



AIRASIA BERHAD

(Company No. 284669-W)

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

SIX MONTHS PERIOD ENDED 31 DECEMBER 2007

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 quarter ended 31 December 2007. Kindly be advised that the Company has changed its accounting year end from 30 June 2007 to 31 December. These results for the period 1 July 2007 to 31 December 2007 are currently being audited. The next financial period will be for the 12 months to 31 December 2008.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT QUARTER ENDED	PRECEDING YEAR CORRESPONDING QUARTER (AS RESTATED)	CURRENT 6 MONTHS PERIOD ENDED	PRECEDING YEAR CORRESPONDING PERIOD ENDED (AS RESTATED)
	31/12/2007 RM'000	31/12/2006 RM'000	31/12/2007 RM'000	31/12/2006 RM'000
Note				
Revenue	632,792	442,835	1,094,377	774,928
Cost of Sales	(388,104)	(300,094)	(682,819)	(567,866)
Gross profit from operations	244,688	142,741	411,558	207,062
Other operating expenses	(29,888)	(30,880)	(53,413)	(44,722)
Other operating income	9,006	(990)	11,393	1,355
Profit from operations	223,806	110,871	369,538	163,695
Finance (costs) / Income (Net)	22 75,799	32,795	68,534	20,187
Depreciation and amortisation	(97,581)	(58,477)	(161,357)	(93,353)
Share of results of jointly controlled entity	18 -	-	-	-
Share of results of associates	18 -	-	-	-
Profit before taxation	202,024	85,189	276,715	90,529
Current taxation	23 (581)	(1,532)	(1,504)	(2,378)
Deferred taxation	23 44,280	58,393	150,489	123,901
Profit after taxation	245,723	142,050	425,700	212,052
Attributable to:				
-Equity holders of the company	245,723	142,050	425,700	212,040
-Minority interests	-	-	-	12
	245,723	142,050	425,700	212,052
Basic earnings per share (sen)	10.4	6.0	18.1	9.0
Diluted earnings per share (sen)	10.3	6.0	17.8	8.9

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007

	UNAUDITED AS AT END OF CURRENT QUARTER 31/12/2007	AUDITED AS AT PRECEDING FINANCIAL YEAR END 30/06/2007
Note	RM'000	RM'000
NON CURRENT ASSETS		
Property, plant & equipment	4,361,946	2,959,817
Investment in associates	29	29
Other investments	26,727	67
Goodwill	8,738	8,738
Deferred expenditure	479	480
Deferred tax asset	479,705	329,216
Long term prepayments	65,124	46,004
	4,942,748	3,344,351
CURRENT ASSETS		
Inventories (at cost)	17,568	9,512
Other investments	30,892	34,136
Trade receivables	15,883	9,125
Prepayment, deposits and other receivables	513,943	299,825
Deposit on aircraft purchase	318,251	317,296
Amount due from a jointly controlled entity	74,285	92,182
Amount due from associates	84,408	77,432
Deposits, bank and cash balances	425,195	595,243
	1,480,425	1,434,751
CURRENT LIABILITIES		
Trade and other payables	620,881	557,796
Borrowings (secured)	278,550	251,097
Hire-purchase payables	77	77
Current tax liabilities	5,178	4,575
	904,686	813,545
NET CURRENT ASSETS		
	575,739	621,206
NON CURRENT LIABILITIES		
Borrowings (secured)	3,419,121	2,303,488
Hire-purchase payables	149	188
	3,419,270	2,303,676
	2,099,217	1,661,881
CAPITAL AND RESERVES		
Share capital	237,154	236,077
Reserves	1,862,024	1,425,765
Shareholders' funds	2,099,178	1,661,842
Minority interests	39	39
	2,099,217	1,661,881
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.89	0.70

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the quarter ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	CURRENT PERIOD ENDED 31/12/2007	PRECEDING PERIOD ENDED 31/12/2006
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	276,715	102,534
Adjustments:		
Share of results of a jointly controlled entity	-	(2,009)
Share of results of associates	-	(1,271)
Property, plant and equipment		
- Depreciation	127,693	93,353
- Loss on disposal	5	-
Amortisation of long term prepayments	2,317	-
Interest expense	78,600	(43,296)
Interest income	(13,820)	(12,169)
	471,510	137,142
Changes in working capital		
Inventories	(8,056)	(546)
Receivables and prepayments	(220,875)	(37,801)
Trade and other payables	63,085	195,374
Intercompany balances	10,921	8,119
	316,585	302,288
Cash generated from operations		
Interest paid	(78,600)	43,296
Interest received	13,820	12,169
Tax paid	(901)	(613)
Net cash from operating activities	250,904	357,140
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Additions	(1,529,829)	(1,090,801)
- Proceeds from disposal	1	-
Deposit on aircraft purchase	(955)	(56,683)
Long term prepayments	(21,437)	604
Additional unquoted investments	(23,416)	-
Additional investment in/acquisition of associates	-	12,785
Net cash used in investing activities	(1,575,636)	(1,134,095)
CASH FLOWS FROM FINANCING FACILITIES		
Proceeds from allotment of shares	11,636	7,789
Hire purchase instalments paid	(39)	(80)
Proceeds from borrowings	1,273,434	1,244,913
Repayment of borrowings	(130,347)	(275,225)
Deposits pledged as securities	(14,082)	(545)
Net cash from financing activities	1,140,602	976,852
NET INCREASE FOR THE FINANCIAL YEAR	(184,130)	199,897
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	574,347	412,907
*CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	390,217	612,804

* The balance at end of financial year excludes fixed deposits of RM34.978 million (30/06/07: RM20.896 million) pledged with licensed bank as securities for banking facilities granted to the Company

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Company						Minority Interest RM'000	TOTAL EQUITY RM'000
	Issued and fully paid ordinary shares of RM0.10 each		Share Premium RM'000	Foreign Exchange Reserves RM'000	Retained Earnings RM'000	Total RM'000		
	Number of shares '000	Nominal Value RM'000						
At 1 July 2007	2,360,766	236,077	722,178	592	702,995	1,661,842	39	1,661,881
	2,360,766	236,077	722,178	592	702,995	1,661,842	39	1,661,881
Net Profit for the financial year	-	-	-	-	425,700	425,700	-	425,700
Issuance of ordinary shares - Pursuant to the Employees' Share Option Scheme ('ESOS')	10,775	1,077	10,559	-	-	11,636	-	11,636
At 31 December 2007	2,371,541	237,154	732,737	592	1,128,695	2,099,178	39	2,099,217
At 1 July 2006								
-as previously reported	2,346,487	234,649	708,185	592	109,165	1,052,591	27	1,052,618
-change in accounting policies -as restated	-	-	-	-	(31,253)	(31,253)	-	(31,253)
	2,346,487	234,649	708,185	592	77,912	1,021,338	27	1,021,365
Net Profit for the financial year	-	-	-	-	94,880	94,880	12	94,892
Issuance of ordinary shares - Pursuant to the Employees' Share Option Scheme ('ESOS')	7,214	721	7,068	-	-	7,789	-	7,789
At 31 December 2006	2,353,701	235,370	715,253	592	172,792	1,124,007	39	1,124,046

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements.



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KEY OPERATING STATISTICS – 31 DECEMBER 2007

PERFORMANCE INDICATORS	ACTUAL	ACTUAL
	Current Quarter (Oct-Dec 2007)	Preceding Quarter (Jul-Sep 2007)
Passengers carried	2,757,967	2,439,600
RPK (million)	3,223	2,707
ASK (million)	4,274	3,645
Average fares (RM)*	214	174
Passenger load factor (%)	78%	79%
Revenue per ASK (sen)	14.81	12.66
Cost per ASK (sen)	11.42	10.40
Cost per ASK (sen) non fuel	5.53	5.13
Sectors flown	20,495	18,012
Average number of operating aircraft	33.70	29.52

* Average Fare includes Fuel Surcharge, Admin Fees and Insurance Surcharge



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NOTES TO THE UNAUDITED ACCOUNTS – 31 DECEMBER 2007

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 30 June 2007. The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 30 June 2007, except for the accounting policy changes arising from the adoption of the following new/revised FRS that are effective for the Group’s financial period beginning 1 July 2007. Details of these changes in accounting policies are set out in Note 2.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 30 June 2007 annual financial statements. The interim consolidated financial report and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with FRSs.

The financial information relating to the financial year ended 30 June 2007 that is included in the interim consolidated financial report as being previously reported information does not constitute the Group’s statutory financial statements for that financial year but is derived from those financial statements, other than those that have been restated as a result of the changes in accounting policies. The statutory financial statements for the year ended 30 June 2007 are available from the Company’s registered office.

2. Summary of significant accounting policies

Changes in accounting policies

The new accounting standards, amendments to published standards and IC interpretations to existing standards effective for the Group’s financial statements beginning on 1 July 2007 are as follows:

- FRS 117 Leases (effective for accounting periods beginning on or after 1 October 2006). This standard requires the classification of leasehold land as prepaid lease payments. FRS 117 is not relevant to the Group as the Group does not have any leasehold land.



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- FRS 124 Related Party Disclosures This standard affects the identification of related parties and other similar related party disclosures. This standard requires the disclosure of related party transactions and outstanding balances with other entities in a group. Intra-group related party transactions and outstanding balances are eliminated in the preparation of consolidated financial statements of the Group. The adoption of this FRS has no financial impact on the Group's consolidated financial statements.

The MASB also issued the following revised Standards, amendment to Standards and IC Interpretations which are only effective for annual periods on or after 1 July 2007:

FRS 111	Construction contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates – Net Investment in Foreign Operation
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
IC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC 2	Members' Shares in Co-operative Entities and Similar Instruments
IC 5	Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC 7	Applying the Restatement Approach under FRS 129 ₂₀₀₄
IC 8	Financial Reporting in Hyperinflationary Economies
	Scope of FRS 2

Aside from the revision of FRS 112, the above standards, amendments to published standards and IC interpretations to existing standards are not anticipated to have significant impact to the financial statements of the Group.

3. Auditors' report on preceding annual financial statements

The auditors have expressed an unqualified opinion on the Group's statutory financial statements for the year ended 30 June 2007.



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4. Seasonality of operations

The Group is principally engaged in the business of air transportation and provision of related services. The demand for the Group's services is generally influenced by the growth performance of the Malaysian economy and the economies of the countries in which the Group operates as well as seasonal, health and security factors.

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 the three months period ended 31 December 2007, the issued and paid-up capital of the Company increased from 2,365,363,500 to 2,371,540,580 ordinary shares by the issuance of 6,177,080 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 issuance, cancellation, repurchases, resale and repayment of debt and equity securities for the period ended 31 December 2007.

8. Dividend paid

There were no dividends paid in the quarter ended 31 December 2007.

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 quarter ended 31 December 2007, the Group acquired plant and equipment with a cost of RM758.0 million (corresponding quarter ended 31 December 2006: RM523.3 million).



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There was no disposal of property, plant and equipment for the six-months period ended 31 December 2007.

(b) valuation

There was no revaluation of property, plant and equipment for the period ended 31 December 2007.

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 six-months period ended 31 December 2007.

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 period ended 31 December 2007.

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

Capital commitments for property, plant and equipment:

	<u>Group and Company</u>	
	<u>31.12.07</u>	<u>30.06.07</u>
	RM'000	RM'000
Contracted for	15,927,705	18,405,482
Authorised but not contracted for	8,004,190	98,664
	-----	-----
	23,931,895	18,504,146
	=====	=====



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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	<u>Group</u>	
		Six months ended <u>31 December 2007</u> RM'000	Six months ended <u>31 December 2006</u> RM'000
Thai AirAsia	A jointly controlled entity of the Company		
PT Indonesia AirAsia	An associate of the Company		
Thai AirAsia			
- Sublease rental income on aircrafts		20,578	15,757
- Lease rental income on aircrafts		13,878	9,575
- Maintenance and overhaul charges		30,176	14,285
PT Indonesia AirAsia			
- Sublease rental income on aircrafts		12,525	7,011
- Lease rental income on aircrafts		6,214	7,011
- Maintenance and overhaul charges		19,546	7,723



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17. Review of performance

Performance of current quarter against same quarter last year

Quarter Ended: 31 December RM'000	Oct-Dec 2007	Oct-Dec 2006	Oct-Dec 2007 vs. Oct-Dec 2006
Revenue	632,792	442,835	43%
EBITDAR	256,829	145,299	77%
Profit before Tax	202,024	85,189	137%
Net Income	245,723	142,050	73%
EBITDAR Margin	40.6%	32.8%	7.8 ppt
Profit before Tax Margin	31.9%	19.2%	12.7 ppt
Net Income Margin	38.8%	32.1%	6.8 ppt
Passengers Carried	2,757,967	2,273,405	21.3%
Average Fare (RM)	214	183	17.5%
Load Factor	77.8%	81.9%	-4.1 ppt

The Group recorded revenue of RM633 million for the quarter ended 31 December 2007 (“2Q08”), 43% higher than the revenue of RM443 million recorded in the quarter ended 31 December 2006 (“2Q06”). The Group’s net income improved by 73% to RM246 million as compared to the net profit of RM142 million achieved in the previous quarter.

The positive growth in results was attributed to higher passenger volume achieved and higher contribution from ancillary income. Passenger volume grew by 21% in current quarter as compared to last year. Load factor was lower at 78% due to the significant capacity addition during the period. Average fare was higher by 17% at RM214 as compared to RM183 achieved in 2Q06. The higher average fare achieved reflects the robust demand for our services and maturity of certain routes in the network.

18. 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.



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	Unrecognised share of loss For the Quarter ended 31 December 2007 RM'Million	Unrecognised share of loss As at 31 December 2007 RM'Million
Thai AirAsia	11.6	47.5
Indonesia AirAsia	3.1	40.3

19. Variation of results against preceding quarter

The Group achieved a net income of RM246 million for the quarter under review. This is higher by RM66 million compared to that of the immediately preceding period quarter ended 30 September 2007. The revenue recorded in the quarter under review has helped reduce the impact of higher depreciation, amortization charge and finance costs attributed to the new Airbus A320 aircraft in our current fleet. Up to 31 December 2007, the AirAsia Group has already taken delivery of 33 new Airbus A320 aircraft in total.

20. Commentary on prospects

The Group's financial performance is largely driven by the demand for air travel and our ability to add capacity. The demand for air travel is expected to be driven by people's desire for leisure travel, corporate activities and the affordability of air tickets compared to the alternative mode of transportation. The impact of the continued positive economic growth across the region are expected to spill over to the air travel industry as this is a stimulus for corporate travel and the rising economic wealth makes air travel more affordable.

The Group will continue to add more capacity in the current quarter. The capacity addition will be used to introduce several new destinations and increase frequency on existing routes. The principal challenge for the Group is to manage the current high and volatile fuel prices. The induction of six Airbus A320 aircraft during the period and the recent strengthening of the Malaysian Ringgit against the US Dollar will help to offset some of the impact of higher fuel prices. Barring any unforeseen circumstances, the Directors remain positive with the Group's prospects.

21. Profit forecast

The Group has not provided any profit forecast or profit guarantee in respect of the six months period ended 31 December 2007.



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22. Finance Income (Net)

	Group For the period ended 31.12.07 RM'000
Finance Costs	
Interest costs	
- Bank borrowings	(77,356)
- Hire-purchase payables	(6)
Bank facilities and other charges	(2,354)
	(79,716)
Finance Income	
Interest on deposits	13,820
Foreign exchange gain	134,430
	148,250
	68,534

23. Income tax expense

	INDIVIDUAL QUARTER		FULL FINANCIAL YEAR	
	Current Year Quarter Ended	Preceding Year Quarter Ended (Restated)	Financial Year Ended	Financial Year Ended (Restated)
	31.12.07 RM'000	31.12.06 RM'000	31.12.07 RM'000	31.12.06 RM'000
<u>Group</u>				
Current tax	581	1,532	1,504	2,378
Deferred tax	(44,280)	(58,393)	(150,489)	(123,901)
	(43,699)	(56,861)	(148,985)	(121,523)

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

24. Unquoted investments and properties

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



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25. Quoted investments

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

26. Status of corporate proposals announced

(a) *Services Agreement with AirAsia X Sdn. Bhd.*

The Company on 31st October 2007 entered into a Services Agreement with AirAsia X Sdn Bhd (“AAX”). Under the terms of the Agreement, the Company has agreed to provide AAX certain services (“Services”) to be rendered by a number of departments within the Company for a Fee:

The scope of Services may be varied from time to time with the parties mutual consent. Certain services are made subject to pre-agreed service levels.

It is estimated that the monthly fee payable by AAX to the Company will be approximately RM1,300,000 per month which is inclusive of a 10% mark-up. Additionally, AAX has also agreed to pay a one-off fee of approximately RM800,000 for the setting up of the Services which are specific to the needs of AAX’s long haul operations.

The payment of the Fee shall be on a monthly basis.

The parties agree that the fees specified shall not be applicable:

1. Upon the expiry of a period of one (1) year from the date of the Agreement (or a further period of one (1) year which AAX at its discretion may extend) ;
or
2. When AAX operates more than three (3) A330 aircraft in its fleet, whichever shall occur first. It was also agreed that either party may terminate the Agreement by serving a six month prior written notice for whatever reason.

(b) *Subscription of Shares in AirAsia X Sdn. Bhd*

The Company received a letter of approval from the Foreign Investment Committee (FIC) on 8th October 2007 vide its letter dated 4th October 2007 that it has no objection to the Company’s proposal to subscribe to AirAsia X Sdn. Bhd’s Redeemable Convertible Preference Share Series 1 (“RCPS”). Payment amounting to RM26.7 million was made on 24th October 2007 to acquire 20% of the enlarged capital of AirAsia X Sdn. Bhd and the 26,666,667 RCPS shares were allotted to the Company on 29th October 2007.



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(c) *Letter of Intent Between Vietnam Shipbuilding Industry Group (“Vinashin”) and AirAsia*

The Company on 30th August 2007 has signed a Letter of Intent (“LOI”) with Vinashin as a preliminary step towards exploring, assisting and creating a business cooperation between both parties regarding the establishing of a low cost airline based on the AirAsia business model in Vietnam. Discussions are currently ongoing.

27. Borrowings and debt securities

	At 31 December 2007	At 30 June 2007
	RM’000	RM’000
Current		
Secured	278,550	251,097
Non-current		
Secured	3,419,121	2,303,488

The borrowings are in the form of term loans which are for the purchase of new aircraft A320-200.

The maturity period of non-current borrowing is 14 years and below. The entire borrowings are denominated in US Dollar & Euro.

As at the balance sheet date, the weighted average effective interest rate of the borrowings is at 5.6% per annum (2007: 5.05% per annum).

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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28. Off balance sheet financial instruments

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

(i) Forward foreign exchange contracts

Forward foreign exchange contracts protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled. Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transaction, at which time they are included in the measurement of such transactions.

The Group has entered into several long dated par forward foreign exchange contracts for settlement at fixed Ringgit rates over a period of 12 years in respect of a number of its aircraft loans, engine and simulator.

(ii) Interest Rate Swaps

The Group entered into capped, interest rate swaps to hedge against fluctuations in the US-LIBOR on an expected total of USD2.2 billion in term loans on its existing and future aircraft financing for deliveries between 5 December 2005 to 1 April 2009. The effect of this transaction obliges it to pay fixed interest rate of between 4.78% and 4.90% instead of being subjected to the floating US-LIBOR for the entire loan amount over the entire tenor.

(iii) Fuel Hedging

As at 22 February 2008, the Group has hedged approximately 30% of its budgeted requirements for the period up to June 2008 at a weighted average price of USD79.50 per barrel (WTI).

29. Material litigation

As at 26 February 2008, there was no material litigation against the Group.

30. Proposed dividend

The Directors do not recommend any dividend for the quarter ended 31 December 2007.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
SIX MONTHS PERIOD ENDED 31 DECEMBER 2007

NOTES TO THE UNAUDITED ACCOUNTS – 31 DECEMBER 2007

31. Earnings per share

(a) Basic earnings per share

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 31.12.07	Preceding Year Corresponding Quarter Ended as Restated 31.12.06	Current Year Ended 31.12.07	Preceding Year Corresponding Year Ended as Restated 31.12.06
Net profit for the financial period (RM'000)	245,723	142,050	425,700	212,052
Weighted average number of ordinary shares in issue for basic EPS ('000)	2,354,641	2,351,145	2,354,641	2,351,145
Adjusted for share options granted ('000)	34,284	18,368	34,284	18,368
Adjusted weighted average number of ordinary shares ('000)	2,388,925	2,369,513	2,388,925	2,369,513
Basic earnings per share (sen)	10.4	6.0	18.1	9.0
Diluted earnings per share (sen)	10.3	6.0	17.8	8.9

(b) Diluted earnings per share

For the diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group's dilutive potential ordinary shares are in respect of options over shares granted to employees.

In respect of options over shares granted to employees, a calculation is done to determine the number of ordinary shares that could have been acquired at fair value (determined as the average share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding options over shares. The number of ordinary shares calculated is compared with the number of shares that would have been issued assuming the exercise of the options over shares. The difference is added to the denominator as an issue of ordinary shares for no consideration. This calculation serves to determine the "bonus" element in the ordinary shares outstanding for the purpose of



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computing the dilution. No adjustment is made to net profit for the period for the options over shares calculation.

32. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board on 27 February 2008.

By order of the Board

JASMINDAR KAUR a/p SARBAN SINGH

(MAICSA 7002687)
COMPANY SECRETARY
27 February 2008