASK (million)	6,423	5,101	26%
RPK (million)	4,855	3,867	26%

For the full year 2009, AirAsia Thailand recorded revenue of THB9,326 million. This is 5% higher than the revenue achieved in 2008. The positive growth is supported by 23% growth in passengers carried and higher contribution from ancillary income. AirAsia Thailand has deployed 26% capacity growth and load factor remained constant at 76%. Average fare has dropped by 17% to THB1,656.

Thailand's operations faced significant challenges in the first half of year due to the depressed global economy, domestic political disturbances and weak sentiment for air travel. As the year progresses, the situation has improved with strong growth in of tourist arrivals coupled by buoyant domestic market. The Thai operations produced core operating profit of THB148 million in 2009, a reversal from 2008's reported losses of THB735 million. The losses for the full year 2009 is THB809 million after imputing the provision for the redelivery cost of Boeing 737-300 aircraft and forex translation gains.



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(B) AirAsia Indonesia

AirAsia Indonesia Quarter Ended: 31 December	Oct-Dec 2009	Oct-Dec 2008	Change y-o-y
Revenue (IDR million)	577,217	473,326	22%
EBITDAR (IDR million)	(42,272)	84,098	n/a
Core Operating Profit / (Loss) (IDR million)	(36,528)	7,517	n/a
Profit / (Loss) after Tax (IDR million)	(146,528)	7,517	n/a
Exceptional items	110,000	0	n/a
EBITDAR Margin	-7.3%	17.8%	n/a
Core Operating Profit / (Loss) Margin	-6.3%	1.6%	n/a
Profit / (Loss) after Tax Margin	-25.4%	1.6%	n/a
Passenger carried	939,703	628,977	49%
Average Fare (IDR)	545,410	694,603	-21%
Seat Load Factor	74%	69%	5.3 ppt
ASK (million)	1,604	1,033	55%
RPK (million)	1,188	711	67%

AirAsia Indonesia recorded revenue of IDR577 billion in 4Q09, this is 22% higher as compared against 4Q08. The positive growth in revenue is attributed to higher passenger volume and higher contribution from ancillary income. Passenger carried by AirAsia Indonesia grew by 49% in 4Q09 as compared to 2008 with five percentage points improvement in seat load actor. Average fare was lower by 21% to IDR545,410 due to the significant capacity addition of 55% in the period.

The operations produced a loss of IDR147 billion which included provision amounting to IDR110 billion relating to the redelivery Boeing 737-300 aircraft. These aircraft are to be redelivered to its original owners on a staggered manner in 2010.



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AirAsia Indonesia Year Ended: 31 December	FY 2009	FY 2008	Change y-o-y
Revenue (IDR million)	2,016,626	1,528,966	32%
EBITDAR (IDR million)	217,604	45,626	377%
Core Operating Profit / (Loss) (IDR million)	(79,250)	(140,882)	-44%
Profit / (Loss) after Tax (IDR million)	(189,250)	(140,882)	34%
Exceptional items	110,000	0	n/a
EBITDAR Margin	10.8%	3.0%	7.8 ppt
Core Operating Profit / (Loss) Margin	-3.9%	-9.2%	n/a
Profit / (Loss) after Tax Margin	-9.4%	-9.2%	n/a
Passenger carried	3,461,881	2,478,694	40%
Average Fare (IDR)	504,298	561,064	-10%
Seat Load Factor	74%	74%	-0.2 ppt
ASK (million)	5,609	3,704	51%
RPK (million)	4,133	2,737	51%

For the full year 2009, AirAsia Indonesia recorded revenue of IDR2,017 billion. This is 32% higher than the revenue achieved in 2008. The positive growth is supported by 40% passenger growth and higher contribution from ancillary income. AirAsia Indonesia has deployed 51% capacity growth and load factor remained constant at 74%. Average fare has dropped by 10% to IDR504,298.

The losses for year amounted to IDR189 billion after taking into account the provision of the redelivery cost of Boeing 737-300 aircraft.

(C) Unrecognised share of losses in 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. This figure includes the exceptional items in the amount RM55.3 million for Thai AirAsia and RM18.4 million for Indonesia AirAsia. The unrecognised share of operating losses as at 31 December includes RM185.2 million for Thai AirAsia and RM142.3 million for Indonesia AirAsia.



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	Unrecognised share of operating profit / (loss) for the Quarter ended 31 December 2009 RM'Million	Unrecognised share of operating profit / (loss) as of 31 December 2009 RM'Million
Thai AirAsia	(31.2)	(240.4)
Indonesia AirAsia	(25.8)	(239.2)

19. Variation of results against preceding quarter

The Group achieved a profit after taxation of RM77 million for the quarter under review. This is a reduction against the RM130 million profit after taxation achieved to that of the immediately preceding quarter ended 30 September 2009.

20. Commentary on prospects

There are early signs that the global economy is stabilising and the benefits are already visible in the aviation industry. Passenger traffic growth has been growing with ticket price slowly moving upwards with tighter supply-demand conditions.

The Group has identified nine new routes to be launched in 2010. These new routes coupled with frequency addition across existing network will support capacity addition of 11%-14% for the year.

The Group is focusing on yield management and fine tuning the current network in order to extract higher yields. Underperforming routes are closely monitored and is subject to revision or permanent cessation as part of the Company's route refinement exercise.

The Group has taken partial fuel hedges to mitigate the impact of fuel price volatility and continue to monitor the oil market. The Group has hedged via fixed swaps on Singapore Jet Kerosene of approximately up to 17% of its expected fuel requirement in the first quarter of 2010 at an average price of US\$83.55/barrel and approximately 7% of its expected fuel requirement in the second quarter of 2010 at a price of \$81.70/barrel. The Group has also entered hedges via fixed swaps on cracks (Singapore Jet Kerosene/WTI) at an average price of \$8.07/barrel which represents an additional 23% hedge of the Group's total expected fuel consumption for the period between February 2010 and December 2010.

Based on current forward booking trend, the underlying passenger demand in the first quarter remains positive. The support for our new route launches has been encouraging with high loads and satisfactory yields.

Thailand's outlook for the first quarter remains strong. Thailand continues to enjoy high passenger traffic growth with strong load factor. Yields have improved underpinned by the resurgence of foreign tourist arrivals and robust domestic demand. In addition, the Thai operation is enjoying the cost benefits of the increased number of Airbus A320 aircraft in its fleet.



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Indonesia's outlook for the first quarter 2010 is positive with encouraging passenger growth and unit cost improvements. The passenger demand is supporting higher load factor and will likely deliver better yields. Furthermore, the operational reliability and operational cost have improved significantly due to the increased number of Airbus A320 aircraft in its fleet.

Barring any unforeseen circumstances, the Directors remain positive with the prospects of the Group for the first quarter 2010.

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 31/12/09	Quarter Ended 31/12/08	Year Ended 31/12/09	Year Ended 31/12/08
Finance Costs				
Interest costs				
- Bank borrowings	(95,261)	(104,530)	(370,077)	(297,521)
- Hire-purchase payables	(3)	(3)	(12)	(12)
Bank facilities and other charges	(757)	(1,516)	(3,157)	(5,442)
	(96,021)	(106,049)	(373,246)	(302,975)
Finance Income				
Interest on deposits	3,638	2,334	6,300	20,990
	3,638	2,334	6,300	20,990
Net Forex Exchange gain / (loss)	99,844	(13,843)	123,575	(217,315)
Net Finance Cost	7,461	(117,558)	(243,372)	(499,300)

23. Exceptional item

The Group has unwound currency hedges for a net gain of RM29 million in the quarter under review.

24. Income tax expense

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



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25. Unquoted investments and properties

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

26. Quoted investments

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

27. Status of corporate proposals announced

(i) Vietnam Joint Venture

The Company has announced on 10 February 2010 on the acquisition of 30% of the issued and paid capital of Vietjet Aviation Joint Stock Company for a sum value of VND180 billion subject to the satisfactory outcome of a financial due diligence exercise on VietJet Aviation. The purpose of this venture is to establish a low cost carrier airline in the Socialist Republic of Vietnam based on the successful business model of AirAsia Berhad.

28. Borrowings and debt securities

	At 31 December 2009 RM'000	At 31 December 2008 RM'000
Current Secured	495,663	538,934
Non-current Secured	7,097,405	6,067,624
Total Debt	7,593,068	6,606,558

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. The entire borrowings are denominated in US Dollar and Euro. The Company has substantially hedged its foreign exchange exposure through foreign exchange contracts as explained in Note 29 (i).

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



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- (c) Assignment of airframe and engine warranties of each aircraft
- (d) Mortgage of the aircraft
- (e) Deregistration Power of Attorney

29. Off balance sheet financial instruments:

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

(i) Forward Foreign Exchange Contracts

As at 31 December 2009, the Group has hedged approximately 52% of its dollar liabilities pertaining to its aircraft, engine and simulator 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 pertaining to aircraft being deployed to Malaysia, approximately 70% of the loans are hedged from USD into MYR. The latest weighted average foreign forward exchange rate is at 3.1894 USD:MYR.

(ii) Interest Rate Hedging

The Group has entered into interest rate hedging transactions to hedge against fluctuations in the US-LIBOR on its existing and future aircraft financing for deliveries between Year 2005 and 2010. In the fourth quarter of 2009, the Group has entered into additional interest rate swaps at 3.70% for 12 years tenure for future aircraft loans in 2010.

During the year in 2009, the Group has terminated 17 interest rate swaps due to a sharp decline of the interest rates. At the same time, the Group has re-entered into new interest rates hedges via interest rate swaps and interest rate caps at lower rates. Some of the interest rate swaps have been embedded into the relevant aircraft loans to provide fixed rate facilities.

(iii) Fuel Hedging

As at 31 December 2009, the Group has entered into a fuel hedging transaction via Singapore Jet Kerosene fixed swap at US\$84.85 per barrel to cover approximately 10% of the Group's jet fuel requirements in the first quarter of 2010. The Group has a balance of buy put positions of 750,000 barrels at US\$42/barrel for the period between Jan 2010 and June 2010.

During the year in 2009, the Group has removed sell put exposures which were transacted in 2008. The Group has also hedged approximately 20% of its fourth quarter jet fuel requirements via Singapore Jet Kerosene fixed swap at an average price of US\$74.98 per barrel.



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30. Material litigation

As at 25 February 2010, there was no material litigation against the Group.

31. Proposed dividend

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

32. Earnings per share

(a) Basic earnings per share

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 31/12/09	Preceding Quarter Ended 31/12/08	Current Year Ended 31/12/09	Preceding Year Ended 31/12/08
Net profit/(loss) for the financial period (RM'000)	76,657	(201,729)	549,054	(496,563)
Weighted average number of ordinary shares in issue for basic EPS ('000)	2,456,443	2,358,313	2,456,443	2,358,313
Adjusted for share options granted ('000)	0	0	0	0
Adjusted weighted average number of ordinary shares ('000)	2,456,443	2,358,313	2,456,443	2,358,313
Basic earnings per share (sen)	3.1	(8.5)	22.4	(20.9)
Diluted earnings per share (sen)	3.1	(8.5)	22.4	(20.9)

(b) Diluted earnings per share

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



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33. Authorisation for issue

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

By order of the Board

JASMINDAR KAUR a/p SARBAN SINGH

(MAICSA 7002687)
COMPANY SECRETARY
25 February 2010