



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 31 MARCH 2010

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 2010.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Period ended	Period ended
		31/03/2010 RM'000	31/03/2009 RM'000	31/03/2010 RM'000	31/03/2009 RM'000
Revenue		878,041	797,131	878,041	797,131
Cost of Sales		(535,505)	(405,982)	(535,505)	(405,982)
Gross profit from operations		342,536	391,149	342,536	391,149
Other operating expenses		(42,709)	(28,933)	(42,709)	(28,933)
Other income		-	48,530	-	48,530
Profit from operations		299,827	410,746	299,827	410,746
Derivative (loss) / gain	10	(21,195)	-	(21,195)	-
Net Finance (cost) / income	24	92,984	(188,466)	92,984	(188,466)
Depreciation and amortisation		(115,429)	(98,162)	(115,429)	(98,162)
Share of results of jointly controlled entity	20	-	-	-	-
Share of results of associate	20	-	-	-	-
Profit before taxation		256,187	124,118	256,187	124,118
Current taxation	26	(4,371)	(180)	(4,371)	(180)
Deferred taxation	26	(27,706)	79,212	(27,706)	79,212
Profit after taxation		224,110	203,150	224,110	203,150
Attributable to:					
-Equity holders of the company		224,110	203,150	224,110	203,150
		224,110	203,150	224,110	203,150
Basic earnings per share (sen)		9.1	8.6	9.1	8.6
Diluted earnings per share (sen)		9.1	8.6	9.1	8.6

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the audited financial statements.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 31 MARCH 2010

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME**

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended (restated)	Period ended	Period ended (restated)
		31/03/2010 RM'000	31/03/2009 RM'000	31/03/2010 RM'000	31/03/2009 RM'000
Profit/(Loss) for the period		224,110	203,150	224,110	203,150
Other comprehensive income: Cash flow hedges	11	(11,150)	0	(11,150)	0
Total comprehensive income/(loss) for the period		<u>212,960</u>	<u>203,150</u>	<u>212,960</u>	<u>203,150</u>
Total comprehensive income/(loss) attributable to: Equity holders of the company Minority Interest		212,960	203,150	212,960	203,150
Total comprehensive income/(loss) for the period		<u>212,960</u>	<u>203,150</u>	<u>212,960</u>	<u>203,150</u>



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 31 MARCH 2010

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2010

		AS AT	AS AT
	Note	31/03/2010 RM'000	31/12/2009 RM'000
NON CURRENT ASSETS			
Property, plant & equipment	12	7,827,717	7,942,188
Investment in associates		29	29
Derivative Financial Instruments	32	60,438	-
AFS Financial Assets		132,700	26,704
Goodwill		8,738	8,738
Deferred tax asset		723,568	751,274
Long term prepayments		23,427	23,593
Amount due from a jointly controlled entity		173,274	171,885
Amount due from associates		263,714	253,037
		9,213,605	9,177,448
CURRENT ASSETS			
Inventories (at cost)		22,142	20,864
Derivative Financial Instruments	32	6,957	-
Trade receivables		39,357	68,526
Prepayment, deposits and other receivables		569,961	652,556
Deposit on aircraft purchase		316,335	330,978
Amount due from a jointly controlled entity		162,077	194,503
Amount due from associates		174,320	203,851
Deposits, bank and cash balances		938,481	746,312
		2,229,630	2,217,590
CURRENT LIABILITIES			
Trade and other payables		824,699	872,990
Sales in advance		288,700	283,224
Borrowings	30	521,185	540,212
Hire-purchase payables		46	56
Current tax liabilities		12,962	9,824
		1,647,592	1,706,306
NET CURRENT ASSETS			
		582,038	511,284
NON CURRENT LIABILITIES			
Borrowings	30	6,665,778	7,067,696
Hire-purchase payables		6	16
Derivative Financial Instruments	32	351,660	-
		7,017,444	7,067,712
CAPITAL AND RESERVES			
Share capital	7	275,883	275,774
Reserves		2,502,316	2,345,246
Shareholders' funds		2,778,199	2,621,020
		2,778,199	2,621,020
Net assets per share attributable to ordinary equity holders of the Company (RM)		1.01	0.95

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 31 MARCH 2010

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	PERIOD ENDED 31/03/2010 RM'000	PERIOD ENDED 31/03/2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	377,463	124,118
Adjustments:		
Property, plant and equipment		
- Depreciation	115,429	98,162
- Gain on disposal	-	(33,395)
Derivative (loss) / gain	21,195	-
Amortisation of long term prepayments	3,885	4,333
Amortisation of other investments	4	3
Unrealised foreign exchange (gain)/loss	(286,326)	88,586
Interest expense	91,599	98,120
Interest income	(19,215)	(790)
	304,034	379,137
Changes in working capital		
Inventories	(1,278)	(1,994)
Receivables and prepayments	111,919	24,130
Trade and other payables	(47,842)	(88,536)
Intercompany balances	(9,840)	(24,157)
Cash generated from / (used in) operations	356,993	288,580
Interest paid	(79,419)	(98,120)
Interest received	19,215	790
Tax paid	(1,233)	(150)
Net cash from / (used in) operating activities	295,556	191,100
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Additions	(955)	(420,958)
- Proceeds from disposal	-	157,117
Deposit on aircraft purchase	-	-
Long term prepayments	(3,719)	(12,255)
Proceeds from disposal of other investments	-	-
Net cash used in investing activities	(4,674)	(276,096)
CASH FLOWS FROM FINANCING FACILITIES		
Proceeds from allotment of shares	1,171	-
Hire purchase instalments paid	(20)	(19)
Proceeds from borrowings	3,040	373,730
Repayment of borrowings	(102,904)	(218,487)
Deposits pledged as securities	(2,322)	(3,511)
Net cash from financing activities	(101,035)	151,713
NET INCREASE/(DECREASE) FOR THE FINANCIAL YEAR	189,847	66,717
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	718,465	120,803
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	908,312	187,520

* The balance at end of financial period excludes fixed deposits of RM30.169 million (31/03/09: RM36.471 million) pledged with licensed bank as securities for banking facilities granted to the Company

This Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2009



AIRASIA BERHAD

(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

FIRST QUARTER REPORT ENDED 31 MARCH 2010

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to Equity Holders of the Company									
Issued and fully paid ordinary shares of RM0.10 each											
Number of shares '000	Nominal Value RM'000	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	Minority Interest RM'000	TOTAL EQUITY RM'000		
At 1 January 2010	2,757,745	1,206,216	592	-	-	1,138,438	2,621,020	-	2,621,020		
Effect of adopting FRS 139	-	-	-	(65,670)	105,996	(97,278)	(56,952)	-	(56,952)		
At 1 January 2010 (As restated)	2,757,745	1,206,216	592	(65,670)	105,996	1,041,160	2,564,068	-	2,564,068		
Net Profit for the period	-	-	-	-	-	224,110	224,110	-	224,110		
Other comprehensive income	-	-	-	(11,150)	-	-	(11,150)	-	(11,150)		
Issuance of ordinary shares - Pursuant to the Employees' Share Option Scheme ('ESOS')	1,084	109	-	-	-	-	1,171	-	1,171		
At 31 March 2010	2,758,829	1,207,278	592	(76,820)	105,996	1,265,270	2,778,199	-	2,778,199		
At 1 January 2009	2,374,210	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	735,352	592	-	-	835,321	1,808,686	-	1,808,686		

At 31 March 2009

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 31 MARCH 2010

KEY OPERATING STATISTICS – 31 MARCH 2010

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

Quarter Ended: 31 March	Jan-Mar 2010	Jan-Mar 2009 (restated)	Change y-o-y
Passengers Carried	3,685,389	3,147,609	17%
Capacity	5,016,780	4,515,120	11%
Seat Load Factor	74%	70%	4 ppt
ASK (million)	5,929	5,215	14%
RPK (million)	4,090	3,487	17%
Average Fare (RM)	172.6	197.9	-13%
Ancillary Income per pax (RM)	38.1	29.0	31%
Unit Passenger Revenue (RM)	210.7	226.9	-7%
Rev / ASK (sen)	13.22	13.84	-4%
Rev / ASK (US cents)	3.92	3.99	-2%
Cost / ASK (sen)	11.54	9.83	-17%
Cost / ASK (US cents)	3.42	2.71	-26%
Cost / ASK-ex fuel (sen)	6.33	6.07	-4%
Cost / ASK-ex fuel (US cents)	1.88	1.67	-12%
Aircraft (average)	46.0	41.0	12%
Aircraft (end of period)	48	45	7%
Average Stage Length (km)	1,174	1,167	1%
Number of Flights	27,871	25,084	11%
Fuel Consumed (barrels)	1,017,693	878,249	16%
Average Fuel Price (US\$/barrel)	90.0	61.6	46%

Definition and calculation methodology

ASK (available seat kilometer) = Total available seats multiplied by the distance flown.

RPK (revenue passenger kilometer) = Number of passengers carried multiplied by distance flown

Revenue / ASK (Yield) = Total revenue less aircraft lease rental from Thailand AirAsia and Indonesia AirAsia (Q1 2010: RM 93.963 million, Q1 2009: RM 75.116 million), divided by available seat kilometer

Cost / ASK = Total expenses before interest and tax less depreciation for Thailand AirAsia and Indonesia AirAsia aircraft (Q1 2010: RM 28.886 million, Q1 2009: RM 20.316 million), divided by available seat kilometer

Cost / ASK – ex fuel = Costs, as defined above, less fuel expenses, divided by available seat kilometer



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 31 MARCH 2010

NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2010

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 2009. 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 2009, except for those accounting policies detailed in section 2 below.

2. Summary of significant accounting policies

With effect from 1 January 2010 the Group has adopted the following accounting standards: FRS 139: Financial Instruments, Recognition and Measurement, FRS 8 Operating Segments, FRS 101 (Revised) : Presentation of Financial Statements and FRS 7: Financial Instruments: Disclosures with effect from 1 January 2010.

i) Effects of Adoption of FRS 139: Financial Instruments, Recognition and Measurement

FRS 139 sets out the new requirements for the recognition and measurement of financial instruments and the requirements for the application of hedge accounting.

Financial instruments are recorded initially at fair value. Subsequent measurement of those instruments at the balance sheet date reflects the designation of the financial instrument. The Group determines the classification at initial recognition and re-evaluates this designation at each year end except for those financial instruments measured at fair value through profit or loss.

Financial Assets

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 31 MARCH 2010

NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2010

in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

c) Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Available-for-sale financial assets were previously classified within Other Investments.

Financial Liabilities

a) Borrowings

Borrowings are initially measured at fair value plus directly attributable transaction costs and subsequently at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated income statement when the liabilities are derecognised or through the amortisation process.

b) Derivative Financial Instruments

Derivative financial instruments are required to be initially recognised at fair value on the date the derivative contract is entered into and subsequently at fair value at each balance sheet date. Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are recognised in the income statement.

However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of item being hedged as follows:

Cash flow hedge

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while an ineffective portion is recognised immediately in the income statement. Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when the hedged financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 31 MARCH 2010

NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2010

non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of non-financial asset or liability. If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

In accordance with the provisions of FRS 139, the above changes are applied prospectively and the comparatives as at 31 December 2009 are not restated. Instead, the changes have been accounted for by making the following FRS139 adjustments to opening balances in the balance sheet as at 1 January 2010.

	As at 01/01/2010
	RM'000
Available-for-Sale Financial Assets	105,996
Derivative Financial Assets	158,115
Derivative Financial Liabilities	(288,760)
Amounts due from a jointly controlled entity	(15,462)
Amounts due from an associate	<u>(16,841)</u>
	<u>(56,952)</u>

In addition, these changes in accounting policies have the effect of decreasing the profit for the current period by RM139.2 million.

ii) Effects of Adoption of FRS 8: Operating Segments

FRS 8 requires an entity to report financial and descriptive information about its reportable segments. AirAsia Berhad operates a single reportable segment, that of Airline Operations, for decision making purposes so no further segment information is disclosed.

iii) Effects of Adoption of FRS 101 (Revised): Presentation of Financial Statements

FRS 101 (Revised) requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line labelled as total comprehensive income. The revised standard also requires the presentation of the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements.

This is a disclosure standard with no impact on the financial position or financial performance of the Group.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 31 MARCH 2010

NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2010

iv) Effects of Adoption of FRS 7: Financial Instruments: Disclosures

FRS 7 requires comprehensive disclosure on qualitative and quantitative information about exposure to risks from financial instruments. Such disclosures will be made in the audited annual financial statements of the Group.

v) Changes in Accounting Policies and Effects of Adoption of New and Revised FRSs

At the date of authorisation of this quarterly condensed financial report, the MASB had issued the following FRS and Interpretations but which were not yet effective and have not been adopted by the Group:

	Effects for financial periods beginning on or after
FRS 1 (Revised): First time adoption of Financial Reporting Standards	1 July 2010
FRS 3 (Revised): Business Combination	1 July 2010
FRS 127 (Revised): Consolidated and Separate Financial Instruments (amended)	1 July 2010
IC Interpretation 12: Service Concession Arrangements	1 July 2010
IC Interpretation 15: Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16: Hedges of Net Investments in a Foreign Operation	1 July 2010
IC Interpretation 17: Distributions of Non-cash Assets to Owners	1 July 2010
The amendments to the FRS:	
FRS 2: Share-based Payment	1 July 2010
FRS 5: Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
FRS 138: Intangible Assets	1 July 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 July 2010

These new FRS and interpretations are not expected to have any significant impact on the financial statements of the Group upon their initial application.

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 2009 in their report dated 30 April 2010.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 31 MARCH 2010

NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2010

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 4 percentage points higher in the quarter under review against the same period last year. Compared against the immediate preceding quarter (fourth quarter October - December), the seat load factor was 6 percentage points lower. This seasonal pattern is in line with the expectation of the Group.

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

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

6. Changes in estimates

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

7. Capital and reserves

During quarter ended 31 March 2010, the total issued and paid-up share capital of the Company increased from 275,774,458 to 275,882,858 ordinary shares by the issuance of 1,084,000 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 March 2010.

8. Dividend paid

There were no dividends paid in the quarter ended 31 March 2010.

9. Segment reporting

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



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 31 MARCH 2010

NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2010

10. Derivative gain / (loss)

Derivative gain/(loss) comprise fair value changes due to movement in mark-to-market (MTM) position on non-designated hedging contracts and ineffective hedges at 31 March 2010 as compared to 1 January 2010, and are detailed below:

	Quarter ended 31/03/2010 RM million	Quarter ended 31/03/2009 RM million
(i) Gain / (loss) from fuel contracts	2.9	-
(ii) Gain / (loss) from foreign currency contracts	(7.5)	-
(v) Gain / (loss) from interest rate contracts	(16.6)	-
	<u>(21.2)</u>	<u>-</u>

The above gains and losses arise from the movement in exchange rates (principally RM:US\$), interest rates and jet fuel 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.

11. Other Comprehensive Income

Cash flow hedges represent fair value changes due to movement in MTM position on effective hedging contracts at 31 March 2010 as compared to 1 January 2010 as follows:

	Quarter ended 31/03/2010 RM million	Quarter ended 01/01/2010 RM million
(i) Fair value loss in the period	(132.4)	-
(i) Amount transferred to income statement	121.3	-
	<u>(11.1)</u>	<u>-</u>

12. Property, plant and equipment

(a) acquisition and disposals

During the quarter ended 31 March 2010, the Group acquired property, plant and equipment with a cost of RM0.96 million (quarter ended 31 March 2009: RM420.9 million).



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 31 MARCH 2010

NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2010

During the quarter ended 31 March 2010, there was no disposal of property, plant and equipment (quarter ended 31 March 2009: RM157.1 million).

(b) valuation

There was no revaluation of property, plant and equipment for the quarter ended 31 March 2010.

13. 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 2010 as at the date of this report.

14. 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.

15. Contingent assets

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

16. 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 2009.

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

Capital commitments for property, plant and equipment:

	<u>Group and Company</u>	
	<u>31/03/2010</u>	<u>31/03/2009</u>
	RM'000	RM'000
Contracted for	15,837,592	18,208,903
Authorised but not contracted for	8,472,481	9,022,765
	-----	-----
	24,310,073	27,231,668
	=====	=====



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 31 MARCH 2010

NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2010

18. 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

These following items have been included in the Income Statement.

	Quarter ended 31/03/2010 RM'000	Group	Quarter ended 31/03/2009 RM'000
Thai AirAsia			
- Lease rental income on aircraft	51,011		43,538
- Maintenance and overhaul charges	6,170		7,468
PT Indonesia AirAsia			
- Lease rental income on aircraft	42,952		31,578
- Maintenance and overhaul charges	3,972		8,662
AirAsia X Sdn. Bhd.			
- Services charged to AirAsia X Sdn Bhd	11,932		5,227



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 31 MARCH 2010

NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2010

19. Review of performance

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

Quarter Ended: 31 March	Jan-Mar 2010	Jan-Mar 2009	Change
RM'000		(restated)	y-o-y
Ticket Sales	636,214	622,930	2%
Ancillary Income	140,278	91,248	54%
Other Operating Income	101,549	82,953	22%
Revenue	878,041	797,131	10%
Staff Cost	(77,598)	(63,465)	-22%
Fuel and Oil	(308,834)	(196,011)	-58%
User & Station Charges	(55,421)	(49,747)	-11%
Maintenance & Overhaul	(25,190)	(32,072)	21%
Sales and Marketing	(27,862)	(20,589)	-35%
Others	(59,621)	(45,291)	-32%
EBITDAR	323,516	389,956	-17%
Lease of Aircraft	(21,832)	(27,650)	21%
EBITDA	301,684	362,305	-17%
Depreciation & Amortisation	(115,429)	(98,163)	-18%
EBIT	186,255	264,142	-29%
Derivative gain / (loss)	(21,195)	-	-
Net Finance Cost	(74,238)	(97,014)	23%
Unrealised forex gain / (loss)	165,985	(90,374)	284%
Other Income / (Expenses)	(620)	47,363	101%
Profit before tax	256,187	124,118	106%
Taxation	(32,076)	79,032	-141%
Profit after tax	224,110	203,150	10%
EBITDAR Margin	36.8%	48.9%	-12.1 ppt
EBIT Margin	21.2%	33.1%	-11.9 ppt
Profit after Tax Margin	25.5%	25.5%	-

The Group recorded revenue of RM878 million for the quarter ended 31 March 2010 ("1Q10"), 10% higher than the revenue of RM797 million recorded in the quarter ended 31 March 2009 ("1Q09"). The revenue growth was supported by 17% growth in passenger volumes and average fare that was 13% lower at RM173 as compared to RM198 achieved in 1Q09. Seat load factor was 4 percentage points higher at 74% compared to 70% in the same period last year.

The profit after tax for the period was RM224 million, this represents a growth of 10% as compared to the profit after tax produced in 1Q09.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 31 MARCH 2010

NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2010

Quarter Ended: 31 March RM'000	Jan-Mar 2010	Jan-Mar 2009 (restated)	Change y-o-y
Profit before taxation	256,187	124,118	106%
Adjustments:			
Unwinding of derivatives (gain) / loss	-	-	-
Forex (gain) / loss	(165,985)	90,374	283%
Disposal of assets (gain) / loss	-	(48,528)	-
FRS 139 adjustments (gain) / loss	21,195	-	-
Core Operating Profit / (Loss)	111,397	165,963	-33%
Core Operating Profit Margin	12.7%	20.8%	-8.1 ppt

The Group's core operating profit for the period was RM111 million. This is a 33% decline from the core operating profit achieved in 1Q09. The core operating profit margin for the period was at 12.7%, this is lower than the 20.8% core operating profit margin achieved in 1Q09. The Malaysian Ringgit has strengthened against the US Dollar and this has resulted in a translation gain of RM166 million during the quarter.

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

Net Cash Flow (RM'000)	Jan-Mar 2010	Oct-Dec 2009	Change q-o-q
Cash from Operations	295,556	380,428	-22%
Cash from Investing Activities	(4,674)	(777,737)	99%
Cash from Financing Activities	(101,035)	622,765	-116%
Net Cash Flow	189,847	225,457	-16%

The Group's cash from operations was at RM296 million, a decrease of RM84 million against the immediate preceding quarter ended December 2009. The net cash flow is lower in the quarter as compared to the immediate preceding quarter due to the seasonality aspect of the business whereby the fourth quarter (October – December) is traditionally the strongest quarter of the year.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 31 MARCH 2010

NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2010

(C) Balance sheet commentary for current quarter

Balance Sheet RM million	Jan-Mar 2010	FY 2009	Change q-o-q
Total Debt	7,187	7,608	6%
Unrestricted Cash	938	746	26%
Net Debt	6,248	6,862	9%
Net Gearing	2.25	2.62	14%

The Group's total debt as of end of 31 March 2010 was RM7,187 million. The Group's net debt after offsetting the cash balances amounted to RM6,248 million. This translates to a net gearing ratio of 2.24 times. The net gearing for the quarter is 14% lower than the immediate preceding quarter due to the growth in cash and less loan drawdown during the period under review.

20. Jointly Controlled Entity and Associate Company

(A) AirAsia Thailand

AirAsia Thailand Quarter Ended: 31 December	Jan-Mar 2010	Jan-Mar 2009	Change y-o-y
Revenue (THB'000)	3,108,336	2,395,836	30%
EBITDAR (THB'000)	983,096	756,142	30%
Core Operating Profit / (Loss) (THB'000)	400,622	297,633	35%
Profit / (Loss) after Tax (THB'000)	622,862	297,633	109%
EBITDAR Margin	31.6%	31.6%	-
Core Operating Profit Margin	12.9%	12.4%	0.5 ppt
Profit / (Loss) after Tax Margin	20.0%	12.4%	7.6 ppt
Passenger carried	1,481,111	1,186,098	25%
Capacity	1,836,101	1,557,624	18%
Seat Load Factor	81%	76%	5 ppt
ASK (million)	1,914	1,432	34%
RPK (million)	1,544	1,059	46%
Average Fare (THB)	1,800	1,833	-2%

AirAsia Thailand recorded revenue of THB3,108 million in 1Q10, 30% higher compared to 1Q09. 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 25% as compared to 1Q09 and load factors have increased by five percentage



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 31 MARCH 2010

NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2010

points to 81%. Average fare was lower by 2% at THB1,800 as compared to THB1,833 achieved in 1Q09.

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 THB401 million in 1Q10, a 35% increase over the core operating profit achieved in 1Q09. Thailand also recorded a forex translation gain of THB222 million during the period. The profit after tax for the period was THB623 million after taking into account the forex translation gains.

(B) AirAsia Indonesia

AirAsia Indonesia Quarter Ended: 31 March	Jan-Mar 2010	Jan-Mar 2009	Change y-o-y
Revenue (IDR million)	528,355	384,664	37%
EBITDAR (IDR million)	107,495	70,021	54%
Core Operating Profit / (Loss) (IDR million)	(33,973)	(64,634)	47%
Profit / (Loss) after Tax (IDR million)	4,640	(64,634)	107%
EBITDAR Margin	20.3%	18.2%	2.1 ppt
Core Operating Profit / (Loss) Margin	-6.4%	-16.8%	10.4 ppt
Profit / (Loss) after tax	0.9%	-16.8%	17.7 ppt
Passenger carried	893,381	662,483	35%
Capacity	1,234,492	979,632	26%
Seat Load Factor	72%	68%	4 ppt
ASK (million)	1,569	1,103	42%
RPK (million)	1,136	745	52%
Average Fare (IDR)	496,511	501,245	-1%

AirAsia Indonesia recorded revenue of IDR528 billion in 1Q10, this is 37% higher as compared against 1Q09. The positive growth in revenue is attributed to higher passenger volume and higher contribution from ancillary income. Passengers carried by AirAsia Indonesia grew by 35% in 1Q10 as compared to 1Q09 with four percentage points improvement in seat load factor.

The operations produced a profit after tax of IDR5 billion which included a forex translation gain of IDR39 billion. The core operating loss after excluding the forex translation gain is IDR34 billion.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 31 MARCH 2010

NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2010

(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.

	Unrecognised share of net profit / (loss) for the Quarter ended 31/03/2010 RM’Million	Unrecognised share of net profit / (loss) as of 31/03/2010 RM’Million
Thai AirAsia	30.3	(210.3)
Indonesia AirAsia	0.8	(233.2)

21. Variation of results against preceding quarter

The Group achieved a profit after taxation of RM224 million for the quarter under review. This is a gain against the RM77 million profit after taxation achieved to that of the immediately preceding quarter ended 31 December 2009.

22. Commentary on prospects

The aviation industry has been enjoying a steady recovery since the end of last year. Passenger traffic has been growing steadily and ticket prices are moving up due to stronger demand and a tighter supply-demand scenario.

Based on the current forward booking trend, the underlying passenger demand in the second quarter for the Group’s operations remains positive. Load factors achieved in the month of April were ahead of the prior year in Malaysia, Thailand and Indonesia and forward bookings for future months remain ahead of the same time last year.

In Thailand, the second quarter is a weaker quarter as it coincides with the low season for tourist arrivals and a lower demand for leisure travel. Thai AirAsia has introduced planned capacity reductions of 12% for the period to more closely match supply and demand. The recent political disturbances are expected to have only a short term impact, passenger loads have recovered substantially on Bangkok bound routes since the end of the protest.

Indonesia’s outlook for the second quarter 2010 is positive with encouraging passenger growth. Passenger demand is supporting higher load factors and will likely deliver better yields. In addition, the strengthening of the Indonesia Rupiah against the USD, a result of



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 31 MARCH 2010

NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2010

economic growth and political stability reduces costs which are primarily USD denominated.

The Group will take delivery of six A320 aircraft in the second quarter of the year two of which will be operated in Malaysia three in Thailand and one in Indonesia. The introduction of additional A320 aircraft in Thailand and Indonesia will improve operational reliability and reduce operating costs. The Malaysian aircraft will be used to operate five new routes to be launched in the second quarter, while the aircraft to be stationed in Thailand and Indonesia will be used to replace B737 aircraft which will be retired from service.

The Group has partially hedged its fuel requirement for up to 26% from the second quarter of 2010 to December 2010 via fixed swaps on Singapore Jet Kerosene, WTI crude oil and 'crack', which is the difference between Singapore Jet Kerosene and WTI crude oil. WTI crude oil hedges were recently transacted to match some of the existing crack hedges to provide an effective Singapore Jet Kerosene hedge at an average of approximately \$83/barrel.

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

23. 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.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 31 MARCH 2010

NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2010

24. Finance (Cost)/Income

All figures in RM'000	Group and Company			
	Quarter Ended 31/03/10	Quarter Ended 31/03/09	Year Ended 31/03/10	Year Ended 31/03/09
Finance Costs				
Interest costs				
- Bank borrowings	(91,596)	(98,117)	(91,596)	(98,117)
- Hire-purchase payables	(3)	(3)	(3)	(3)
Bank facilities and other charges	(617)	(762)	(617)	(762)
	(92,216)	(98,882)	(92,216)	(98,882)
Finance Income				
Interest on inter-co balances (TAA and IAA)	16,208		16,208	
Interest on deposits	3,007	790	3,007	790
	19,215	790	19,215	790
Net Forex Exchange gain / (loss)	165,985	(90,374)	165,985	(90,374)
Net Finance (Cost) / Income	92,984	(188,466)	92,984	(188,466)

25. Exceptional item

There were no exceptional items in the quarter under review.

26. Income tax expense

Current taxation

Current taxation of RM4.4 million relates to interest income.

Deferred taxation

The RM27.7 million deferred tax charge arises from the net of RM67.8 million deferred tax liabilities and RM40.1 million of deferred tax assets recognized during the period. The deferred tax liabilities arose from an increase in the difference between the net book value and tax written down value of property plant and equipment, a result of capital allowances granted offset by depreciation. The deferred tax asset arose from capital allowances granted in the period but which remained unutilized. The deferred tax asset relating to the investment allowance was unchanged.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 31 MARCH 2010

NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2010

27. Unquoted investments and properties

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

28. Quoted investments

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

29. Status of corporate proposals announced

Vietnam Joint Venture

Subsequent to the announcement by the Company on 10 February 2010, the financial due diligence on VietJet Aviation Joint Stock Company has already been completed. Application is being made to Civil Aviation Authority of Vietnam for the Air Operating Certificate that will permit the operation of a low cost carrier in the Socialist Republic of Vietnam based on the already proven business model of AirAsia in other ASEAN countries

30. Borrowings and debt securities

	At 31/03/2010 RM'000	At 31/12/2009 RM'000
Current	521,185	540,212
Non-current	6,665,778	7,067,696
Total Debt	7,186,963	7,607,908

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 31 (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



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 31 MARCH 2010

NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2010

- (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

31. Derivative Financial Instruments:

The fair value of derivative financial instruments is determined in accordance with FRS139 which was adopted by the Group with effect from 1 January 2010. The principal changes in accounting policies and effects resulting from the adoption of FRS 139 are disclosed in section 2 of this announcement.

(i) Forward Foreign Exchange Contracts

As at 31 March 2010, 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 first quarter of 2010, the Group has entered into four additional forward start interest rate swaps at an average of 3.70%, with 12 years tenure for loans future aircraft loans in 2010.

(iii) Fuel Hedging

As at 31 March 2010, the Group has entered into a fuel hedging transaction via Singapore Jet Kerosene fixed swap at US\$81.70 per barrel to cover approximately 7% of the Group’s jet fuel requirements in the second 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.

In addition, the Group has entered into ‘crack’ fixed swaps which cover approximately 26% of the Group’s total expected fuel volumes for the remaining period between April 2010 and December 2010.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 31 MARCH 2010

NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2010

32. Derivative financial instruments

Type of derivatives	Notional Value as at 31/03/2010	Fair Value as at 31/03/2010 Assets / (Liabilities)
(i) Fuel contract	Barrels (million)	RM (million)
- less than 1 year	2.2	7.0
- 1 year to 3 years	-	-
	<u>2.2</u>	<u>7.0</u>
(ii) Interest rate contracts	RM (million)	RM (million)
- less than 1 year	-	-
- 1 year to 3 years	-	-
- more than 3 years	4,385.8	(252.5)
	<u>4,385.8</u>	<u>(252.5)</u>
(ii) Foreign currency contracts	RM (million)	RM (million)
- less than 1 year	-	-
- 1 year to 3 years	-	-
- more than 3 years	4,152.8	(38.7)
	<u>4,152.8</u>	<u>(38.7)</u>

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.

33. Material litigation

As at 31 May 2010, there was no material litigation against the Group.

34. Proposed dividend

The Directors do not recommend any dividend for the quarter ended 31 March 2010.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 31 MARCH 2010

NOTES TO THE UNAUDITED ACCOUNTS – 31 MARCH 2010

35. 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 31/03/10	Preceding Quarter Ended 31/03/09	Current Year to Date 31/03/10	Preceding Year to Date 31/03/09
Net profit for the financial period (RM'000)	224,110	203,150	224,110	203,150
Weighted average number of ordinary shares in issue for basic EPS ('000)	2,457,352	2,358,303	2,457,352	2,358,303
Adjusted for share options granted ('000)	5,753	-	5,753	-
Adjusted weighted average number of ordinary shares ('000)	2,463,105	2,358,303	2,463,105	2,358,303
Basic earnings per share (sen)	9.1	8.6	9.1	8.6
Diluted earnings per share (sen)	9.1	8.6	9.1	8.6

(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.

36. 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
31 May 2010