



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 SEPTEMBER 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 third quarter ended 30 September 2009.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended (restated)	Period ended	Period ended (restated)
		30/09/2009 RM'000	30/09/2008 RM'000	30/09/2009 RM'000	30/09/2008 RM'000
Revenue		739,668	707,909	2,284,795	1,934,269
Cost of Sales		(483,892)	(599,907)	(1,283,793)	(1,501,714)
Gross profit from operations		255,776	108,002	1,001,002	432,555
Other operating expenses		(49,982)	(29,491)	(114,441)	(81,606)
Other income		24,457	13,048	77,280	24,398
Profit from operations		230,251	91,559	963,841	375,347
Net Finance (cost) / income	22	14,251	(292,570)	(250,833)	(381,742)
Depreciation and amortisation		(108,242)	(88,037)	(308,232)	(219,380)
Exceptional item	23	-	(215,280)	(6,238)	(215,280)
Share of results of jointly controlled entity	18	-	-	-	-
Share of results of associate	18	-	-	-	-
Profit before taxation		136,260	(504,328)	398,538	(441,055)
Current taxation	23	(323)	(737)	(623)	(2,045)
Deferred taxation	23	(5,865)	39,538	74,482	148,267
Profit after taxation		130,072	(465,527)	472,397	(294,833)
Attributable to:					
-Equity holders of the company		130,072	(465,527)	472,397	(294,833)
		130,072	(465,527)	472,397	(294,833)
Basic earnings per share (sen)		5.3	(19.6)	19.2	(12.4)
Diluted earnings per share (sen)		5.3	(19.6)	19.2	(12.4)

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



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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2009

	PERIOD ENDED	AUDITED FINANCIAL YEAR
	30/09/2009	31/12/2008
	RM'000	RM'000
NON CURRENT ASSETS		
Property, plant & equipment	7,291,888	6,594,299
Investment in associates	29	29
Other investments	26,706	26,715
Goodwill	8,738	8,738
Deferred expenditure	479	0
Deferred tax asset	930,591	856,109
Long term prepayments	123,337	103,341
	8,381,768	7,589,231
CURRENT ASSETS		
Inventories (at cost)	26,926	20,684
Other investments	0	0
Trade receivables	28,711	45,958
Prepayment, deposits and other receivables	499,408	648,474
Deposit on aircraft purchase	335,810	334,628
Amount due from a jointly controlled entity	438,339	340,627
Amount due from associates	472,722	387,647
Deposits, bank and cash balances	527,262	153,762
	2,329,178	1,931,780
CURRENT LIABILITIES		
Trade and other payables	907,407	1,068,704
Provision for loss on unwinding of derivatives	0	151,713
Borrowings (secured)	509,192	543,985
Hire-purchase payables	77	77
Current tax liabilities	1,742	4,216
	1,418,418	1,768,695
NET CURRENT ASSETS	910,760	163,085
NON CURRENT LIABILITIES		
Borrowings (secured)	6,705,824	6,146,708
Hire-purchase payables	14	72
	6,705,838	6,146,780
	2,586,690	1,605,536
CAPITAL AND RESERVES		
Share capital	275,732	237,421
Reserves	2,310,958	1,368,115
Shareholders' funds	2,586,690	1,605,536
	2,586,690	1,605,536
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.94	0.68

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	PERIOD ENDED	PERIOD ENDED
	30/09/2009	(Re stated)
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	398,539	(441,055)
Adjustments:		
- Depreciation	308,229	241,694
- Gain on disposal	(37,662)	(11,842)
Amortisation of long term prepayments	4,333	6,332
Amortisation of other investments	9	9
Unrealised foreign exchange (gain)/loss	19,422	207,441
Interest expense	274,825	194,832
Interest income	(2,620)	(18,656)
	965,075	178,755
Changes in working capital		
Inventories	(6,242)	968
Receivables and prepayments	165,833	(187,933)
Trade and other payables	(313,010)	70,292
Intercompany balances	(182,787)	(85,263)
Cash generated from / (used in) operations	628,869	(23,181)
Interest paid	(274,825)	(194,832)
Interest received	2,620	18,656
Tax paid	(3,097)	(2,840)
Net cash from / (used in) operating activities	353,567	(202,197)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Additions	(1,133,572)	(2,084,964)
- Proceeds from disposal	165,416	37,252
Deposit on aircraft purchase	(1,182)	(12,632)
Long term prepayments	(24,329)	(37,838)
Net cash used in investing activities	(993,667)	(2,098,182)
CASH FLOWS FROM FINANCING FACILITIES		
Proceeds from allotment of shares	508,757	2,711
Hire purchase instalments paid	(58)	(58)
Proceeds from borrowings	1,014,160	2,682,141
Repayment of borrowings	(509,259)	(261,693)
Net cash from financing activities	1,013,600	2,423,102
NET INCREASE/(DECREASE)		
FOR THE FINANCIAL YEAR	373,499	122,722
CASH AND CASH EQUIVALENTS AT BEGINNING		
OF THE FINANCIAL YEAR	153,762	651,360
CASH AND CASH EQUIVALENTS AT END OF		
FINANCIAL YEAR	527,262	774,083

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Company							Minority Interest	TOTAL EQUITY
	Issued and fully paid ordinary shares of RM 0.10 each								
	Number of shares	Nominal Value	Share Premium	Foreign Exchange Reserves	Retained Earnings	Total			
	'000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000		
At 1 January 2009	2,374,210	237,421	735,352	592	632,171	1,605,536	-	1,605,536	
	2,374,210	237,421	735,352	592	632,171	1,605,536	-	1,605,536	
Net Profit for the period	-	-	-	-	472,398	472,398		472,398	
Issuance of ordinary shares									
- Pursuant to the Employees' Share Option Scheme ('ESOS')	3,108	311	3,045	-	-	3,356	-	3,356	
- Pursuant to the Private Placement	380,000	38,000	467,400	-	-	505,400	-	505,400	
At 30 September 2009	2,757,318	275,732	1,205,797	592	1,104,569	2,586,690	-	2,586,690	
At 1 January 2008	2,371,541	237,154	732,737	592	1,128,734	2,099,217	-	2,099,217	
	2,371,541	237,154	732,737	592	1,128,734	2,099,217	-	2,099,217	
Net Profit for the period	-	-	-	-	(496,563)	(496,563)	-	(496,563)	
Issuance of ordinary shares									
- Pursuant to the Employees' Share Option Scheme ('ESOS')	2,669	267	2,615	-	-	2,882	-	2,882	
At 31 December 2008	2,374,210	237,421	735,352	592	632,172	1,605,536	-	1,605,536	

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KEY OPERATING STATISTICS – 30 SEPTEMBER 2009

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

Quarter Ended: 30 September	Jul-Sep 2009	Jul-Sep 2008 (restated)	Change y-o-y
Passengers Carried	3,590,744	3,018,395	19%
Capacity	4,762,080	4,005,756	19%
Seat Load Factor	75.4%	75.4%	unchanged
ASK (million)	5,449	4,833	13%
RPK (million)	3,769	3,429	10%
Average Fare (RM)	141.6	195.1	-27%
Ancillary Income per pax (RM)	36.2	23.1	57%
Unit Passenger Revenue (RM)	177.8	218.2	-18%
Rev / ASK (sen)	12.60	14.16	-11%
Rev / ASK (US cents)	3.58	4.24	-16%
Cost / ASK (sen)	11.30	14.49	-22%
Cost / ASK (US cents)	3.21	4.34	-26%
Cost / ASK-ex fuel (sen)	6.51	5.38	21%
Cost / ASK-ex fuel (US cents)	1.85	1.61	15%
Aircraft (average)	43.5	38.2	14%
Aircraft (end of period)	48	46	4%
Average Stage Length (km)	1,162	1,231	-6%
Number of Flights	26,471	22,475	18%
Fuel Consumed (barrels)	940,400	813,641	16%
Unit Fuel Price (US\$/barrel)	79.3	162.0	-51%



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NOTES TO THE UNAUDITED ACCOUNTS – 30 SEPTEMBER 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. This will affect the computation of key performance indicators such as Cost/ASK and Revenue/ASK.

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 remained flat on a year on year and on the immediate preceding quarter. This seasonal pattern is in line with the expectation of the Group.

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

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

6. Changes in estimates

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



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7. Capital and reserves

During quarter ended 30 September 2009, the total issued and paid-up share capital of the Company increased from 2,375,598,580 to 2,757,317,580 ordinary shares by the issuance of 380,000,000 ordinary shares of RM0.10 each pursuant to the sale of shares by way of book-building. The capital raising exercise was concluded on 15 September 2009. In addition, 1,389,000 ordinary shares of RM0.10 each was issued 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 30 September 2009.

8. Dividend paid

There were no dividends paid in the quarter ended 30 September 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 third quarter ended 30 September 2009, the Group acquired plant and equipment with a cost of RM567.1 million (third quarter ended 30 September 2008: RM749.3 million).

There was disposal of RM29,000 (third quarter ended 30 September 2008: RM23.8 million) of property, plant and equipment for the quarter ended 30 September 2009.

(b) valuation

There was no revaluation of property, plant and equipment for the quarter ended 30 September 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 30 September 2009.



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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>30.09.09</u>	<u>30.09.08</u>
	RM'000	RM'000
Contracted for	16,639,339	16,812,042
Authorised but not contracted for	8,573,178	7,298,598
	-----	-----
	25,212,517	25,848,317
	=====	=====

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>30 September 2009</u> RM'000	<u>Group</u> Quarter ended <u>30 September 2008</u> RM'000
Thai AirAsia		
- Lease rental income on aircraft	42,237	32,785
- Maintenance and overhaul charges	6,919	6,542
PT Indonesia AirAsia		
- Lease rental income on aircraft	33,380	12,609
- Maintenance and overhaul charges	6,975	9,513
AirAsia X Sdn. Bhd.		
- Services charged to AirAsia X Sdn Bhd	6,994	3,334

17. Review of performance

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

Quarter Ended: 30 September RM'000 unless otherwise stated	Jul-Sep 2009	Jul-Sep 2008 (restated)	Change y-o-y
Ticket Sales	508,489	588,755	-14%
Ancillary Income	130,023	69,748	86%
Other Operating Income	101,157	49,406	105%
Revenue	739,668	707,909	4%
EBITDAR	234,611	101,687	131%
Core Operating Profit	33,834	(81,580)	n/a
Profit after Tax	130,072	(470,570)	n/a
EBITDAR Margin	31.7%	14.4%	17.4 ppt
Core Operating Profit Margin	4.6%	-11.5%	n/a
Profit after Tax Margin	17.6%	-66.5%	n/a

The Group recorded revenue of RM740 million for the quarter ended 30 September 2009 ("3Q09"), 4% higher than the revenue of RM708 million recorded in the quarter ended 30 September 2008 ("3Q08"). The growth in revenue was attributed to higher ancillary income and from other operating income. Passenger volume grew by 19% in 3Q09 as compared to 3Q08. Average fare was lower by 27% at RM142 as compared to RM195 achieved in 3Q08. Load factor was constant at 75% as compared to the same period last year.



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Quarter Ended: 30 September RM'000	Jul-Sep 2009	Jul-Sep 2008	Change y-o-y
Profit before taxation	136,260	(509,371)	n/a
Adjustments:			
Unwinding of derivatives (gain) / loss	0	215,280	n/a
Forex (gain) / loss	(102,426)	212,510	n/a
Disposal of assets (gain) / loss	0	0	n/a
Core Operating Profit / (Loss)	33,834	(81,580)	n/a

The Group's core operating profit was RM34 million, a reversal from a loss of RM82 million in 3Q08. The Malaysian Ringgit has strengthened against the US Dollar and this has resulted in a translation gain of RM102 million during the quarter.

(B) Performance of current year to date against the period last year

9-months Ended: 30 September RM'000 unless otherwise stated	Jan-Sep 2009	Jan-Sep 2008 (restated)	Change y-o-y
Ticket Sales	1,693,742	1,641,157	3%
Ancillary Income	316,392	161,019	96%
Other Operating Income	274,661	132,083	108%
Revenue	2,284,795	1,934,259	18%
EBITDAR	977,331	447,054	119%
Core Operating Profit	328,223	(35,484)	-1025%
Profit after Tax	472,398	(307,773)	-253%
EBITDAR Margin	42.8%	23.1%	85%
Core Operating Profit Margin	14.4%	-1.8%	n/a
Profit after Tax Margin	20.7%	-15.9%	n/a

The Group recorded revenue of RM2,285 million for the first nine months ended 30 September 2009 ("9-months 2009"), 18% higher than the revenue of RM1,934 million recorded in the first nine months ended 30 September 2008 ("9-months 2008"). The positive growth in revenue was attributed to higher passenger volume achieved, higher contribution from ancillary income and other operating income. Passenger volume grew by 21% in 9-months 2009 as compared to 9-months 2008. Average fare was lower by 15% at RM165 as compared to RM194 achieved in 9-months 2008. Load factor was slightly lower by 0.9 percentage points as compared to the same period last year.



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First 9-months Ended: 30 September RM'000	Jan-Sep 2009	Jan-Sep 2008	Change y-o-y
Profit before taxation	398,539	(453,849)	n/a
Adjustments:			
Unwinding of derivatives (gain) / loss	6,238	215,280	-97%
Forex (gain) / loss	(23,731)	203,229	n/a
Non-recurring item (gain) / loss	(52,824)	0	n/a
Core Operating Profit / (Loss)	328,223	(35,340)	n/a

The Group's core operating profit was RM328 million, a reversal from a loss of RM35 million in 9-months 2008. The Group has unwound fuel hedges in the second quarter 2009 with a cost of RM6 million. The Malaysian Ringgit has strengthened against the US Dollar and this has resulted in a translation gain of RM24 million during the period. The non-recurring items relates to the disposal of assets during the period.

(C) Cashflow commentary for current quarter

Net Cash Flow (RM'000)	Jul-Sep 2009	Apr-Jun 2009	Change q-o-q
Cash from Operations	49,426	113,041	-56%
Cash from Investing Activities	(575,061)	(136,688)	321%
Cash from Financing Activities	821,797	35,079	2243%
Net Cash Flow	296,162	11,432	2491%

The Group's net cash flow was RM296 million, an increase of RM285 million against the immediate preceding quarter ended June 2009. The significant increase in net cash flow stems from the Group's capital raising exercise which raised a net proceed of RM505 million. The Group has a capital expenditure of RM575 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	Jul-Sep 2009	Apr-Jun 2009	Change q-o-q
Total Debt	7,215	6,957	4%
Unrestricted Cash	527	231	128%
Net Debt	6,688	6,726	-1%
Net Gearing	2.6	3.5	-26%

The Group's total debt as of end of 30 September 2009 was RM7,215 million. The Group's net debt after offsetting the cash balances amounted to RM6.7 billion. This translates to a



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net gearing ratio of 2.6 times. This is a material reduction from the gearing ratio of 3.5 times in the immediate preceding quarter ended June 2009. The cash from operations and the proceeds from the new shares issued has enhanced the balance sheet liquidity with RM527 million of unrestricted cash.

18. Jointly Controlled Entity and Associate Company

(A) AirAsia Thailand

Quarter Ended: 30 September	Jul-Sep 2009	Jul-Sep 2008	Change y-o-y
Revenue (THB'000)	1,953,398	2,292,463	-15%
EBITDAR (THB'000)	21,804	113,773	81%
Profit after Tax (THB'000)	(402,877)	(249,807)	n/a
Profit after Tax (RM'000)	(40,288)	(24,619)	n/a
EBITDAR Margin	1.1%	5.0%	-3.8 ppt
Profit after Tax Margin	-20.6%	-10.9%	n/a
Passenger carried	1,253,771	1,054,539	19%
Average Fare (THB)	1,373	2,006	-32%
Seat Load Factor	77%	79%	-1.6 ppt
ASK (million)	1,598	1,244	28%
RPK (million)	1,237	984	26%

AirAsia Thailand recorded revenue of THB1,953 million in 3Q09, this is 15% lower compared to 3Q08. The third quarter is the seasonally weakest quarter for Thailand and it underwent significant challenges in the form of weaker consumer sentiment and intensified competition. Thai operations carried 1.25 million passengers in 3Q09; this is a 19% growth as compared to 3Q08 and the seat load factor was roughly constant to the levels achieved last year. The average fare however reduced by 32% to THB1,373. The profit after tax for the period was THB403 million, 61% higher loss than the same period last year.



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(B) AirAsia Indonesia

Quarter Ended: 30 September	Jul-Sep 2009	Jul-Sep 2008	Change y-o-y
Revenue (IDR million)	592,998	439,954	35%
EBITDAR (IDR million)	130,476	27,075	-382%
Profit after Tax (IDR million)	58,745	(11,905)	n/a
Profit after Tax (RM'000)	21,161	(4,310)	n/a
EBITDAR Margin	22.0%	6.2%	15.8 ppt
Profit after Tax Margin	9.9%	-2.7%	n/a
Passenger carried	996,270	643,446	55%
Average Fare (IDR)	509,192	618,708	-18%
Seat Load Factor	77%	78%	-1.0 ppt
ASK (million)	1,568	926	69%
RPK (million)	1,205	721	67%

AirAsia Indonesia recorded revenue of IDR593 billion in 3Q09, this is 35% higher as compared against 3Q08. The operations produced a profit after taxation of IDR59 billion with profit margin of 9.9% in 3Q09. AirAsia Indonesia has achieved significant passenger growth of 55% as compared to 3Q08 with stable load factor of 77%. However, average fare was lower by 18% due to the significant capacity addition of 69% in the period. The Indonesian operation is performing well, the realignment of network capacity to focus on international routes to Australia and Singapore has proven to be immensely beneficial. Yields have improved substantially and the induction of new Airbus A320 aircraft has helped to enhance operational reliability and reduce operational cost.

(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 operating profit / (loss) for the Quarter ended 30 September 2009 RM’ Million	Unrecognised share of operating profit / (loss) as of 30 September 2009 RM’ Million
Thai AirAsia	(19.7)	(188.7)
Indonesia AirAsia	10.4	(191.8)



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19. Variation of results against preceding quarter

The Group achieved a profit after taxation of RM130 million for the quarter under review. This is a slight reduction against the RM139 million profit after taxation achieved to that of the immediately preceding quarter ended 30 June 2009.

20. Commentary on prospects

The Group's strategy to continuously conduct aggressive promotions and provide superior customer service has been successful to drive strong traffic growth. The Group continues to expand to new markets and gain market share as more people are attracted to our unrivaled value proposition.

The price of fuel has been on an increasing trend since September, and assuming this trend continues, it will impact the Group negatively in the fourth quarter. The Group has taken partial fuel hedges to mitigate the impact of fuel price volatility. Approximately 20% of the Group's fuel (Jet Kerosene) requirement in the fourth quarter has been hedged at a fixed swap rate of US\$75 per barrel. All other cost items are expected to remain low due to efficiency initiatives implemented and benefits of economies of scale. In addition, the Malaysian Ringgit has been strengthening against the USD since 30 September 2009 and should this trend continue, it may have a positive impact on the Company.

The fourth quarter is traditionally the Company's strongest quarter and based on current forward booking trend, the underlying passenger demand remains positive. However, ticket prices are expected to be lower than the same period last year. The challenging global economy is making consumers very price sensitive and this necessitates lower fare in order to stimulate demand and maintain high passenger traffic.

Thailand's outlook for the fourth quarter is positive, the number of passenger growth is satisfactory and the operation has continued to gain market share. In addition, the Thai operation is enjoying the cost benefits of the increased number of Airbus A320 aircraft in its fleet.

Indonesia's outlook for the fourth quarter is positive with strong passenger growth, improving yields and unit cost reduction. The migration of route network to international destinations has proven to be successful as seen by higher load factors and higher average fares achieved. 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 in the fourth quarter 2009.



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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 30/09/09	Quarter Ended 30/09/08	Period Ended 30/09/09	Period Ended 30/09/08
Finance Costs				
Interest costs				
- Bank borrowings	(88,222)	(85,812)	(274,816)	(194,822)
- Hire-purchase payables	(3)	(3)	(9)	(9)
Bank facilities and other charges	(930)	(1,416)	(2,400)	(2,183)
	(89,155)	(87,231)	(277,225)	(197,014)
Finance Income				
Interest on deposits	979	7,171	2,661	18,656
	979	7,171	2,661	18,656
Net Forex Exchange gain / (loss)	102,426	(212,510)	23,731	(203,384)
Net Finance Cost	(14,251)	(292,570)	(250,833)	(381,742)

23. Exceptional item

There was no exceptional item in the quarter under review.

24. Income tax expense

	INDIVIDUAL QUARTER		CUMULATIVE YEAR	
	Quarter Ended 30/09/09 RM'000	Quarter Ended 30/09/08 RM'000	Period Ended 30/09/09 RM'000	Period Ended 30/09/08 RM'000
<u>Group</u>				
Current tax	323	737	623	2,045
Deferred tax	5,865	(39,538)	(74,482)	(148,267)
	6,188	(38,801)	(73,859)	(146,222)

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) *Proposed Private Placement of new Ordinary Shares of RM0.10 each in AirAsia (“Placement Share”), representing up to 20% of the Issued and Paid-up Share Capital of AirAsia (“Proposed Private Placement”)*

The Company has announced on 3rd August 2009 on its intention to issue new shares in order to raise capital by the way of book-building. The book-building exercise was finalised on 15 September 2009, a total of 380 million shares was issued which equates to approximately 16% of the issued and paid-up share capital of AirAsia. The issued shares was priced at 133 sen and the Company raised a net proceed of RM504 million.

28. Borrowings and debt securities

	At 30 September 2009 RM'000	At 31 December 2008 RM'000
Current		
Secured	509,192	543,985
Non-current		
Secured	6,705,824	6,146,708
Total Debt	7,215,016	6,690,693

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:



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- (a) Assignment of rights under contract with Airbus over each aircraft
- (b) Assignment of insurance and reinsurances of each aircraft
- (c) Assignment of airframe and engine warranties of each aircraft
- (d) Mortgage of the aircraft
- (e) Deregistration Power of Attorney

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) The Group has hedged 57% of its dollar liabilities pertaining to its aircraft, engine and simulator loans into Malaysian Ringgit by using long dated foreign exchange forward contracts. The weighted average forex rate is 3.1562 USD:MYR.

(ii) Interest Rate Hedging

The Group has entered into hedge against fluctuations in the US-LIBOR on its existing and future aircraft financing for deliveries between the Year 2005 and 2009. Between July and September 2009, the Group has entered additional Interest Rate Swaps and Interest Rate Caps of between 3.55% and 3.75% per annum over a period of 12 years to 14 years.

(iii) Fuel Hedging

The Group has entered into a fuel hedging contract with an average fixed swap of US\$74.98 per barrel (Singapore Jet Kerosene) to cover approximately 20% of the Group's fourth quarter jet fuel requirements. The Group has a balance of buy put positions of 1.59 million barrels at price of USD\$42/barrel for the period between October 2009 and June 2010.

30. Material litigation

As at 20 November 2009, there was no material litigation against the Group.

31. Proposed dividend

The Directors do not recommend any dividend for the quarter ended 30 September 2009.



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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 30/09/09	Preceding Period Corresponding Quarter Ended 30/09/08	Current Year Ended 30/09/09	Preceding Period Corresponding Year Ended 30/09/08
Net profit for the financial period (RM'000)	130,072	(465,528)	472,398	(294,384)
Weighted average number of ordinary shares in issue for basic EPS ('000)	2,456,383	2,373,300	2,456,383	2,373,300
Adjusted for share options granted ('000)	0	0	0	0
Adjusted weighted average number of ordinary shares ('000)	2,456,383	2,373,300	2,456,383	2,373,300
Basic earnings per share (sen)	5.3	(19.6)	19.23	(12.4)
Diluted earnings per share (sen)	5.3	(19.6)	19.23	(12.4)

(b) Diluted earnings per share

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

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
20 November 2009