Growing from Strength to Strength: Revenue Increased by 53%, Net Profit Jumped to RM87 million with EBITDAR Margins of 32%

AirAsia Berhad, Asia's leading low-cost carrier is pleased to announce the unaudited results for the third quarter ended 31 March 2007 and provide a review of recent notable events and achievements.

Tony Fernandes, Group Chief Executive Officer, said:

"2007 took off to a good start, we continue to enjoy buoyant demand for our products and the industry is behaving in a conducive and rational competitive environment. We are pleased with our solid third quarter FY2007 performance, we successfully managed rapid capacity addition and delivered consistent earnings growth. We have carried 39% more passenger compared to the same period last year and added four new routes in the process (19 new routes year to date), bringing our route network to a total of 75 routes. We are proud with our customer service delivery; our on-time performance has improved substantially stemming from our process improvements initiatives and also the effort and dedication of our people.

Revenue for the quarter was RM396 million, a growth of 53% compared to the same period last year. Revenue growth outstripped capacity addition of 40% over the quarter signifying our progress to extract more revenue from our client base. Load factor decreased by 3 percentage points to 77% due to our rapid capacity addition and a large number of new routes. Average fare was 10% higher than last year thanks to a benign competitive environment and effective capacity management. The all around strong performance of average fares, load factor and ancillary income translated into 17% rise in yield (Rev/ASK).

We have made some minor reclassifications to our financial statements in order to be in line with the industry practice. Insurance surcharges and administration fees are now incorporated into ticket sales – previously these charges were netted off against relevant operating expenses. Based on this measure, unit cost rose by 6% year on year to US2.91 cents / ASK, largely due to higher fuel expense. Pre-tax profit for the period was RM43 million, triple last year's restated pre-tax income of RM14 million. Our EBITDAR margin for the period was 32%, an 8 percentage point improvement from last year.

Thai AirAsia performed well despite going through the increased unrest in South Thailand and prevailing political uncertainty. Thai AirAsia carried 31% more passengers in the quarter with 78% load factor. Average fare was steady for the period with relatively flat unit cost. Net profit for the quarter was THB60 million (RM6.5 million), a 43% growth from last year with net profit margins of 4%. Despite the unfavourable domestic conditions faced by our Thai operations, we are confident that the situation will reverse.

Indonesia AirAsia had a turbulent quarter. The Jakarta floods in February crippled the city for over a week and this led to many flights being cancelled. Furthermore, the aircraft crashes in Indonesia have dented the sentiment for travel in Indonesia. Indonesia posted a net loss of IDR49 billion (RM19 million) attributable to the average fare being 9% lower and 7% higher cost. This disappointing performance was unavoidable as the flood and three aircraft crashes (all within a span of three months) is a serious blow to the confidence and trust of air travellers. The Indonesian government had stepped in and is addressing the safety issues surrounding the airline industry in order to regain the confidence of the public. We believe we have seen the worst and air travel is underway back to normal levels.

Ancillary income has grown by 66% to RM26 million, significantly faster than passenger growth thanks to a higher passenger spend and increased service penetration. We continuously introduce new product lineup to generate more revenue and enhance our customer service. Our latest product offerings are 'Xpress boarding' and web check-in. 'Xpress boarding' is a service that allows passenger to board an aircraft first – for a small fee, and choose a seat of their liking. Based on the initial reception, we found this service to be particularly popular among business travelers and families traveling together. Web check-in will save valuable time for our passengers, saves cost and enhance our efficiency."

Summary of Third quarter 2007 unaudited Financial Results

Quarter Ended: 31 Mar RM'000	Q3 2007	Q3 2006 (restated)	∆ (%) yoy
Ticket Sales	370,256	242,951	52%
Ancillary Income	25,924	15,654	66%
Revenue	**396,179**	**258,605**	**53%**
EBITDAR	127,004	61,434	107%
EBIT	72,834	25,506	186%
Pretax profit	43,072	14,694	193%
Net Income (including deferred tax assets)	86,873	14,063	518%
EBITDAR Margin	**32.1%**	**23.8%**	**8 ppt**
Pretax profit Margin	**10.9%**	**5.7%**	**5 ppt**
Net Income Margin	**21.9%**	**5.4%**	**17 ppt**

Summary of Third quarter 2007 Operating Results

Quarter Ended: 31 Mar	Q3 2007	Q3 2006 (restated)	∆ (%) yoy
Passengers Carried	2,160,360	1,559,794	39%
ASK (million)	3215	2296	40%
RPK (million)	2461	1833	34%
Average Fare (RM)	171	156	10%
Rev / ASK (US cents)	3.52	3.02	17%
Cost / ASK (US cents)	2.91	2.74	6%
Cost / ASK-ex fuel (US cents)	1.70	1.45	17%
Load Factor	77%	80%	-3 ppt
Aircraft (average)	27.8	21.6	29%
Aircraft (end of period)	33	24	38%

Third quarter Review:

Total revenue for the quarter rose by 53% to RM396 million compared to RM259 million for the same period last year. Ticket sales grew by 52% whereas ancillary income grew by 66% for the period. The increase was driven by 39% growth in passengers carried, 10% higher average fares and higher contribution from ancillary income. Load factor was 3 percentage points lower than last year as a consequence of the rapid 40% capacity addition and the underperformance of our new routes. The combination of higher fares, 8% shorter stage length and higher contribution from ancillary income delivered a 17% improvement in yields. Unit cost rose by 6% year on year principally due to higher jet fuel prices. Profit margins have improved with EBITDAR margins at 32% as compared to 24% last year. Pre-tax almost profit tripled to RM43 million with 10.9% margins.

The quarter's key features are outlined below:-

Unit Cost – consistent with industry practices
In accordance with current industry practices, we have made some minor reclassification to our financial statements. We now incorporate insurance surcharges and administration fees into average fare – previously it was netted off against operating expenses. Our unit cost rose by 6% to US2.91cents / ASK as compared to the same period last year due to higher jet fuel prices. The Airbus A320 aircraft has helped to partially offset some impact of higher fuel prices, the impact will be more distinct as we induct more Airbus A320 aircraft into our fleet.

Thai AirAsia – resilient performance in the face of tough challenge
Thai AirAsia posted a net profit of THB60 million (RM6.5 million), our share of profit for the quarter is RM3.0 million. This is a 43% growth from the same period last year. This was below our expectation, but understandable given the continuing unrest in South of Thailand and political uncertainty in the country. The unfavourable domestic climate has dampened the number of tourist arrivals and consequentially robbed us of our highest yielding passengers. The underlying demand remains positive as we carried 31% more passengers with 78% load factor and steady average fares. Profit margins remained flat with 4% net income margins.

Indonesia AirAsia – Jakarta floods
Indonesia AirAsia posted a net loss of IDR49 billion (RM19 million), our share of losses for the quarter is RM9.3 million. The Jakarta floods in February had severely impacted our operations, we had to cancel many flights and offer compensation on those flights. Furthermore, the multiple aircraft crashes in the period restrained the people's confidence and trust for air travel. Our average fare was 9% lower and unit cost rose by 7%.

AT&T Williams Formula 1 sponsorship – leveraging our brand to new heights
AirAsia is now an official sponsor for AT&T Williams Formula 1 team. Our branding presence will feature prominently in every race of the 2007 racing season. This is a major milestone for the Group as it portrays our brand globally and appeal to Formula 1 viewers.. We are confident that quite a number of the race viewers will use our services to get around the region.

Summary of 9-months 2007 unaudited Financial Results

9-months Ended: 31 Mar RM '000	9mth 2007	9mth 2006 (restated)	9mth-07 vs 9mth-06
Ticket Sales	1,093,389	697,902	57%
Ancillary Income	77,719	46,481	67%
Revenue	**1,171,108**	**744,383**	**57%**
EBITDAR	374,322	180,727	107%
EBIT	206,215	81,577	153%
Pretax profit	148,106	75,477	96%
Net Income (including deferred tax assets)	313,430	73,970	324%
EBITDAR Margin	32%	24%	8 ppt
Pretax profit Margin	13%	10%	3 ppt
Net Income Margin	27%	10%	17 ppt

Summary of 9-months 2007 Operating Results

9-months Ended: 31 Mar	9mth 2007	9mth 2006 (restated)	9mth-07: 9mth-06
Passengers Carried	6,378,386	4,096,281	56%
ASK (million)	8,989	6,258	44%
RPK (million)	7,118	4,723	51%
Average Fare (RM)	171	170	1%
Rev / ASK (US cents)	3.77	3.16	19%
Cost / ASK (US cents)	2.94	2.83	4%
Cost / ASK-ex fuel (US cents)	1.50	1.53	-2%
Load Factor	79%	75%	4 ppt
Aircraft (average)	26.6	20.0	33%

9-months Review:
The aggregate revenue for the first half rose by 57% to RM1,171 million as compared to RM744 million for the same period last year. Ticket sales grew by 57% whereas ancillary income grew by 67% over the period. Passenger volumes grew by 56% and load factor increased by 4 percentage point to 79%. Average fares was 1% higher for the period and yields improved by 19% due to the higher load factor, lower stage length and better contribution from ancillary income. Cost / ASK is up 4% year to date and cost excluding fuel has improved by 2%. Profitability has improved with the increased scale, EBITDAR has more than doubled to RM374 million and pretax profit grew by 96% to RM148 million.

Financial Review and Outlook

Fleet Growth
The Group will have a net addition of two aircraft in its fleet by the end of the fourth quarter. We will take delivery of three Airbus A320 aircraft and return one Boeing 737-300 as its lease expire during the period. The three Airbus A320 aircraft will be based in Malaysia. Two Boeing 737-300 will be redeployed from Malaysia to Thailand & Indonesia – each country will receive one Boeing 737-300. The aircraft will be used to launch new routes and add frequency on existing routes.

Route Network – linking Asia together
We have launched 19 new routes in this financial year, and there is one more route due to be launched for the remainder of the financial year. The number of new routes for the year has surpassed our initial expectations of 15 routes. This signifies the buoyant demand for our services as well as the keenness of airport authorities for us to serve their facility.

Costs – fuel volatility remains a concern
Fuel price volatility remains the top concern for the company. We continuously look for opportunities to hedge our fuel requirements and take risk out of the system. However, the high volatile fuel market is making it difficult for us to secure an attractive deal; we stick firmly to our low cost discipline and only secure a transaction if it enhances value. The continued strengthening Malaysian Ringgit vs. US Dollar is helping our effort to lower cost. We now have hedged 19 Airbus A320 aircraft at a fixed forward rate.

Airport Charges – lower rates imminent
We have been negotiating persistently for lower airport charges and we believe a new structure will be announced soon by Malaysian Airports Berhad. This new structure will reward airlines in the form of growth linked incentives and lower passenger service charges. With 150 Airbus aircraft scheduled for delivery up till 2013, AirAsia is poised for significant growth and this incentive will play a big part in our effort to make air travel affordable for everyone.

Associates – geared for growth albeit at slower pace
Thailand will continue to contribute positively to the Group albeit at a lower levels than initially budgeted. We are monitoring the domestic political situation carefully and remain cautious with our capacity addition plans. We belief that Thailand's underlying demand for air travel is solid; the current soft demand is temporary in nature and will revert back to normal in the ensuing months. Indonesia will continue to face tough operating conditions, the sentiment for air travel has yet to recover and this is negatively impacting our yields. We are actively monitoring the situation and remain cautious with our growth plans for the moment. Indonesia will post a small loss in the fourth quarter or breakeven at best.

Outlook
We are on track to meet our guidance for the full financial year 2007. We will carry 8.5 million passengers and our associates, despite the tougher operating conditions than initially imagined, will carry around 5.5 million passengers. With the current volatile fuel price, we believe unit cost will increase between 3-6% for the full financial year. Based on the forward booking trend in the fourth quarter, yields will continue achieve double digit growth for the full financial year. Barring any unforeseen circumstances, the Directors remain positive with the Group's prospects and expect **pre-tax profits** to achieve **double-digit** growth for the financial year ending 30 June 2007.

For further information please contact:

Investor Relations	Mohshin Aziz	+603 8660 4013
Media Relations	Janet Leow	+603 8660 4265

For further information on AirAsia, please visit the Company's website: www.airasia.com
Statements included herein that are not historical facts are forward-looking statements. Such forward looking statements involve a number of risks and uncertainties and are subject to change at any time. In the event such risks or uncertainties materialize, AirAsia's results could be materially affected. The risks and uncertainties include, but are not limited to, risks associated with the inherent uncertainty of airline travel, seasonality issues, volatile jet fuel prices, world terrorism, perceived safe destination for travel, Government regulation changes and approval, including but not limited to the expected landing rights into new destinations.