

AirAsia

“Now Everyone Can Fly”



First Quarter 2007 Results
30 November 2006

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The only Asian Low Cost Airline that made money in the last 5 years



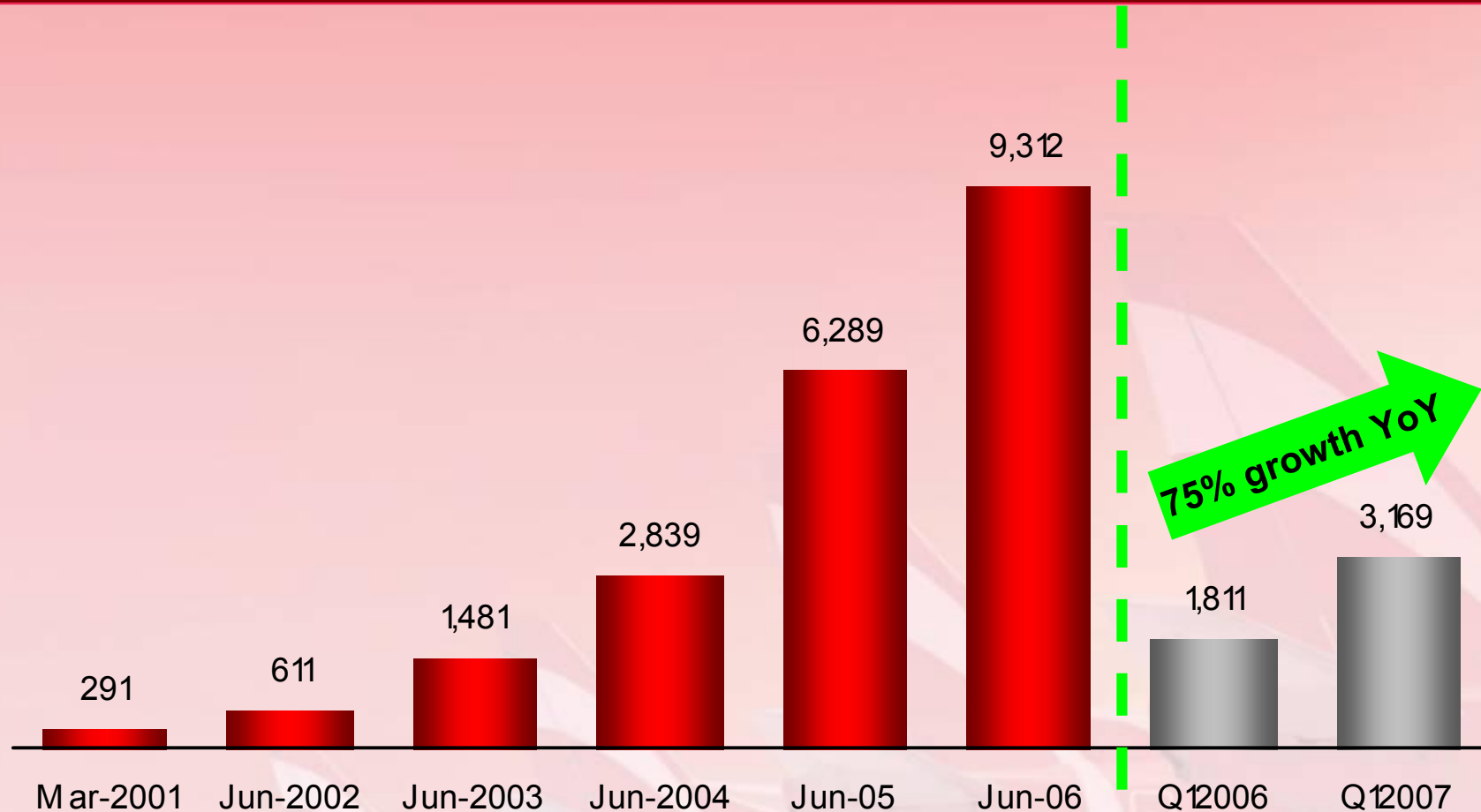
- Lowest cost airline in the World
- Strong brand established
- Hardware secured (130 Airbus for delivery up to 2012)
- AirAsia Academy secures quality skilled manpower requirements
- Distribution model across all economic areas of development proven successful
- Airports coming around (3 low cost terminals already built)
- Strong deep management
- JV model proven a success (ability to replicate in other countries)
- Growth of ancillary income

Key Highlights

- ❑ Pretax profit of RM11.8 million
 - growth of 32% YoY on the back of 29% revenue growth
 - 29% EBITDAR margin
- ❑ Strong growth profile maintained
 - passenger numbers grew 63% YoY
 - average fare decreased by 28% YoY
- ❑ Cost improvement of 9% YoY
- ❑ Full quarter turnaround for Indonesia
- ❑ Thai performing strongly
 - yield improving consistently
 - 15% EBITDAR margin
- ❑ Group fleet rose from 42 to 46 aircraft (end of first quarter)

Consistent passenger growth

Passengers Flown by AirAsia Group ('000)



→ There is no stopping the LCC phenomenon

Dominating ASEAN



Period	Destinations Served
Jan 2002	6
Jun 2003	11
Jun 2004	26
Jun 2005	52
Jun 2006	65
NOW	71

Latest Routes

KL – Palembang
Bangkok – Yangon

Upcoming Routes

Bangkok – Langkawi
KK – Macau
KL – Jogjakarta

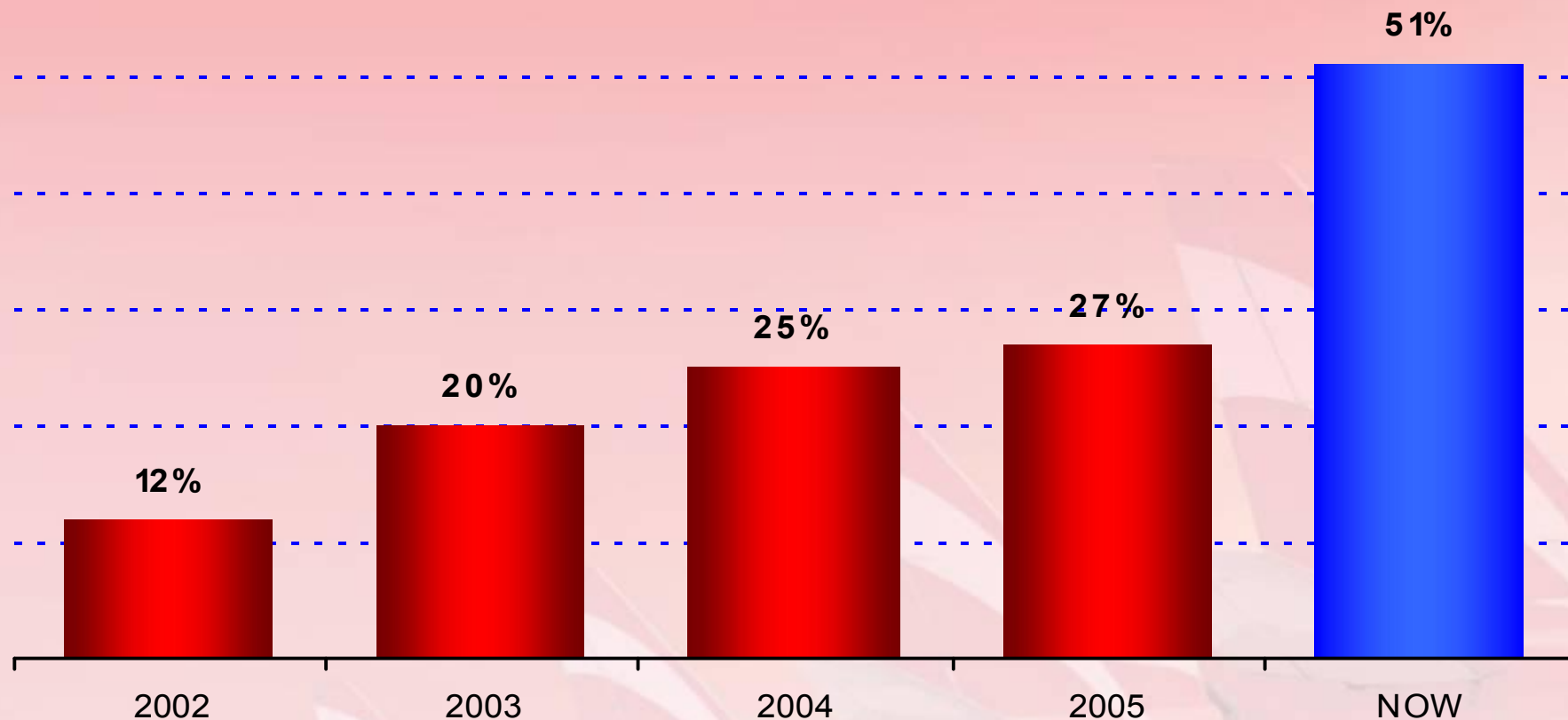
Base Network



Impact of Domestic Rationalization



AirAsia Passenger Market Share in Domestic Malaysia



- ❑ Domestic rationalization enables us to capture significant market share
- ❑ AirAsia is now Malaysia's largest domestic airline,,,,, and growing!

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Results Commentary



Operational Statistics – Malaysia

- ❑ Strong passenger growth
 - 63% growth
- ❑ Capacity growth reflects new routes
 - 39% growth
- ❑ Cost improvement despite record high oil prices
 - 2.20/ASK US cents, 9% improvement YoY
 - 1.17/ASK US cents ex fuel, 6% improvement YoY
- ❑ Lower average fare due to Ramadan and opening of two bases
 - 28% decline in fares to RM104
 - 15% decline in yields to 3.08/RPK US cents
- ❑ Load factor outperforms expectations
 - 9 percentage point improvement to 79%

Profitability – Malaysia

(RM '000)	Q1-2007	Q1-2006	Δ (%)	Margins (%)	
				Q1-07	Q1-06
Revenue	239,574	186,277	29%		
EBITDAR	69,250	34,324	102%	28.9%	18.4%
EBIT	23,731	7,460	218%	9.9%	4.0%
Pretax Profit	11,772	8,934	32%	4.9%	4.8%

- Profit margin improvement
 - increased business scale
 - unit cost improvement
 - positive contribution by associates

→ *despite fuel prices breaking historical records in July 2006*

Operational Statistics – Thailand

- ❑ Strong passenger growth
 - 67% growth
- ❑ Capacity growth reflects frequency and new routes addition
 - 58% growth
- ❑ Cost increase due to forex and high oil prices
 - 2.60/ASK US cents, 6% increase YoY
 - fuel forward swap contract has been squared off
- ❑ Higher average fare and yields
 - 4% increase in fares to THB1277
 - 10% increase in yields to 3.46/RPK US cents
- ❑ Steady load factor
 - despite military coup de tat

Profitability – Thailand

(THB '000)	Q1-2007	Q1-2006	Δ (%)	Margins (%)	
				Q1-07	Q1-06
Revenue	986,364	562,843	75%		
EBITDAR	144,661	67,200	115%	14.7%	11.9%
EBIT	13,922	(19,292)	n/a	1.4%	(3.4%)
Net Income	4,691	1,812	159%	0.5%	0.3%

- ❑ Profit margin improvement
 - 15% EBITDAR margins
 - increased business scale
 - forex losses contribute to the losses, position has been squared off

Operational Statistics – Indonesia

- ❑ Strong passenger growth
 - 179% growth
- ❑ Capacity growth reflects frequency addition
 - 111% growth
- ❑ Aggressive marketing and promotions increased cost
 - 2.95/ASK US cents, 22% increase YoY
- ❑ Higher average fare and yields due to aggressive marketing
 - 13% increase due to better yield management
 - 40% increase in yields to 3.59/RPK US cents
- ❑ Load factor outperforms expectations
 - 12 percentage point improvement to 84%

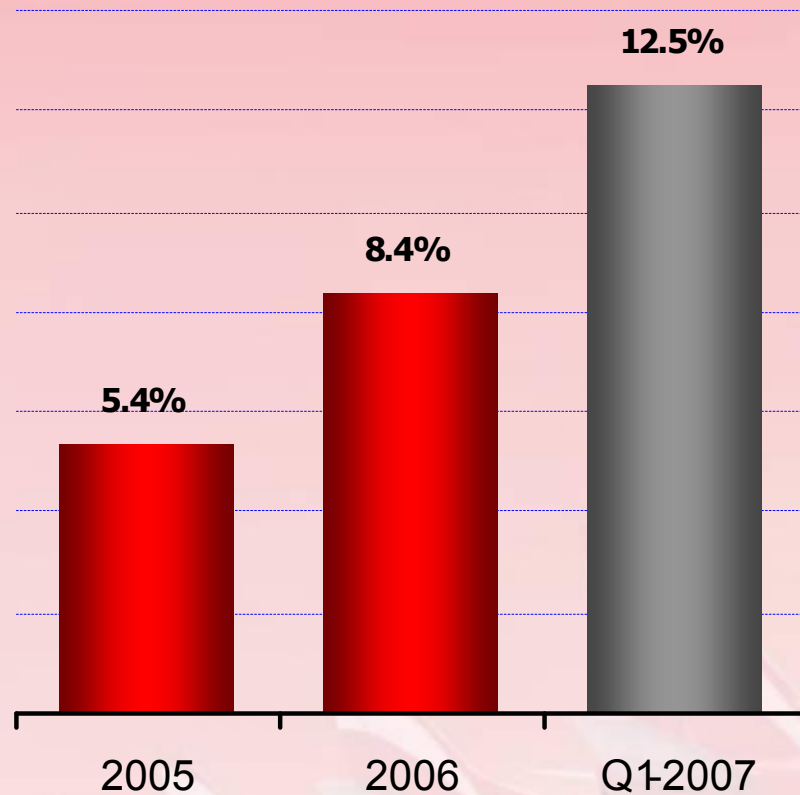
Profitability – Indonesia

(IDR million)	Q1-2007	Q1-2006	Δ (%)	Margins (%)	
				Q1-07	Q1-06
Revenue	163,341	51,161	219%		
EBITDAR	22,462	(5,645)	na	13.8%	(11.0%)
EBIT	3,567	(16,215)	na	2.2%	(31.7%)
Net Income	1,918	(6,155)	na	1.2%	(12.0%)

- ❑ Turnaround achieved
 - ability to advertise fares has significantly improved operations
 - fuel surcharge providing significant cost recoveries
- ❑ Improved operational developments
 - strong load factor due to improving advance booking trends
 - better yield management with more forward booking
 - market leader for Jakarta-Medan route and Jakarta-Batam

Ancillary Income Progress

Ancillary Income % Revenue



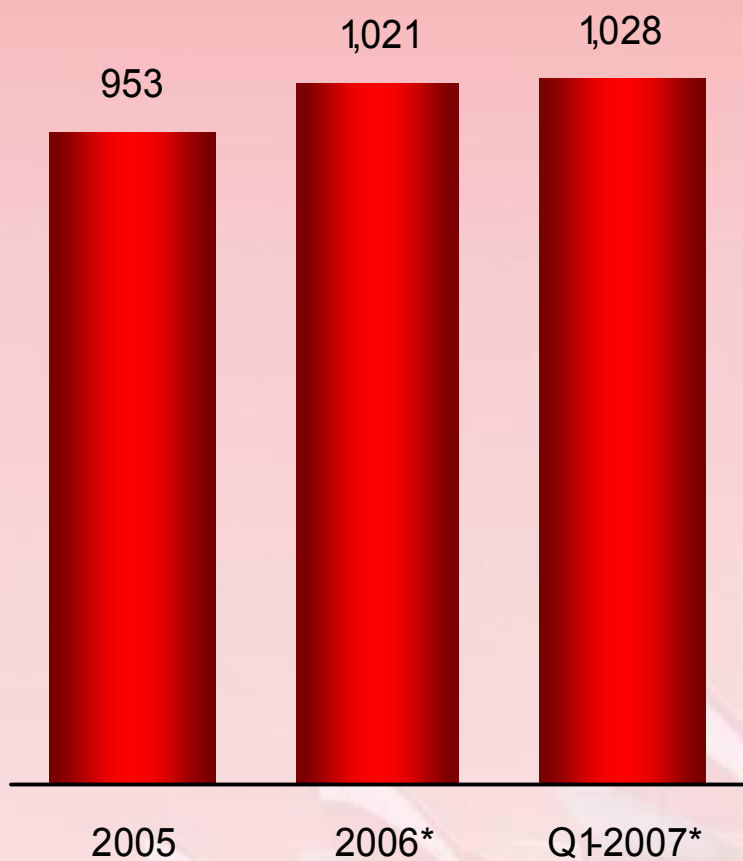
- Significant growth over the quarter
 - excess baggage
 - admin and changes
 - Go-Holiday
 - cargo contributions

- Go-Insure is very popular
 - will be available Thai & Indonesia
 - making promotions to increase conversion rate

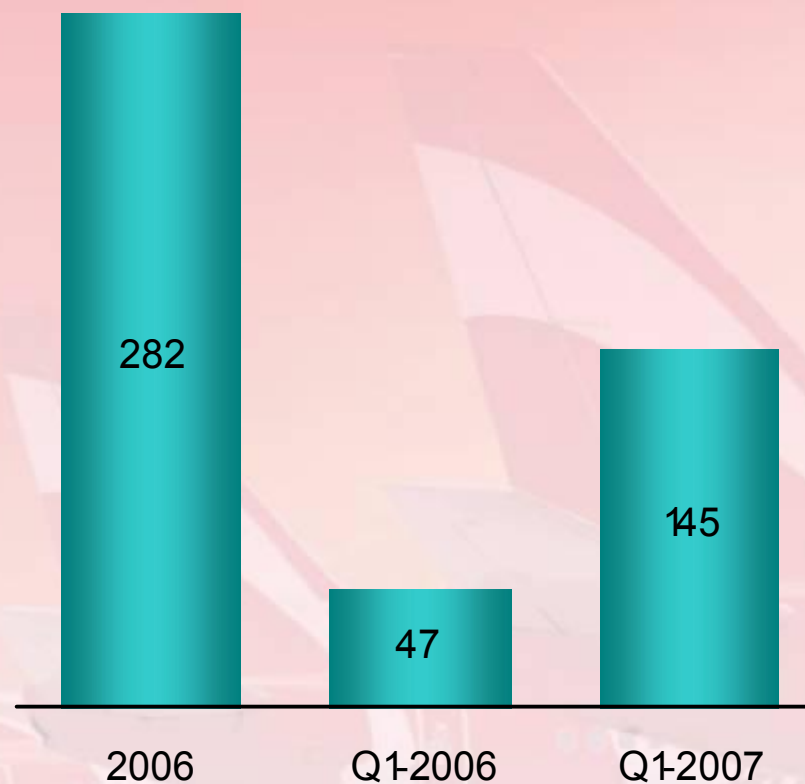
- Introducing new product list
 - in flight magazines
 - online games
 - gift cards

Robust Cash Generation

Shareholder Equity (RM millions)



Cash from Operations (RM millions)



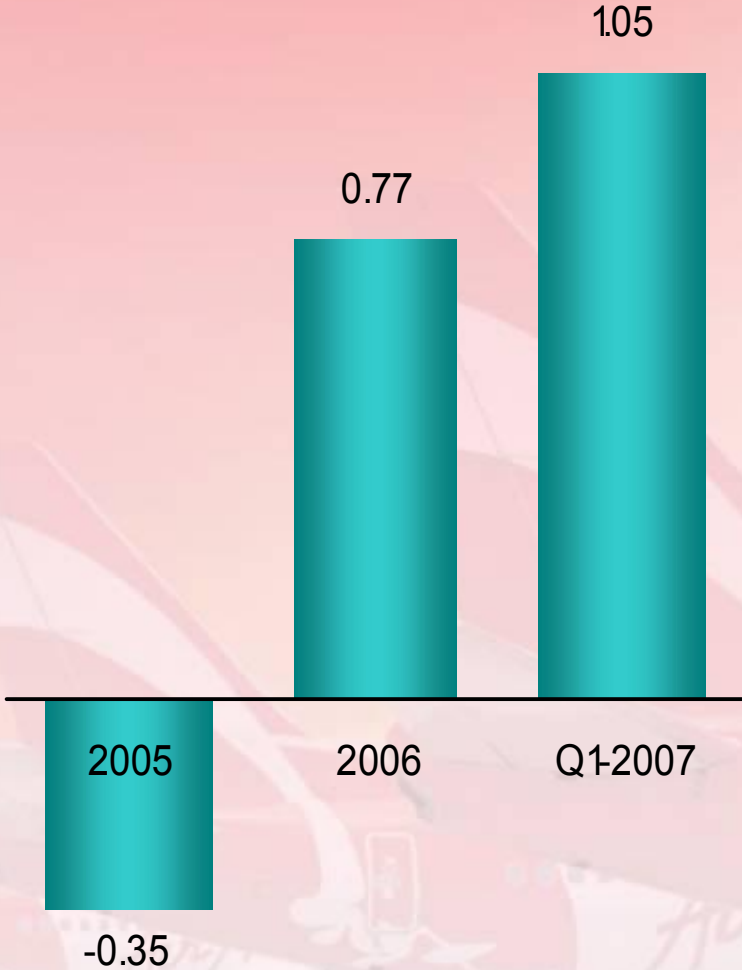
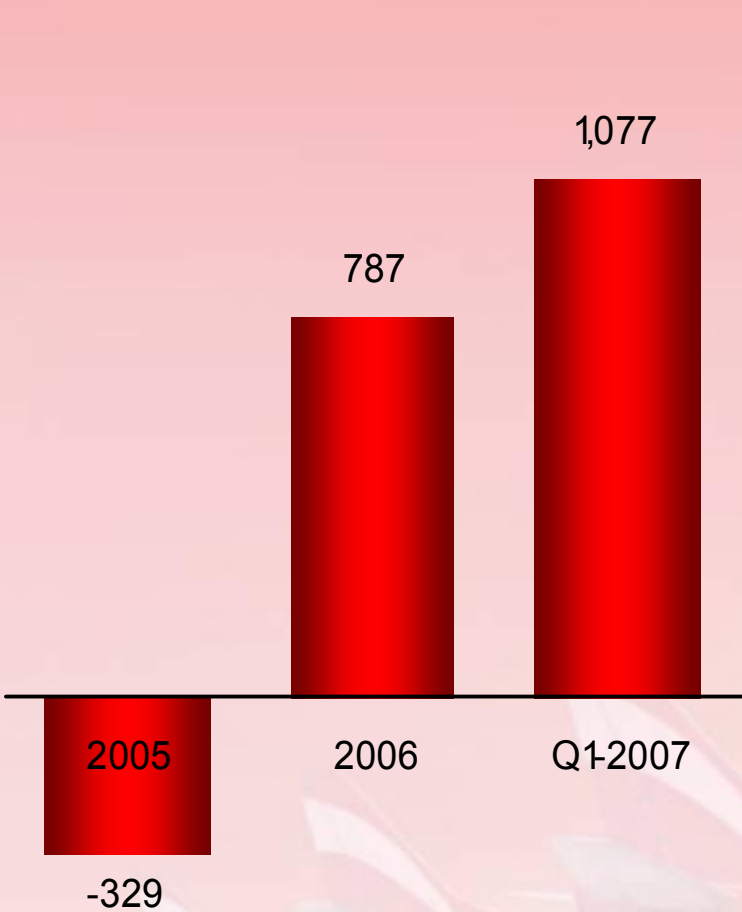
* In Compliance with Malaysian FRS on deferred tax

Solid Balance Sheet



Net Debt (RM millions)

Net Gearing (Net Debt / Equity)



* In Compliance with Malaysian FRS on deferred tax

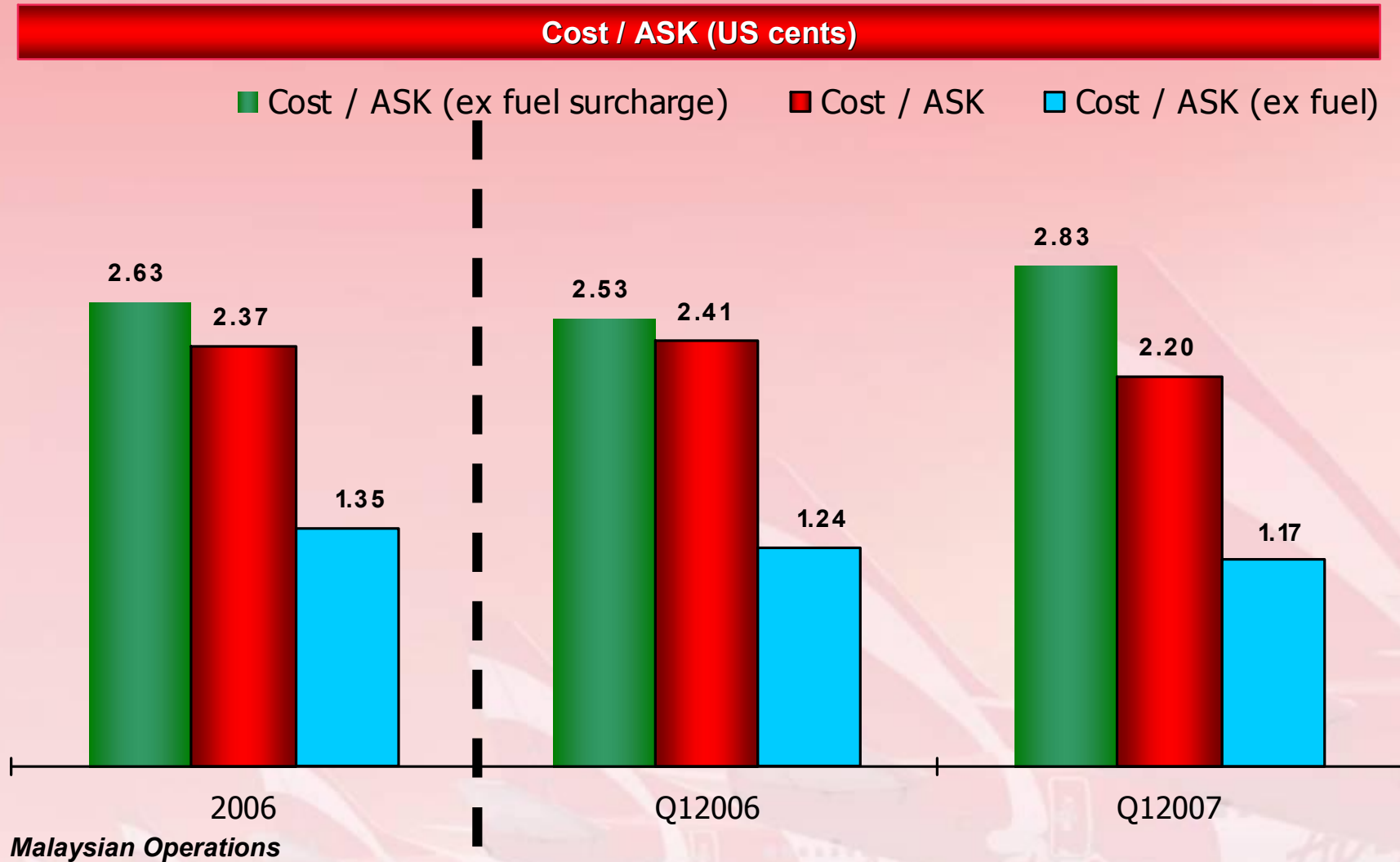
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Cost Management



Lowest Cost in the World



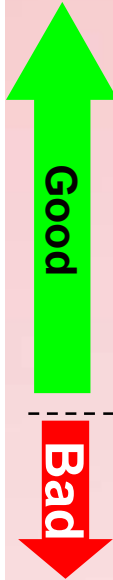
Superior cost containment despite fuel price impact

Cost / ASK – what changed from last year to this year?



2.20 (Q1-2007) vs. 2.41 (Q1-2006) {8.7% cost improvement}

<i>(US cents)</i>	Cost per ASK	Change (%)	Reasons
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Staff	0.31	(20%)	Productivity gains, LCT
Fuel & oil	1.03	(12%)	Fuel efficient Airbus A320
User station charges	0.14	(14%)	Scale benefit of Airbus A320
Maintenance	0.13	(50%)	More new aircraft in fleet
Cost of aircraft	0.11	(44%)	Less leased aircraft in fleet
<hr/>			
Depreciation & Amortization	0.35	104%	Purchased aircraft
Others	0.13	97%	Two new bases, marketing

Total Cost per ASK 2.20 (8.7%)

Fuel Hedge & Surcharge

- ❑ Currently purchasing fuel on the spot market
 - likely to remain status-quo until 31 December 2006

- ❑ Partial hedge in 2007
 - 54% volume cover from 1 Jan to 30 June 2007
 - 45% volume cover from 1 July to 30 September 2007
 - upside protection at US\$62.25/bbl

- ➔ ***Looking for opportunities to hedge outstanding amount and hedge further into the future***

- ❑ Fuel surcharge yielding \pm \$32 / bbl recovery

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Airbus A320

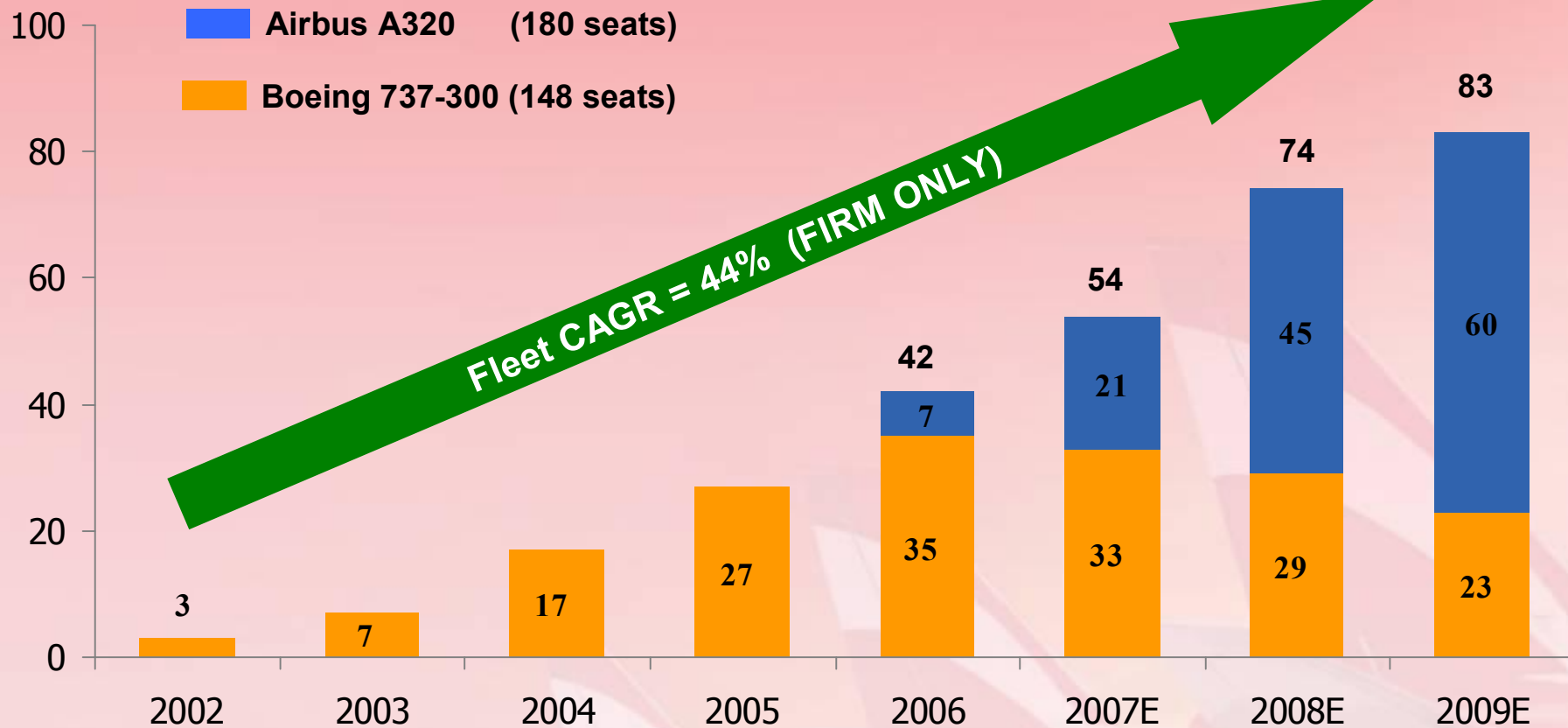


Airbus A320 – WE WANT MORE!



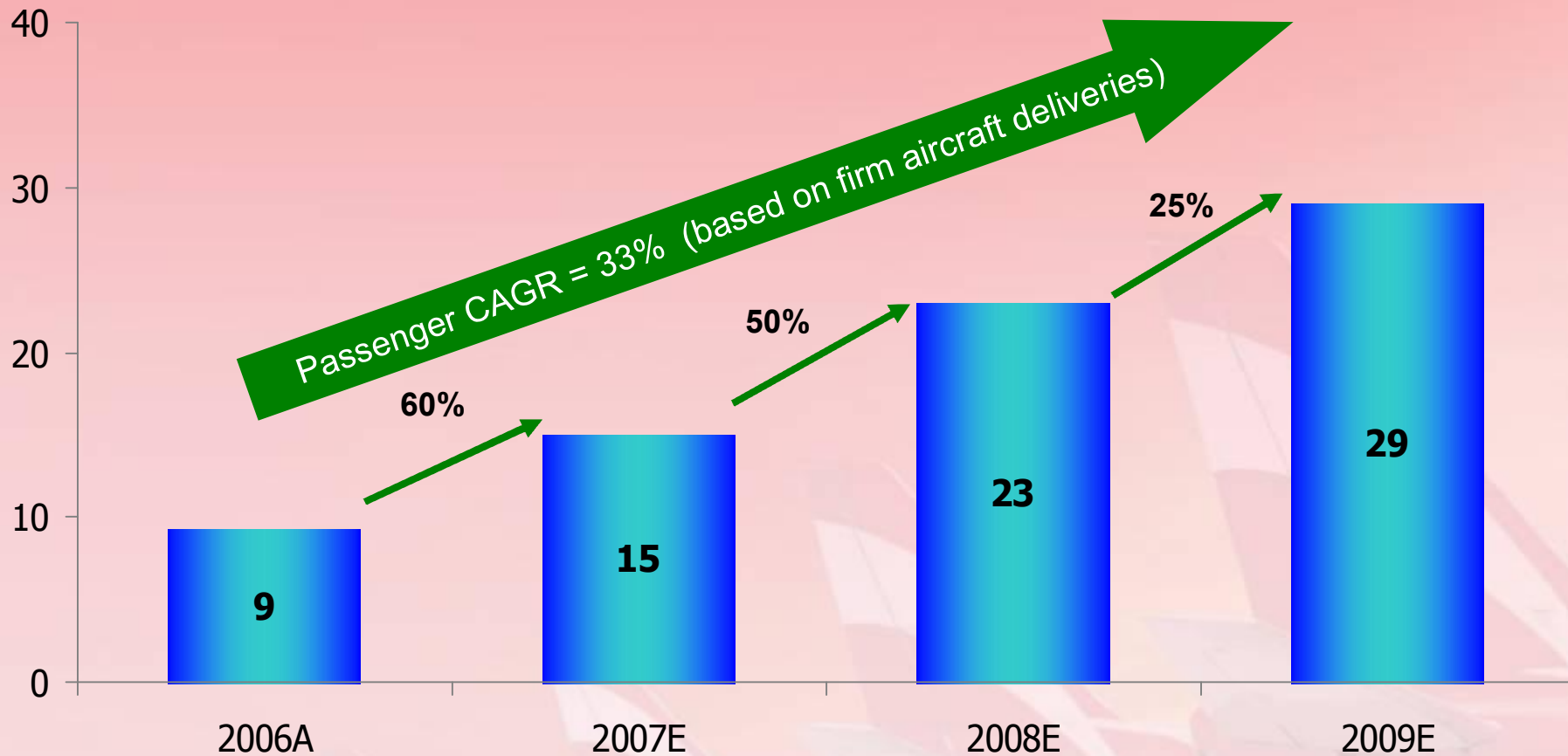
- ❑ 130 aircraft on tap: 100 firm orders + 30 options
- ❑ Secures aircraft pipeline until 2012
- ❑ Received 14 aircraft to date, exceptionally popular by our guests
- ❑ Reduces operational cost and enhances reliability

Fleet Plan to Facilitate Strong Profitable Growth and Fleet Rejuvenation



- Boeing 737-300 will be phased-out as leases expires
- Airbus A320 will be deployed into Malaysia first, followed by other associates
- AirAsia will soon have the **YOUNGEST** fleet in Asia

Projected Passenger Growth (million pax)



- ❑ Strong consistent growth with current fleet expansion
- ❑ Trying to expedite aircraft delivery schedule from Airbus

Airbus vs. Boeing Cost Comparison (KL to Kuching)

Assumptions:

- Fuel Cost: \$75 / bbl
- USD:MYR: 3.65
- Ticket Fare: RM150 (ticket + surcharge + admin)
- Load Factor: 80%
- Airbus A320 # seats: 180
- Boeing 737 # seats: 148

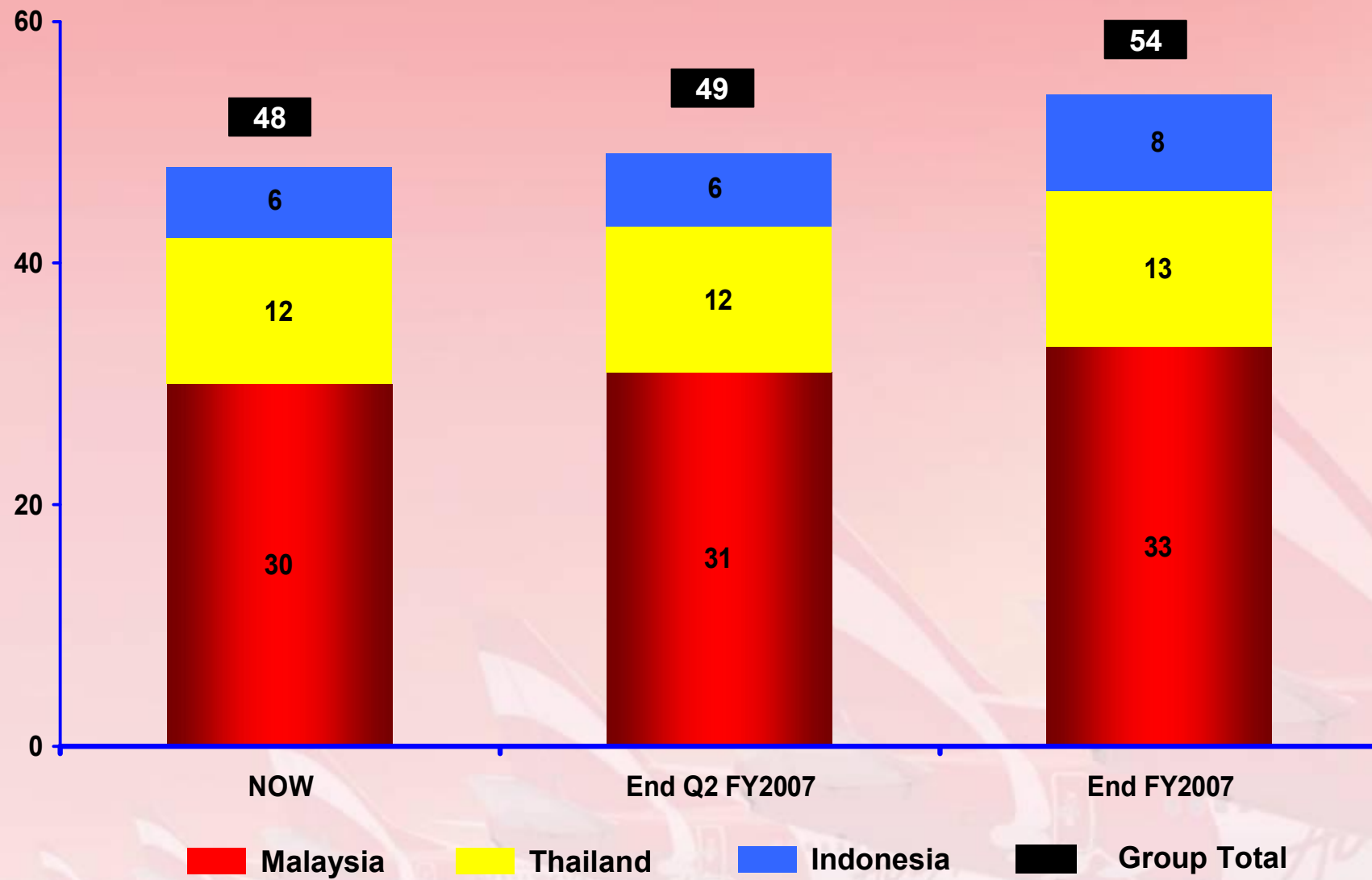
Airbus vs. Boeing Cost Comparison (KL to Kuching)



Operating Expenses	Airbus A320	Boeing 737-300	Per Seat	
			Airbus	Boeing
Revenue	21,600	17,850	120.0	120.6
– Staff Cost	2,570	2,392	14.3	16.2
– Fuel and Oil	8,390	8,589	46.6	58.0
– User & Station Charges	822	722	4.6	4.9
– Maintenance & Overhaul	1,661	1,906	9.2	12.9
– Others	900	826	5.0	5.6
– Aircraft cost (lease vs. own)	3,851	2,129	21.4	14.4
– Interest on Loans	1,421	0	7.9	0.0
Total Cost	19,615	16,564	109.0	111.9
Operating Profit	1,985	1,286	11.0	8.7
Cash Profits	4,418	1,286	24.5	8.7

→ Airbus A320 is a cashflow machine!

Fleet Plan for FY2007



AirAsia - Concluding Remarks

- World's lowest cost carrier
- Level playing field and equal status
- LCC is now a way of life in Asia
- Government supports the LCC
- Airbus improves reliability and performance
- Aircraft order secures growth pipeline until 2012
- AirAsia Academy secures quality skilled manpower requirements

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Appendix



Operational Statistics – Malaysia

Operational Statistics	Q1 -2007	Q1 -2006	Δ (%)
Average Load factor	79%	70%	9 ppt
# Passengers	1,944,621	1,192,692	63%
Average fare (RM)	104	144	(28%)
RPK (mn)	2,152	1,358	59%
ASK (mn)	2,713	1,953	39%
Rev/RPK (US cents)	3.08	3.61	(15%)
Cost/ASK (US cents)	2.20	2.41	(9%)
# aircraft (end)	30	21	43%
Average # aircraft	24.8	18.8	32%

Operational Statistics – Thailand

Operational Statistics	Q1-2007	Q1-2006	Δ (%)
Average Load factor	76%	76%	
# Passengers	742,899	445,505	67%
Average fare (RM)	1,277	1,231	4%
Average fare (THB)	131	113	16%
RPK (mn)	694	437	59%
ASK (mn)	907	574	58%
Rev/RPK (US cents)	3.46	3.14	10%
Cost/ASK (US cents)	2.60	2.46	6%
# aircraft (end)	10	6	67%
Average # aircraft	10.0	6.0	67%

Operational Statistics – Indonesia

Operational Statistics	Q1-2007	Q1-2006	Δ (%)
Average Load factor	84%	72%	12 ppt
# Passengers	480,980	172,655	179%
Average fare (RM)	130	104	25%
Average fare (IND)	311,256	272,819	13%
RPK (mn)	493	199	147%
ASK (mn)	586	278	111%
Rev/RPK (US cents)	3.59	2.56	40%
Cost/ASK (US cents)	2.95	2.43	22%
# aircraft (end)	6	4	50%
Average # aircraft	4.6	3.2	43%

Operating Expenses – Malaysia

Operating Expenses (RM '000)	Q1 2007	Q1 2006	% Revenue	
			Q12007	Q12006
Revenue	239,574	186,277		
– Staff Cost	(30,861)	(28,996)	12.9%	15.6%
– Fuel and Oil	(102,435)	(87,114)	42.8%	46.8%
– User & Station Charges	(13,658)	(11,949)	5.7%	6.4%
– Maintenance & Overhaul	(12,505)	(18,884)	5.2%	10.1%
– Others	(13,209)	(5,010)	5.5%	2.7%
EBITDAR	69,250	34,324	28.9%	18.4%
- Cost of aircraft	(10,643)	(14,089)	4.4%	7.6%
EBITDA	58,607	20,235	24.5%	10.9%
- Depreciation & Amortisation	(34,876)	(12,775)	14.6%	6.9%
EBIT	23,731	7,460	9.9%	4.0%
Pretax Profit	11,772	8,934	4.9%	4.8%

Net Income (IFRS vs. FRS)

First Quarter FY2007 Group RM ('000)	Adoption of IFRS (IAS 12)	Compliance with MASB (FRS 112)
Profit after tax and minority interests	94,520	5,662
Shareholders' Funds	1,270,573	1,028,126
Basic Earnings Per Share (sen)	4.0	0.2
Cash from Operations	145,000	145,000