



**AIRASIA BERHAD**  
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)  
THIRD QUARTER REPORT ENDED 30 September 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 third quarter ended 30 September 2010.

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Period ended	Period ended
		30/09/2010 RM'000	30/09/2009 RM'000	30/09/2010 RM'000	30/09/2009 RM'000
Revenue		987,558	739,668	2,806,255	2,284,795
Cost of Sales		(510,666)	(483,892)	(1,572,540)	(1,283,793)
Gross profit from operations		476,892	255,776	1,233,715	1,001,002
Other operating expenses		(46,043)	(49,982)	(136,031)	(114,441)
Other income		-	24,457	-	77,280
Profit from operations		430,849	230,251	1,097,684	963,841
FRS 139 Adjustment	10	(49,154)	-	(95,164)	-
Net Finance (cost) / income	24	63,118	14,251	79,264	(250,833)
Depreciation and amortisation		(134,956)	(108,242)	(372,706)	(308,232)
Exceptional item	25	-	-	-	(6,238)
Share of results of jointly controlled entity	20	-	-	-	-
Share of results of associate	20	-	-	-	-
<b>Profit before taxation</b>		<b>309,857</b>	<b>136,260</b>	<b>709,078</b>	<b>398,538</b>
Current taxation	26	(3,845)	(323)	(10,990)	(623)
Deferred taxation	26	21,274	(5,865)	52,239	74,482
<b>Profit after taxation</b>		<b>327,286</b>	<b>130,072</b>	<b>750,327</b>	<b>472,397</b>
Attributable to:					
-Equity holders of the company		327,286	130,072	750,327	472,397
		<b>327,286</b>	<b>130,072</b>	<b>750,327</b>	<b>472,397</b>
Basic earnings per share (sen)		11.9	5.3	27.2	19.2
Diluted earnings per share (sen)		11.8	5.3	27.1	19.2

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.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME**

		INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended (restated)	Period ended	Period ended (restated)
		30/09/2010	30/06/2009	30/09/2010	30/06/2009
Note		RM'000	RM'000	RM'000	RM'000
	<b>Profit/(Loss) for the period</b>	327,286	130,072	750,327	472,397
	Other comprehensive income / (loss) Cash flow hedges	45,316	-	15,360	-
	<b>Total comprehensive income/(loss) for the period</b>	<b>372,602</b>	<b>130,072</b>	<b>765,687</b>	<b>472,397</b>
	Total comprehensive income/(loss) attributable to:				
	Equity holders of the company	372,602	130,072	765,687	472,397
	Minority Interest	-	-	-	-



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		AS AT	AS AT
		30/09/2010	31/12/2009
		RM'000	RM'000
	<b>Note</b>		
<b>NON CURRENT ASSETS</b>			
Property, plant & equipment	12	8,989,420	7,942,188
Investment in associates		29	29
Derivative Financial Instruments	32	31,965	-
AFS Financial Assets		135,882	26,704
Goodwill		8,738	8,738
Deferred tax asset		803,513	751,274
Long term prepayments		23,094	23,593
Amount due from a jointly controlled entity		161,797	171,885
Amount due from associates		230,881	253,037
		<b>10,385,319</b>	<b>9,177,448</b>
<b>CURRENT ASSETS</b>			
Inventories (at cost)		29,844	20,864
Derivative Financial Instruments	32	19,181	-
Trade receivables		48,455	68,526
Prepayment, deposits and other receivables		736,553	652,556
Deposit on aircraft purchase		261,357	330,978
Amount due from a jointly controlled entity		143,082	194,503
Amount due from associates		99,530	203,851
Deposits, bank and cash balances		934,853	746,312
		<b>2,272,855</b>	<b>2,217,590</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		842,360	872,990
Sales in advance		308,248	283,224
Borrowings	30	506,541	540,212
Hire-purchase payables		25	56
Current tax liabilities		19,054	9,824
		<b>1,676,228</b>	<b>1,706,306</b>
<b>NET CURRENT ASSETS</b>			
		<b>596,627</b>	<b>511,284</b>
<b>NON CURRENT LIABILITIES</b>			
Borrowings	30	7,133,265	7,067,696
Hire-purchase payables		0	16
Derivative Financial Instruments	32	526,663	-
		<b>7,659,928</b>	<b>7,067,712</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	7	276,540	275,774
Reserves		3,045,478	2,345,246
Shareholders' funds		<b>3,322,018</b>	<b>2,621,020</b>
		<b>3,322,018</b>	<b>2,621,020</b>
Net assets per share attributable to ordinary equity holders of the Company (RM)		<b>1.20</b>	<b>0.95</b>

The condensed consolidated statement of financial position 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.



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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	PERIOD ENDED	PERIOD ENDED
	30/09/2010	30/09/2009
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	709,078	398,539
Adjustments:		
Property, plant and equipment		
- Depreciation	372,706	308,229
- Gain on disposal	-	(37,662)
FRS 139 Adjustment	95,164	-
Amortisation of long term prepayments	4,506	4,333
Amortisation of other investments	9	9
Unrealised foreign exchange (gain)/loss	(295,626)	19,422
Interest expense	277,076	274,825
Interest income	(56,720)	(2,620)
	1,106,193	965,075
<b>Changes in working capital</b>		
Inventories	(8,980)	(6,242)
Receivables and prepayments	127,391	165,833
Trade and other payables	(302,466)	(313,010)
Intercompany balances	69,983	(182,787)
<b>Cash generated from / (used in) operations</b>	992,121	628,869
Interest paid	(214,246)	(274,825)
Interest received	51,485	2,620
Tax paid	(3,424)	(3,097)
<b>Net cash from / (used in) operating activities</b>	<b>825,936</b>	<b>353,567</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment		
- Additions	(1,419,938)	(1,133,572)
- Proceeds from disposal	-	165,416
Deposit on aircraft purchase	38,371	(1,182)
Long term prepayments	(4,007)	(24,329)
Additional unquoted investments	(19,190)	-
<b>Net cash used in investing activities</b>	<b>(1,404,764)</b>	<b>(993,667)</b>
<b>CASH FLOWS FROM FINANCING FACILITIES</b>		
Proceeds from allotment of shares	8,264	508,757
Hire purchase instalments paid	(47)	(58)
Proceeds from borrowings	1,190,792	1,014,160
Repayment of borrowings	(431,640)	(509,259)
Deposits pledged as securities	(663)	4,347
<b>Net cash from financing activities</b>	<b>766,706</b>	<b>1,017,947</b>
<b>NET INCREASE/(DECREASE)</b>		
<b>FOR THE FINANCIAL YEAR</b>	187,878	377,847
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>		
<b>OF THE FINANCIAL YEAR</b>	718,465	120,804
<b>CASH AND CASH EQUIVALENTS AT END OF</b>		
<b>FINANCIAL YEAR*</b>	<b>906,343</b>	<b>498,651</b>

\* The balance at end of financial period excludes fixed deposits of RM28.510 million (30/09/09: RM28.611 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



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**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	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	275,774	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	275,774	1,206,216	592	(65,670)	105,996	1,041,160	2,564,068	-	2,564,068
Net Profit for the period	-	-	-	-	-	-	750,327	750,327	-	750,327
Other comprehensive income	-	-	-	-	15,360	(16,000)	-	(640)	-	(640)
Issuance of ordinary shares - Pursuant to the Employees' Share Option Scheme ('ESOS')	7,651	766	7,498	-	-	-	-	8,264	-	8,264
At 30 Sept 2010	2,765,396	276,540	1,213,714	592	(50,310)	89,996	1,791,487	3,322,018	-	3,322,018
At 1 January 2009	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	-	-	-	-	-	-	-
- Pursuant to the Private Placement	380,000	38,000	467,400	-	-	-	-	3,356	-	3,356
At 30 Sept 2009	2,757,318	275,732	1,205,797	592	-	-	1,104,569	2,586,690	-	2,586,690

The condensed consolidated statement of changes in equity 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.



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**KEY OPERATING STATISTICS – 30 September 2010**

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

Quarter Ended: 30 September	Jul-Sep 2010	Jul-Sep 2009	Change y-o-y
Passengers Carried	4,035,546	3,590,744	12%
Capacity	5,155,020	4,762,080	8%
Seat Load Factor	78%	75%	3 ppt
ASK (million)	6,056	5,449	11%
RPK (million)	4,773	3,769	27%
Average Fare (RM)	173	142	22%
Ancillary Income per pax (RM)	44	36	23%
Unit Passenger Revenue (RM)	218	178	22%
Rev / ASK (sen)	16.31	12.19	34%
Rev / ASK (US cents)	5.17	3.46	49%
Cost / ASK (sen)	11.42	11.30	1%
Cost / ASK (US cents)	3.62	3.21	13%
Cost / ASK-ex fuel (sen)	6.63	6.48	2%
Cost / ASK-ex fuel (US cents)	2.10	1.84	14%
Aircraft (average)	48	44	11%
Aircraft (end of period)	52	48	8%
Average Stage Length (km)	1,193	1,162	3%
Number of Flights	28,639	26,471	8%
Fuel Consumed (barrels)	1,026,204	940,400	9%
Average Fuel Price (US\$/barrel)	89.7	79.3	13%

Exchange Rates: RM:USD – 2010: 3.15, 2009: 3.52

**Definition and calculation methodology**

ASK (Available Seat Kilometres)	Total available seats multiplied by the distance flown.
RPK (Revenue Passenger Kilometres)	Number of passengers carried multiplied by distance flown
Revenue/ASK	Total revenue divided by ASK
Cost/ASK	Total expenses before interest and tax divided by ASK
Cost/ASK – ex fuel	Costs, as defined above, less fuel expenses, divided by ASK



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## **NOTES TO THE UNAUDITED ACCOUNTS – 30 September 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



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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





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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.

	<b>As at 01/01/2010</b>
	<b>RM'000</b>
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 RM171.8 million, and by RM346.6 million in the year to date.

### **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.



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### 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 on 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:

	<b>Effects for financial periods beginning on or after</b>
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 13: Customer Loyalty Programmes	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

The new FRS above is expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the changes in disclosures.

### 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.



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### **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 3 percentage points higher in the quarter under review against the same period last year. Compared against the immediate preceding quarter (second quarter April – June 2010), the seat load factor was 1 percentage point higher. This seasonal pattern is in line with the expectation of the Group.

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

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

### **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 30 September 2010, the total issued and paid-up share capital of the Company increased from RM275,941,258 to RM276,539,508 from the issuance of 5,982,500 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 30 September 2010.

### **8. Dividend paid**

There were no dividends paid in the quarter ended 30 September 2010.

### **9. Segment reporting**

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



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### 10. FRS 139 Adjustments

FRS139 Adjustments comprise fair value changes due to movement in mark-to-market (MTM) position on non-designated hedging contracts at 30 September 2010 as compared to 31 March 2010, and are detailed below:

	Quarter ended 30/09/2010 RM million	Quarter ended 30/09/2009 RM million
(i) Gain / (loss) from fuel contracts	(1.5)	-
(ii) Gain / (loss) from foreign currency contracts	(24.6)	-
(v) Gain / (loss) from interest rate contracts	(23.1)	-
	<u>(49.2)</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 30 September 2010 as compared to 30 June 2010 as follows:

	Quarter ended 30/09/2010 RM million	Quarter ended 30/09/2009 RM million
(i) Fair value loss in the period	(82.6)	-
(i) Amount transferred to income statement	127.9	-
	<u>45.3</u>	<u>-</u>

Fair value changes in effective hedging contracts are recognized directly in equity and are transferred to the income statement in the same period as the underlying hedged item affects profit or loss.



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### 12. Property, plant and equipment

#### *(a) acquisition and disposals*

During the quarter ended 30 September 2010, the Group acquired property, plant and equipment with a cost of RM693.3 million (quarter ended 30 September 2009: RM567.1 million).

During the quarter ended 30 September 2010, there was no disposal of property, plant and equipment (quarter ended 30 September 2009: RM0.1 million).

#### *(b) valuation*

There was no revaluation of property, plant and equipment for the quarter ended 30 September 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 30 September 2010 as at the date of this report.

### 14. Changes in composition of the Group

During the quarter under review AirAsia Berhad invested an additional RM16.0m in AirAsia X Sdn Bhd ('AirAsia X'). This additional investment was made following a rights issue by AirAsia X, and was taken up by AirAsia to maintain a 16% shareholding in AirAsia X.

### 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.



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**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>30/09/2010</u>	<u>30/09/2009</u>
	RM'000	RM'000
Contracted for	13,374,438	16,639,339
Authorised but not contracted for	7,970,258	8,573,178
	<u>21,344,696</u>	<u>25,212,517</u>

**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.

<b>Name of company</b>	<b>Relationship</b>
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.

	<u>Quarter ended</u> <u>30/09/2010</u> RM'000	<u>Group</u> <u>Quarter ended</u> <u>30/09/2009</u> RM'000
<b>Thai AirAsia</b>		
- Lease rental income on aircraft	57,797	42,237
- Maintenance and overhaul charges	786	6,919
<b>PT Indonesia AirAsia</b>		
- Lease rental income on aircraft	40,938	33,380
- Maintenance and overhaul charges	2,120	6,975
<b>AirAsia X Sdn. Bhd.</b>		
- Services charged to AirAsia X Sdn Bhd	10,010	6,994



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**19. Review of performance**

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

<b>Quarter Ended: 30 September</b>	<b>Jul-Sep 2010</b>	<b>Jul-Sep 2009</b>	<b>Change y-o-y</b>
<b>RM'000</b>			
Ticket Sales	699,255	508,489	38%
Ancillary Income	179,461	130,023	38%
Other Operating Income	108,843	101,157	8%
<b>Revenue</b>	<b>987,558</b>	<b>739,668</b>	<b>34%</b>
Staff Cost	(84,341)	(69,195)	-22%
Fuel and Oil	(290,424)	(262,528)	-11%
User & Station Charges	(60,024)	(55,146)	-9%
Maintenance & Overhaul	(19,771)	(29,316)	33%
Sales and Marketing	(29,875)	(32,051)	-7%
Others	(58,916)	(56,822)	-4%
<b>EBITDAR</b>	<b>444,207</b>	<b>234,611</b>	<b>89%</b>
Lease of Aircraft	(13,357)	(28,103)	52%
<b>EBITDA</b>	<b>430,850</b>	<b>206,508</b>	<b>109%</b>
Depreciation & Amortisation	(134,956)	(108,241)	-25%
<b>EBIT</b>	<b>295,894</b>	<b>98,266</b>	<b>201%</b>
FRS139 Adjustments	(49,154)	0	-
Exceptional Item	0	0	-
Net Finance Cost	(84,136)	(87,802)	4%
Unrealised forex gain / (loss)	142,893	102,426	-40%
Other Income / (Expenses)	4,361	23,369	-81%
<b>Profit before tax</b>	<b>309,858</b>	<b>136,260</b>	<b>127%</b>
Taxation	17,428	(6,188)	382%
<b>Profit after tax</b>	<b>327,286</b>	<b>130,072</b>	<b>152%</b>
EBITDAR Margin	45.0%	31.7%	13.3 ppt
EBIT Margin	30.0%	13.3%	16.7 ppt

The Group recorded revenue of RM987.6 million for the quarter ended 30 September 2010 (“3Q10”), 34% higher than the revenue of RM739.7 million recorded in the quarter ended 30 September 2009 (“3Q09”). The revenue growth was supported by 12% growth in passenger volumes and average fare that was 22% higher at RM173 as compared to RM142 achieved in 3Q09. Seat load factor was 3 percentage points higher at 78% compared to 75% in the same period last year.

The profit after tax for the period was RM327.3 million, an increase of 152% over the RM130.1m profit after tax in 3Q09.



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**(B) Reconciliation of PBT to Core Operating Profit**

Quarter Ended: 30 September RM'000	Jul-Sep 2010	Jul-Sep 2009	Change y-o-y
Profit before taxation	309,858	136,260	127%
<b>Adjustments:</b>			
Unwinding of derivatives (gain) / loss	0	0	-
Forex (gain) / loss	(142,893)	(102,426)	40%
Disposal of assets (gain) / loss	0	0	-
FRS 139 adjustments (gain) / loss	49,154	0	-
<b>Core Operating Profit / (Loss)</b>	<b>216,119</b>	<b>33,834</b>	<b>539%</b>
Core Operating Profit Margin	21.9%	4.6%	17.3 ppt

The Group's core operating profit for the period was RM216.1 million, a 539% increase over the core operating profit achieved in 3Q09. The core operating profit margin for the period was at 21.9%, 17.3 percentage points higher than the 4.6% core operating profit margin achieved in 3Q09. There were RM142.9 million of unrealized translation gains in the quarter, a result of the significant strengthening of the Malaysian Ringgit against the US Dollar during the period. These gains are partially offset by losses from the change in the fair value of currency derivatives.

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

Net Cash Flow (RM'000)	Jul-Sep 2010	Apr-Jun 2010	Change q-o-q
Cash from Operations	323,418	187,772	72%
Cash from Investing Activities	(673,869)	(707,031)	-5%
Cash from Financing Activities	427,480	440,261	-3%
<b>Net Cash Flow</b>	<b>77,029</b>	<b>(78,998)</b>	<b>198%</b>

The Group's cash from operations was RM323.4 million, an increase of RM135.6 million against the immediate preceding quarter ended June 2010. Net cash flow in the quarter amounted to RM77.0 million, an improvement of RM156.0 million over the immediately preceding quarter, primarily due to the much stronger operating cash flow.





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### (D) Balance sheet commentary for current quarter

Balance Sheet RM million	Jul-Sep 2010	Apr-Jun 2010	Change q-o-q
Total Debt	7,640	7,586	1%
Cash	935	858	9%
<b>Net Debt</b>	<b>6,705</b>	<b>6,728</b>	<b>0%</b>
Net Gearing	2.02	2.27	-11%

The Group's total debt as of end of 30 September 2010 was RM7,640 million. The Group's net debt after offsetting the cash balances amounted to RM6,705 million. This translates to a net gearing ratio of 2.02 times, 11% lower than the immediately preceding quarter.

### 20. Jointly Controlled Entity and Associate Company

#### i) Jointly Controlled Entity - AirAsia Thailand

AirAsia Thailand is a joint venture company owned 48.9% by AirAsia Berhad. As such it is accounted for using the equity method, as permitted by the Malaysian Accounting Standards Board FRS131, Interests in Joint Ventures. As the Group's interest in AirAsia Thailand has been reduced to zero no additional losses are provided for, and the Group will only resume recognizing its share of profits only after its share of profits equals the share of losses not recognized.

AirAsia Thailand recorded revenue of THB2,874 million in 3Q10, 46% higher compared to the THB1,974 million achieved in 3Q09. The positive growth in revenue is attributed to higher passenger volume, a higher contribution from ancillary income and improving yields. AirAsia Thailand has achieved passenger growth of 9% as compared to 3Q09 while the seat load factor was lower by 1 percentage point at 76%. Average base fare was higher by 24% at THB1,708 as compared to THB1,373 achieved in 3Q09.

AirAsia Thailand's achieved a net profit of THB530 million in 3Q10, compared to a loss of THB403 million in 3Q09. The core operating profit for the period was THB420 million and there were THB110 million of unrealized forex gains recognized in the period.



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

Quarter Ended: 30 September	Jul-Sep 2010	Jul-Sep 2009	Change y-o-y
Passengers Carried	1,363,998	1,253,771	9%
Capacity	1,794,544	1,627,712	10%
Seat Load Factor	76%	77%	-1 ppt
ASK (million)	1,868	1,598	17%
RPK (million)	1,440	1,237	16%
Average Fare (THB)	1,708	1,373	24%
Ancillary Income per pax (THB)	337	185	81%
Unit Passenger Revenue (THB)	2,045	1,558	31%
Rev / ASK (THB)	1.49	1.22	22%
Rev / ASK (US cents)	4.72	3.40	39%
Cost / ASK (THB)	1.34	1.49	10%
Cost / ASK (US cents)	4.23	4.13	2%
Cost / ASK-ex fuel (THB)	0.83	0.93	-10%
Cost / ASK-ex fuel (US cents)	2.63	2.58	2%
Aircraft (average)	18	17	5%
Aircraft (end of period)	19	18	6%
Average Stage Length (km)	1,039	969	7%
Number of Flights	10,028	9,760	3%
Fuel Consumed (barrels)	323,202	301,422	7%
Average Fuel Price (US\$/barrel)	92.0	83.4	10%

*Exchange Rates: THB:USD – 2010: 31.62, 2009: 36.00*



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**(B) Performance of current quarter against the same quarter last year for Thailand**

<b>Quarter Ended: 30 September THB'000</b>	<b>Jul-Sep 2010</b>	<b>Jul-Sep 2009</b>	<b>Change y-o-y</b>
Ticket Sales	2,330,104	1,720,843	35%
Ancillary Income	459,093	232,554	97%
Other Operating Income	84,308	20,370	314%
<b>Revenue</b>	<b>2,873,505</b>	<b>1,973,768</b>	<b>46%</b>
Staff Cost	(242,672)	(209,442)	-16%
Fuel and Oil	(940,306)	(905,096)	-4%
User & Station Charges	(307,096)	(281,105)	-9%
Maintenance & Overhaul	(173,232)	(338,213)	49%
Sales and Marketing	(92,414)	(97,744)	5%
Others	(119,849)	(120,365)	0%
<b>EBITDAR</b>	<b>997,936</b>	<b>21,804</b>	<b>4477%</b>
Lease of Aircraft	(585,957)	(409,630)	-43%
<b>EBITDA</b>	<b>411,979</b>	<b>(387,826)</b>	<b>206%</b>
Depreciation & Amortisation	(34,321)	(29,638)	-16%
<b>EBIT</b>	<b>377,658</b>	<b>(417,464)</b>	<b>190%</b>
FRS139 Adjustments	0	0	-
Net Finance Cost	(3,897)	1,433	372%
Unrealised forex gain / (loss)	110,010	0	-
Other Income / (Expenses)	45,984	13,154	250%
<b>Profit before tax</b>	<b>529,755</b>	<b>(402,877)</b>	<b>231%</b>
Taxation	0	0	-
<b>Profit after tax</b>	<b>529,755</b>	<b>(402,877)</b>	<b>231%</b>
EBITDAR Margin	34.7%	1.1%	33.6 ppt
EBIT Margin	13.1%	-21.2%	34.3 ppt
Profit after Tax Margin	18.4%	-20.4%	38.8 ppt



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**(C) Balance Sheet**

<b>Quarter Ended: 30 September THB 000's</b>	<b>Sept 2010</b>	<b>Dec 2009</b>	<b>Change y-o-y</b>
Property, Plant & Equipment	295,216	287,967	3%
Work In Progress	4,992	10,884	-54%
Deferred Expenditure	3	6	-61%
Inventory	5,242	4,726	11%
Other Debtors & Prepayments	1,246,115	1,100,615	13%
Cash & Short Term Deposits	424,145	662,943	-36%
<b>Total Assets</b>	<b>1,975,713</b>	<b>2,067,141</b>	<b>-4%</b>
Sales In Advance	1,775,808	1,474,378	20%
Other Creditors & Accruals	936,428	888,304	5%
Amounts Owing to Related Party	3,338,378	4,980,861	-33%
<b>Total Liabilities</b>	<b>6,050,614</b>	<b>7,343,543</b>	<b>-18%</b>
Share Capital	400,000	400,000	-
Share Premium	1,228	1,228	-
Retained Earnings	(4,476,128)	(5,677,629)	-21%
<b>Total Equity</b>	<b>(4,074,901)</b>	<b>(5,276,401)</b>	<b>-23%</b>

**ii) Associate Company - AirAsia Indonesia**

AirAsia Indonesia is an associate company owned 48.9% by AirAsia Berhad. As such it is accounted for using the equity method, as permitted by the Malaysian Accounting Standards Board FRS128, Investments in Associates. As the Group's interest in AirAsia Indonesia has been reduced to zero no additional losses are provided for, and the Group will only resume recognizing its share of profits only after its share of profits equals the share of losses not recognized.

Indonesia AirAsia recorded revenue of IDR784 billion in 3Q10, 31% higher as compared to the IDR600 billion achieved in 3Q09. The positive growth in revenue can be attributed to higher passenger volumes, improved contribution from ancillary income per passenger which increased by 31% and higher base fares which rose by 20% over the same quarter in 2009. Passengers carried by AirAsia Indonesia increased by 9% year on year and the seat load factor rose to 81% from 77% a year before as passenger growth outstripped capacity growth.

The Indonesian operations produced a profit after tax of IDR191 billion in 3Q10, a 226% improvement over the IDR59 billion profit recorded in the same quarter of 2009. The core operating profit in the period was IDR158 billion with IDR33 billion of unrealized forex gains recognized in the period under review.



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

Quarter Ended: 30 September	Jul-Sep 2010	Jul-Sep 2009	Change y-o-y
Passengers Carried	1,079,008	996,270	8%
Capacity	1,334,728	1,292,888	3%
Seat Load Factor	81%	77%	4 ppt
ASK (million)	1,760	1,568	12%
RPK (million)	1,433	1,205	19%
Average Fare (IDR)	611,604	509,192	20%
Ancillary Income per pax (IDR)	112,822	86,026	31%
Unit Passenger Revenue (IDR)	724,426	595,218	22%
Rev / ASK (IDR)	444.09	378.16	17%
Rev / ASK (US cents)	4.94	4.01	23%
Cost / ASK (IDR)	347.70	362.79	-4%
Cost / ASK (US cents)	3.87	3.84	1%
Cost / ASK-ex fuel (IDR)	198.54	190.85	4%
Cost / ASK-ex fuel (US cents)	2.21	2.02	9%
Aircraft (average)	14	14	-3%
Aircraft (end of period)	15	17	-12%
Average Stage Length (km)	1,315	1,202	9%
Number of Flights	7,715	7,691	0%
Fuel Consumed (barrels)	302,349	284,152	6%
Average Fuel Price (US\$/barrel)	96.5	100.5	-4%

*Exchange Rates: USD:IDR – 2010: 8,996, 2009: 9,439*



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**(B) Performance of current quarter against the same quarter last year for Indonesia**

<b>Quarter Ended: 30 September IDR m</b>	<b>Jul-Sep 2010</b>	<b>Jul-Sep 2009</b>	<b>Change y-o-y</b>
Ticket Sales	659,926	507,293	30%
Ancillary Income	121,735	85,706	42%
Other Operating Income	2,513	7,218	-65%
<b>Revenue</b>	<b>784,174</b>	<b>600,216</b>	<b>31%</b>
Staff Cost	(73,230)	(49,413)	-48%
Fuel and Oil	(262,553)	(269,619)	3%
User & Station Charges	(39,529)	(37,465)	-6%
Maintenance & Overhaul	(64,682)	(72,217)	10%
Sales and Marketing	(26,037)	(21,467)	-21%
Others	(25,770)	(19,559)	-32%
<b>EBITDAR</b>	<b>292,373</b>	<b>130,476</b>	<b>124%</b>
Lease of Aircraft	(116,667)	(94,394)	-24%
<b>EBITDA</b>	<b>175,706</b>	<b>36,082</b>	<b>387%</b>
Depreciation & Amortisation	(3,536)	(4,760)	26%
<b>EBIT</b>	<b>172,169</b>	<b>31,321</b>	<b>450%</b>
FRS139 Adjustments	0	0	
Net Finance Cost	(14,173)	(103)	-13706%
Unrealised forex gain / (loss)	33,455	0	
Other Income / (Expenses)	(43)	27,526	-100%
<b>Profit before tax</b>	<b>191,408</b>	<b>58,745</b>	<b>226%</b>
Taxation	0	0	
<b>Profit after tax</b>	<b>191,408</b>	<b>58,745</b>	<b>226%</b>
EBITDAR Margin	37.3%	21.7%	15.5 ppt
EBIT Margin	22.0%	5.2%	16.7 ppt
Profit after Tax Margin	24.4%	9.8%	14.6 ppt



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**(C) Balance Sheet**

Quarter Ended: 30 September IDR m	Sept 2010	Dec 2009	Change y-o-y
Property, Plant & Equipment	82,491	97,049	-15%
Work In Progress	775	333	132%
Deferred Expenditure	2,967	11,051	-73%
Inventory	10,959	2,284	380%
Other Debtors & Prepayments	467,319	306,365	53%
Cash & Short Term Deposits	73,645	105,860	-30%
<b>Total Assets</b>	<b>638,156</b>	<b>522,942</b>	<b>22%</b>
Sales In Advance	441,818	270,176	64%
Other Creditors & Accruals	115,607	179,771	-36%
Amounts Owing to Related Party	955,549	1,255,288	-24%
Borrowings	206,305	206,305	0%
<b>Total Liabilities</b>	<b>1,719,279</b>	<b>1,911,540</b>	<b>-10%</b>
Share Capital	180,000	180,000	-
Share Premium	-	-	-
Retained Earnings	(1,261,122)	(1,568,598)	-20%
<b>Total Equity</b>	<b>(1,081,122)</b>	<b>(1,388,598)</b>	<b>-22%</b>

**(D) Unrecognised share of profits/(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 30/09/2010 RM’Million	Unrecognised share of net profit / (loss) as of 30/09/2010 RM’Million
Thai AirAsia	25.9	(182.0)
Indonesia AirAsia	32.9	(182.1)



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### **21. Variation of results against preceding quarter**

The Group achieved a profit after taxation of RM327.3 million for the quarter under review. This is higher by RM128.4 million compared to the RM198.9 million profit after taxation achieved in the immediately preceding quarter ended 30 June 2010.

### **22. Commentary on prospects**

Based on the current forward booking trend, the underlying passenger demand in the fourth quarter for the Malaysian, Thai and Indonesian operations remains positive. Load factors achieved in the month of October were ahead of the prior year for all three carriers, and there are continued improvements in yield, compared to the prior year.

In Thailand, the fourth quarter is the peak season for tourist arrivals and a higher demand for leisure travel. The recent political unrest in Thailand has subsided and is not expected to have any significant impact in the final quarter of the year.

Indonesia's outlook for the final quarter of 2010 is positive with encouraging passenger and yield growth. Indonesia's focus on longer international routes is expected to continue to drive improved financial performance.

The Group will take delivery of 4 A320 aircraft in the final quarter of the year, one of which will be operated in Malaysia and three in Indonesia. The new aircraft will be used to replace the B737's and will provide additional capacity across the network. Six new routes are planned across the network in the final quarter, in conjunction with additional frequency on existing routes.

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





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**24. Finance (Cost)/Income**

All figures in RM'000	Group and Company			
	Quarter Ended 30/09/10	Quarter Ended 30/09/09	Period Ended 30/09/10	Period Ended 30/09/09
<b>Finance Costs</b>				
Interest costs				
- Bank borrowings	(94,576)	(88,222)	(277,068)	(274,816)
- Hire-purchase payables	(2)	(3)	(8)	(9)
Bank facilities and other charges	(669)	(930)	(2,584)	(2,400)
	<b>(95,247)</b>	<b>(89,155)</b>	<b>(279,660)</b>	<b>(277,225)</b>
<b>Finance Income</b>				
Interest on inter-co balances (TAA and IAA)	10,299		43,156	
Interest on deposits	2,271	979	8,329	2,661
	<b>(82,677)</b>	<b>(88,176)</b>	<b>(228,175)</b>	<b>(274,564)</b>
<b>Net Forex Exchange gain / (loss)</b>	273,709	102,427	572,509	23,731
<b>FRS 139 Adjustment</b>	(127,914)		(265,070)	
<b>Net Finance (Cost) / Income</b>	<b>63,118</b>	<b>14,251</b>	<b>79,264</b>	<b>(250,833)</b>

**25. Exceptional item**

There were no exceptional items in the quarter under review.



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**26. Income tax expense**

***Current taxation***

Current taxation of RM3.8 million relates to interest income.

***Deferred taxation***

The RM21.3 million deferred tax credit arises from the net of RM130.5 million deferred tax liabilities and RM151.8 million of deferred tax assets recognized during the period. The deferred tax liabilities arose as the difference between the net book value and tax written down value of property plant and equipment increased in the period a result of capital allowances granted offset by depreciation. The deferred tax assets arose from capital allowances and investment allowances granted in the period but which remained unutilized.

**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***

There has been no change in the status of the above proposed Joint Venture since the last AirAsia quarterly announcement.



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**30. Borrowings and debt securities**

	<b>At 30/09/2010 RM'000</b>	<b>At 31/12/2009 RM'000</b>
<b>Current</b>	506,541	540,212
<b>Non-current</b>	7,133,265	7,067,696
<b>Total Debt</b>	<b>7,639,806</b>	<b>7,607,908</b>

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
- (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



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## NOTES TO THE UNAUDITED ACCOUNTS – 30 September 2010

### 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 30 June 2010, the Group has hedged approximately 45% 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 60% of the loans are hedged from USD into MYR. The latest weighted average foreign forward exchange rate is at 3.2044 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 aircraft delivering from 2005 to 2010. As at 30 September 2010, there are three forward start interest rate swaps ranging from 2.57% to 2.77% with 12 years tenure for future aircraft loans for aircraft purchases delivering in 2010.

#### (iii) Fuel Hedging

As at 30 September 2010, the Group has a portfolio of ‘crack’ fixed swaps and West Texas Intermediate (“WTI”) fixed swap which represents up to 26% of the Group’s total expected fuel volumes for 2010.

The Group has also entered into Singapore Jet Kerosene fixed swap which represents an additional up to 15% of the Group’s total expected fuel volumes for the remaining period of 2010.



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**NOTES TO THE UNAUDITED ACCOUNTS – 30 September 2010**

**32. Derivative financial instruments**

Type of derivatives	Notional Value as at 30/09/2010	Fair Value as at 30/09/2010 Assets/(Liabilities)
(i) Fuel contract	Barrels (million)	RM (million)
- less than 1 year	1.1	19.2
- 1 year to 3 years	-	-
<b>Total</b>	<b>1.1</b>	<b>19.2</b>
	RM (million)	RM (million)
(ii) Interest rate contracts		
- less than 1 year	-	-
- 1 year to 3 years	-	-
- more than 3 years	3,667.8	(448.6)
<b>Total</b>	<b>3,667.8</b>	<b>(448.6)</b>
(iii) Foreign currency contracts	RM (million)	RM (million)
- less than 1 year	-	-
- 1 year to 3 years	-	-
- more than 3 years	3,736.7	(54.9)
<b>Total</b>	<b>3,736.7</b>	<b>(54.9)</b>

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 25 November, there was no material litigation against the Group.

**34. Proposed dividend**

The Directors do not recommend any dividend for the quarter ended 30 September 2010.



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**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 30/09/10	Preceding Quarter Ended 30/09/09	Current Year to Date 30/09/10	Preceding Year to Date 30/09/09
Net profit for the financial period (RM'000)	327,286	130,072	750,327	472,397
Weighted average number of ordinary shares in issue for basic EPS ('000)	2,760,697	2,456,383	2,760,697	2,456,383
Adjusted for share options granted ('000)	6,621	-	6,621	-
Adjusted weighted average number of ordinary shares ('000)	2,767,317	2,456,383	2,767,317	2,456,383
Basic earnings per share (sen)	11.9	5.3	27.2	19.2
Diluted earnings per share (sen)	11.8	5.3	27.1	19.2

**(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  
25 November 2010