

AIRASIA SOARS

- Revenue up by 33% with Passenger Growth of 21%
- Core Operating profit up by 591% to RM166 million

SEPANG, 28 May 2009 - Amidst what could be the worst downturn faced by the Asia Pacific aviation industry, AirAsia Berhad today announced that it has recorded a core operating profit of RM166 million for the three-month period ending 31 March 2009, a 591% increase compared to the same period the year before. This was on the back of revenue of RM714 million, up 33% from a year ago.

Group CEO Tony Fernandes said: "AirAsia once again delivered record profit growth despite operating in one of the most challenging economic environments. Revenue for the quarter grew by 33% to RM714 million driven by robust passenger growth and ancillary income. The core operating profit for the quarter was at RM166 million, almost six times the profits achieved in the same period last year."

According to Fernandes, passenger numbers for the period grew by 21% to 3.1 million as the carrier had successfully stimulated the market, captured share from competitors and launched new routes.

He noted that load factor was at a respectable 70%. Yields (Revenue per ASK) grew by 12% to 13.7 sen per ASK thanks to 5% higher average fare and strong contribution from ancillary income. He attributes the encouraging first quarterly result to the Company's success in maximizing efficiency and managing costs. Unit cost was at 8.6 sen per ASK, 18% lower than the same period last year.

Ancillary income, a key area for growth, more than doubled to RM91 million due to the strong support of new services including 'Supersize' baggage and 'Pick a Seat' assigned seating services launched during the period. The average ancillary spend per passenger has increased by 85% to RM29.0. Ancillary income now represents 12.8% of total revenue, 5.1 percentage points increase from the same period last year.

On its overseas operations, Fernandes said AirAsia Thailand had performed exceptionally well to counter the weakening domestic consumer sentiment as a result of the internal political disturbances. AirAsia's Thai operations delivered an operating profit of THB298 million (RM30.5 million) for the period. Benchmarked against the industry, Thai AirAsia has outperformed industry performance considerably and has captured a significant market share. Guests are increasingly attracted to AirAsia low fares, its impressive safety track record and high quality service complemented by brand new aircraft fleet and world class punctuality.

Meanwhile, AirAsia's Indonesian operation produced a small loss of IDR37 billion (RM11.5 million). Currently, the Indonesian operation is operating with eight Airbus A320 aircraft and this has helped to structurally improve the operational cost, dispatch reliability and service punctuality. We have launched services to Singapore from several points in Indonesia (Jakarta, Bandung, Yogyakarta, Bali) and these have enjoyed strong support with higher yields.

Outlook

Commenting on the market outlook, Fernandes said: “We have already seen many airlines cut capacity, terminate underperforming routes, retrench staff and mothball a sizeable amount of their fleet. This situation provides unique long term opportunities for AirAsia, as the lowest cost producer, to grow rapidly, open new markets, win market share from competitors and speed up the pace of industry consolidation. In short, we’re adding routes, increasing frequencies, hiring more staff, enhancing our capabilities and growing our airline.”

“Our strategy to continuously conduct aggressive promotions and enhance customer service has been successful in driving strong traffic growth. We continue to expand our market share as more and more people switch from legacy carriers and fly with us. Furthermore, our new routes have performed very well and they are already profitable despite being in early developmental stage. He noted that based on forward booking trend in the second quarter, the underlying passenger demand remains robust and the ancillary income is also growing strongly. Cost items are expected to reduce stemming from efficiency gains and benefits of economies of scale,” said Fernandes.

“The dramatic cuts in flights and capacity by many of Asia’s legacy carriers have resulted in severe traffic decreases at many of Asia’s airports. This is creating enormous opportunities for AirAsia, as these airports compete to get our business and are more amenable to provide desirable terms and concessions to AirAsia in order to attract our airline. They recognize that AirAsia can deliver significant passenger growth and revenue to their entities.” added Fernandes.

He also welcomed the increasing global recognition of AirAsia’s premium quality service at low prices. “AirAsia’s premium quality service has been recognised in the global scene. In a survey conducted by Skytrax - an independent aviation consultant based in the UK, AirAsia was voted as the world’s best low cost carrier. This is a comprehensive survey on all aspects of the airline industry, with more than 16 million airline passengers across the world participating. For the majority of them to have chosen AirAsia as the ‘World’s Best Low Cost Carrier’ is a fantastic recognition of our efforts to constantly enhance our quality even while we make it affordable for everyone to fly.”

News Release

First Quarter (Jan-Mar) Report 2009

Summary for the First Quarter (January - March 2009) unaudited Financial Results

Quarter Ended: 31 March RM'000	Jan-Mar 2009	Jan-Mar 2008	Δ (%)
Ticket Sales	622,930	494,382	26%
Ancillary Income	91,248	40,939	123%
Revenue	714,178	535,321	33%
Non-recurring item gain/(loss)	48,528	0	n/a
EBITDAR	314,840	129,192	144%
Core Operating Profit	165,963	24,008	591%
Profit/(Loss) After Tax	203,150	161,276	26%
EBITDAR Margin	44.1%	24.1%	20.0 ppt
Core Operating Profit Margin	23.2%	4.5%	18.8 ppt
Profit After Tax Margin	28.4%	30.1%	-1.7 ppt

Summary for the First Quarter (January - March 2009) Operating Results

Quarter Ended: 31 March	Jan-Mar 2009	Jan-Mar 2008	Δ (%)
Passengers Carried	3,147,609	2,611,556	21%
ASK (million)	5,207	4,364	19%
RPK (million)	3,487	2,970	17%
Seat Load Factor	69.7%	72.1%	-2.4 ppt
Average Fare (RM)	198	189	5%
Rev / ASK (sen)	13.72	12.27	12%
Rev / ASK (US cents)	3.78	3.82	-1%
Cost / ASK (sen)	8.64	10.58	-18%
Cost / ASK (US cents)	2.38	3.30	-28%
Cost / ASK-ex fuel (sen)	4.88	4.38	11%
Cost / ASK-ex fuel (US cents)	1.35	1.37	-2%
Aircraft (average)	41.0	36.0	14%
Aircraft (end of period)	45	42	7%

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