



A Record Quarter

- **Revenue: RM941 million**
- **Core operating profit : 31% growth y-o-y**
- **Ancillary Income per pax up 59% y-o-y**
- **Thailand profitable, passengers up 11% y-o-y despite turmoil**
- **Indonesia continues to profit**

LOW COST TERMINAL SEPANG, 18 August, 2010 – AirAsia Berhad (“AirAsia” or “the Company”) secured record second-quarter revenues in its corporate history --- building on the momentum of its first-quarter profits and setting the stage for a potentially dynamic second half of 2010.

The Company is pleased to announce to announce a profit after tax of RM 199 million for the second quarter of 2010.

AirAsia Group CEO Tony Fernandes said that the Company’s revenue for the quarter ending June 30, 2010, was up by 26% year-on-year from Q2 2009 – from RM748 million to RM 941 million. Passenger growth registered a healthy 11% increase to 3.9 million passengers. Load factor in 2Q10 increased steadily to 77% compared to 75% in 2Q09.

Fernandes highlighted the massive growth in ancillary income. “We have actually reached our target of RM 40 spending per pax that we set for ourselves last quarter. The numbers reaffirm our conviction that in Ancillary, we have unearthed a gushing revenue stream that can boost our bottom line and also serve as a buffer to rising fuel prices,” Fernandes said.

Fernandes further iterated: “Passenger load factor rose to 77%, up from 75% year-on-year. Cost/ASK of US 3.62 cents increased y-o-y but is mainly attributed to the rise in average fuel cost. Average fuel price in 2Q09 was US\$60 vs 2Q10 of US\$ 100 per barrel.”

Fernandes also highlighted the surprisingly strong performance of Thailand despite the political turbulence in the country, which occurred mostly in 2Q10. AirAsia Thailand recorded 11% growth in passengers carried and also increased average fare by 12%. Ancillary income per pax showed further improvement from THB125 in 2Q09 to THB175 in 2Q10.

On the operations in Thailand, Fernandes said AirAsia Thailand had generated revenue of THB2,664 million, recording 24% growth year-on-year and profit after tax was up by 161% year-on-year. “It’s another fantastic performance and validates our strategy. Thailand will get another boost with further deliveries of the Airbus A320s in the second half of this year, to make their operations an all-Airbus fleet by year end. And then there’s the potential listing of the company in Thailand next year,” he said.

AirAsia Indonesia’s turnaround to profitability, which began in the first quarter, gained pace with an astounding 272% jump in profit before tax of IDR111,426 million. Ancillary income per pax also posted a massive increase of 88% to IDR126,797 in 2Q10 as compared to IDR67,576 in 2Q09.



On AirAsia Indonesia, Fernandes said: "I am very excited to see that Indonesia has recorded a profit for the second consecutive quarter". Revenue at the Indonesian operation grew by 44% year-on-year. The positive growth of 332% EBITDA is attributed to higher passenger volume and ancillary income.

"Having turned around their operations, Thailand and Indonesia are going from strength to strength. A crucial factor in their amazing performance is the new deliveries of four A320s into their operations, which increased capacity, lowered operation costs and drove up efficiency. The increase in capacity helped meet the rise in passenger demand, and lent itself to an increase in average fares by 12% and 23% in Thailand and Indonesia respectively," Fernandes said.

Outlook

Fernandes was ebullient about AirAsia's prospects for the remaining two quarters of 2010. "Forward bookings are looking very good. The fourth-quarter, of course, is traditionally our strongest quarter. To head into our strongest season on the back of a soaring first quarter and a record-breaking second quarter puts us in a fantastic position. We are continuing to grow our market in India especially from our other hubs in Thailand, making the subcontinent a key player in our growth strategy. We are also completing our final chapter on connecting all the ASEAN capitals from our Kuala Lumpur hub by introducing Yangon destination, making us a Truly ASEAN carrier.

We have invested significantly in technology to enhance AirAsia's strategic capabilities to leverage and deliver new revenue opportunities. We will continue to focus on implementing innovative self-serve solutions that will enhance guest experience, while expanding margins." he said, reiterating his comments from the first quarter.

As an example of this strategy, Fernandes pointed to AirAsia's decision to defer deliveries of its A320 orders for 2011. "We have deferred seven A320's for 2011 till 2015. It is important to note that there is no penalty imposed by Airbus for the deferrals. Capacity concerns at the current LCCT are one reason for the deferrals. Another is our strategy to lower our gearing ratio, ensure we have the sufficient revenue from our operations to fund the purchase of aircraft. We have taken note of the concerns expressed by our stakeholders and are seeking to alleviate them. Our strategy ensures that we can maintain sustainable growth for the Company and stay ahead of our competitors in the region," he said.

For further information please contact:

Investor Relations:

Benyamin Ismail

Office : +603 8660 4499

Email : benyaminismail@airasia.com

Communications Department:

Desiree Bandal

Office : + 603 8660 4005

Email : desireeb@airasia.com

For further information on AirAsia, please visit the Company's website: www.airasia.com
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