



AIRASIA BERHAD
(Company No. 284669-W)
(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FIRST QUARTER REPORT ENDED 30 SEPTEMBER 2004

ANNOUNCEMENT

The Board of Directors of Airasia Berhad (“AirAsia” or the Company) is pleased to announce the following unaudited consolidated results for the first quarter ended 30 September 2004. This is the first quarterly announcement made by AirAsia to the Bursa Malaysia Berhad since its listing on 22 November 2004.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/09/2004	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2003	CURRENT YEAR PERIOD 30/09/2004	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2003
	RM'000	RM'000	RM'000	RM'000
Revenue	124,198	N/A	124,198	N/A
Cost of Sales	(92,046)	N/A	(92,046)	N/A
Gross profit from operations	32,152	N/A	32,152	N/A
Other operating expenses	(12,991)	N/A	(12,991)	N/A
Other operating income	1,281	N/A	1,281	N/A
Profit from operations	20,442	N/A	20,442	N/A
Finance costs	(1,583)	N/A	(1,583)	N/A
Depreciation and amortisation	(4,934)	N/A	(4,934)	N/A
Share of results of associated companies	(3,300)	N/A	(3,300)	N/A
Profit before taxation	10,625	N/A	10,625	N/A
Taxation	(147)	N/A	(147)	N/A
Profit after taxation	10,478	N/A	10,478	N/A
(ii) Add/ (Less) minority interests	-	N/A	-	N/A
Profit after taxation and minority interests attributable to shareholders	10,478	N/A	10,478	N/A
Basic earnings per share (sen)	6.0	N/A	6.0	N/A
Diluted earnings per share (sen)	6.0	N/A	6.0	N/A

This Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2004

The accompanying notes are an integral part of this statement



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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2004

	UNAUDITED AS AT END OF CURRENT QUARTER 30/09/2004 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 30/06/04 RM'000
NON CURRENT ASSETS		
Property, plant & equipment	162,846	158,456
Investment in an associated company	20,074	86
Other investments	102	108
Deferred expenditure	8,689	4,369
	191,711	163,019
CURRENT ASSETS		
Deferred share issue expenses	2,024	2,741
Inventories (at cost)	3,915	3,947
Trade and other receivables	80,365	113,947
Amount owing by an associated company	10,419	202
Deposits, bank and cash balances	78,441	66,147
	175,164	186,984
CURRENT LIABILITIES		
Trade and other payables	108,580	102,146
Amount owing to an associated company	-	202
Hire purchase payables	295	128
Borrowings (secured)	47,728	47,728
Current tax liabilities	521	439
	157,124	150,643
NET CURRENT ASSETS	18,040	36,341
NON CURRENT LIABILITIES		
Deferred tax liabilities	1,113	1,113
Hire purchase payables	152	239
Borrowings (secured)	47,728	47,728
	48,993	49,080
	160,758	150,280
CAPITAL AND RESERVES		
Share capital	175,127	175,127
Share premium	65,959	65,959
Accumulated losses	(80,328)	(90,806)
Shareholders' funds	160,758	150,280
Minority interest	-	-
	160,758	150,280
NET TANGIBLE ASSETS PER SHARE (RM)	0.92	0.86

This Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2004

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	CURRENT FINANCIAL PERIOD ENDED 30/09/2004 RM'000	PRECEDING FINANCIAL PERIOD ENDED 30/09/2003 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from operations before taxation	10,625	N/A
Adjustments:		
Interest expense	971	N/A
Depreciation of property, plant and equipment	4,934	N/A
Interest income	(525)	N/A
	16,005	-
Changes in operating assets and liabilities		
Increase in inventories	32	N/A
Increase in trade and other receivables	34,289	N/A
Increase in trade and other payables	6,434	N/A
Cash generated from operations	56,760	-
Interest paid	(971)	N/A
Interest received	525	N/A
Tax paid	(65)	N/A
Net cash from operating activities	56,249	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(13,644)	N/A
Acquisition of an associated company	(19,988)	N/A
Net cash used in investing activities	(33,632)	-
CASH FLOWS FROM FINANCING FACILITIES		
Hire purchase instalments paid	(106)	N/A
Advance to associated companies	(10,217)	N/A
Net cash from financing activities	(10,323)	-
NET INCREASE FOR THE FINANCIAL PERIOD	12,294	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	58,589	N/A
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	70,883	-

This Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2004.

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

	Issued and fully paid ordinary shares of RM1.00 each		Non-distributable			Distributable	
	Number ** of shares '000	Nominal value RM'000	RCPS* RM'000	Share premium RM'000	Share application monies RM'000	Accumulated losses RM'000	TOTAL RM'000
<u>Group</u>							
At 1 July 2003	52,070	52,070	109,216	-	27,617	(139,873)	49,030
Conversion of RCPS	109,216	109,216	(109,216)	-	-	-	-
Issuance of shares	13,841	13,841	-	65,959	(27,617)	-	52,183
Net Profit	-	-	-	-	-	49,067	49,067
At 30 June 2004	175,127	175,127	-	65,959	-	(90,806)	150,280
At 1 July 2004	175,127	175,127	-	65,959	-	(90,806)	150,280
Conversion of RCPS	-	-	-	-	-	-	-
Issuance of shares	-	-	-	-	-	-	-
Net Profit	-	-	-	-	-	10,478	10,478
At 30 September 2004	175,127	175,127	-	65,959	-	(80,328)	160,758

* Redeemable Cumulative Preference Shares of RM1.00 each

** On 6 October 2004, the Company undertook a share split which involved a change in the par value of the Company's ordinary shares from RM1.00 to RM0.10 each. After the completion of the share split, the issued and paid-up share capital of the Company had changed from RM175,127,328 comprising 175,127,328 ordinary shares of RM1.00 each to RM175,127,328 comprising 1,751,273,280 fully paid-up ordinary shares of RM0.10 each.

This Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2004

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UNAUDITED NOTES TO THE ACCOUNTS – 30 SEPTEMBER 2004

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in compliance with MASB No. 26 "Interim Financial Reporting" and Appendix 9B of the Listing Requirements of the Bursa Malaysia Securities Berhad (BMSB) except for the comparative requirements due to reasons stated in Note 13 below and should be read in conjunction with the Group's audited financial statements for the year ended 30 June 2004.

The accounting policies and method of computation adopted by the Group are consistent with those used in the preparation of the 2004 Audited Financial Statements.

2. Auditors' Report on Preceding Annual Financial Statements

The audit report of the preceding audited financial statements was not qualified.

3. Extraordinary or Exceptional Items

There were no extraordinary or exceptional item during the financial period ended 30 September 2004.

4. Change in Estimates

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

5. Issuance or Repayment of Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellation or shares held as treasury shares and resale of treasury shares for the current financial period under review.

6. Dividends Paid

There were no dividends paid during the quarter under review.



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UNAUDITED NOTES TO THE ACCOUNTS – 30 SEPTEMBER 2004

7. Segmental Information

Segmental information is not presented as there are no business segments other than the provision of air transportation services. The Group's operations are conducted predominantly in Malaysia.

8. Valuation of Assets

There was no revaluation of aircraft, property and equipment for the quarter ended 30 September 2004.

9. Material Subsequent Events

INITIAL PUBLIC OFFERING (“IPO”)

On 20 October 2004 and 29 October 2004, AirAsia issued a Prospectus and an International Offering Circular respectively, offering for sale an aggregate of 700,509,400 ordinary shares of nominal value of RM0.10 each comprising the institutional offering and retail offering, of which 583,757,800 were new shares offered by AirAsia and 116,751,600 are existing shares offered by Tune Air Sdn Bhd, IDBIF Malaysia Investments Ltd, Crescent Air Asia Investments, Ltd and Deucalion Capital II Limited.

The institutional offering consisted of 560,407,500 shares offered to foreign and Malaysian institutional and selected investors at the institutional price determined by way of bookbuilding.

The retail offering consisted of 140,101,900 shares offered to the Malaysian public, eligible directors and employees of AirAsia and its subsidiaries and persons who have contributed to the success of AirAsia. The final retail price was RM1.1625 per share (being 7% discount to final institution price of RM1.25 per share which was fixed on 29 October 2004).

On 22 November 2004, AirAsia's entire issued and paid-up share capital of RM233,503,108 comprising 2,335,031,080 ordinary shares of RM0.10 each was admitted to the Official List of Bursa Securities.



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**PROPOSED ACQUISITION OF EQUITY INTEREST TOTALLING 49%
SHAREHOLDING INTEREST IN PT AWAIR INTERNATIONAL**

On 30 August 2004, AA International Limited (“AAIL”), a 99.8% owned subsidiary of AirAsia entered into separate Sale and Purchase Agreements with Sky Castle International Limited and Mr. Unn Harris in relation to shares in PT AWAir International (“AWAir”). AAIL acquired a 46.88% interest in AWAir from Sky Castle International Limited for USD1.00 (US Dollar One) and a 2.12% equity interest in AWAir from Mr Unn Harris for USD1.00 (US Dollar One) (collectively the "Proposed Acquisition").

PURCHASE OF AIRCRAFT

On 17 December 2004, the Company signed a Memorandum of Understanding with Airbus for a proposed acquisition of up to 80 A320 aircraft, consisting of 40 firm orders and 40 purchase rights. The contract is worth USD2.5billion for the 40 firm orders. Delivery of the new A320s is expected to take place over a period of 5 years with an average of 1 aircraft per month, starting from January 2006.

10. Changes in Composition of the Group

There were no changes in the composition of the Group for the current quarter under review except for the following (as disclosed in the prospectus dated 20 October 2004):-

Subsidiaries of the Company

AirAsia Go Holiday Sdn Bhd

Incorporated in Malaysia on 6.08.2004

Issued and paid up share capital: RM200,000 of RM1.00 per share

Effective Interest: 100%

Principal Activities: Tour operating business

AirAsia (Mauritius) Limited

Incorporated in Mauritius on 20.08.2004

Issued and paid up share capital: USD1.00 of USD1.00 per share

Effective Interest: 100%

Principal Activities: Providing aircraft leasing facilities



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AA International Ltd ('AAIL')

Incorporated in Malaysia on 11.09.2003 (acquired effective 01.07.2004)

Issued and paid up share capital: USD5,270,000 of USD1.00 per share

Effective Interest: 99.8%

Principal Activities: Investment holding

Subsidiary company of AAIL

AirAsia (HK) Limited

Incorporated in Hong Kong on 09.06.2004

Issued and paid up share capital: HK\$10,000 of HK\$1.00 per share

Effective Interest: 99.8%

Principal Activities: Dormant

Associated companies of AAIL

Thai AirAsia Co., Ltd

Incorporated in Thailand on 19.09.2003

Issued and paid up share capital: THB400,000,000 of THB10 per share

Effective Interest: 48.9%

Principal Activities: Aerial transport of persons, things and posts

AirAsia Pte Ltd

Incorporated in Singapore on 23.09.2003

Issued and paid up share capital: S\$500,000 of S\$1.00 per share

Effective Interest: 48.9%

Principal Activities: Dormant

Subsidiary company of Thai AirAsia

Thai AirAsia (HK) Limited

Incorporated in Hong Kong on 09.06.2004

Issued and paid up share capital: HK\$10,000 of HK\$1.00 per share

Effective Interest: 48.9%

Principal Activities: Dormant



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Associated company of Crunchtime and Subsidiary of Thai AirAsia

Thai Crunch Time Co., Ltd
Incorporated in Thailand on 12.04.2004
Issued and paid up share capital: THB4,000,000 of THB10 per share
Effective Interest: 49.4%
Principal Activities: Providing in-flight meals and trading of merchandise

The effect of the above acquisitions is not material except for the results of the share of the associated companies' losses of RM3.3million for the 1st quarter ended 30 September 2004.

11. Contingent Liabilities

There are no changes in contingent liabilities since the last audited balance sheet date as at 30 June 2004.

12. Capital Commitment

	As at 30 September 2004 RM'000
- Authorised and contracted for	28,450
- Authorised but not contracted for	-

	28,450
	=====

13. Comparison with Preceding Quarter's Results

There is no preceding quarter comparative as this is the Group's first quarterly report as a public company listed on Bursa Malaysia.



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NOTES PER BURSA SECURITIES LISTING REQUIREMENTS

1. Review of Performance of the Company and its Principal Subsidiaries

In the quarter ended 30 September 2004, the Group recorded a total revenue of RM124.2 million. This was contributed by a passenger load factor of 77% and an average fare of RM122.

For the quarter ended 30 September 2004, the Group's operating profit of RM20.4 million was impacted by the higher fuel price. All other cost elements were generally in line with forecasts.

An explanatory comment on comparison of the profit before taxation for the quarter with the immediate preceding quarter is not applicable as the results for the preceding quarter have not been presented.

2. Seasonality or Cyclicity of Operations

AirAsia is principally involved in provision of air transportation services and thus, is subject to the seasonal demand for air travel. Accordingly, AirAsia's revenue, operating profit and cashflow are relatively lower between July and September as this quarter is regarded as low season for travel. This pattern is in line with forecasts and expectations of the Group.

3. Prospects for Current Financial Year

Passenger load factors and forward sales of seats have increased substantially since the end of the quarter ended 30 September 2004 and remained strong. This is due to the peak and festive seasons during this period from October to December that impacted air travel. Fuel prices have since declined from the peak prices during the 1st quarter ended 30 September 2004. In view of these factors and barring any unforeseen circumstances, the Directors expect the Group's performance to be satisfactory for the remaining period of the financial year ending 30 June 2005.



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NOTES PER BURSA SECURITIES LISTING REQUIREMENTS

4. Profit Forecast

This note is not applicable as explanatory comment for variance of actual profit from forecast profit is only required to be presented in the announcement of financial results for the final quarter ending 30 June 2005.

5. Status of Corporate Proposals

There are no uncompleted announced corporate proposals as at the date of this report.

6. Utilization of Proceeds

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

	Amount Raised RM'000	Amount Utilised RM'000	Balance RM'000
Repayment of bank borrowings	94,240	-	94,240
Capital expenditure	100,000	46,000	54,000
Estimated listing expenses	35,500	20,000	15,500
Working capital	487,699	38,000	449,699
	<u>717,439</u>	<u>104,000</u>	<u>613,439</u>

7. Taxation

	Current Period 2005 RM'000	Cumulative Period 2005 RM'000
Taxation comprises:		
Current	147	147
Deferred	-	-
	<u>147</u>	<u>147</u>

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



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NOTES PER BURSA SECURITIES LISTING REQUIREMENTS

8. Sale of Unquoted Investments and Properties

There were no sale of unquoted investments and properties for the financial period under review.

9 Quoted Securities

There were no purchases or disposals of quoted securities for the period under review.

10 Borrowings and Debt Securities

Borrowings and Debt Securities

Total Group borrowings as at 30 September 2004 are as follows:-

	RM'000
Current: Revolving Credit Facility (Secured)	47,728
Non-Current: Term Loan (Secured)	47,728
	<u>95,456</u>

There have been no changes to the borrowings since the date of the last balance sheet as at 30 June 2004.

11. Off Balance Sheet Financial Instruments

The Company has a forward contract for the purchase of jet fuel which matures on 31 December 2004 and is to be settled in US Dollars. The unrealised gain on forward contract is deferred until the purchase of fuel is transacted. Subsequent to 30 June 2004, the Company entered into additional hedging arrangements covering periods up to 30 June 2005.

12. Material Litigation

As at the date of this announcement, the Group is not engaged in any material litigation.



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NOTES PER BURSA SECURITIES LISTING REQUIREMENTS

13 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders of RM10.5million by the number of ordinary shares in issue during the financial period of 175.1million.

Diluted earnings per share is similar to the basic earnings per share in this report as there are no dilutive potential ordinary shares outstanding as at 30 September 2004.

14. Dividend

No dividend has been declared or recommended for the current quarter and financial period ended 30 June 2005.

By order of the Board

JASMINDAR KAUR a/p SARBAN SINGH

(MAICSA 7002687)
COMPANY SECRETARY
23 December 2004