



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
THIRD QUARTER REPORT ENDED 30 September 2011

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 third quarter ended 30 September 2011.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Period ended	Period ended
		30/09/2011 RM'000	30/09/2010 RM'000	30/09/2011 RM'000	30/09/2010 RM'000
Revenue	10	1,076,437	979,710	3,201,096	2,783,737
Operating expenses:					
- Staff costs		(126,294)	(91,262)	(355,200)	(266,593)
- Depreciation of property, plant and equipment		(144,145)	(135,657)	(427,813)	(374,381)
- Aircraft fuel expenses		(421,219)	(290,424)	(1,239,437)	(917,664)
- Maintenance and overhaul		(16,482)	(19,771)	(59,937)	(56,292)
- User charges and other related expenses		(94,730)	(93,801)	(277,961)	(267,123)
- Aircraft operating lease expenses		(19,804)	(13,357)	(51,105)	(53,210)
- Travel and tour operating expenses		-	(17,510)	(36,555)	(48,761)
- Other operating expenses		(21,284)	(29,881)	(102,275)	(93,272)
Other (losses)/gains - net	11	(68,559)	(49,154)	(79,542)	(94,608)
Other income		87,475	7,848	136,648	22,519
Operating Profit		251,395	246,741	707,919	634,352
Finance Income	26	113,954	288,612	74,963	630,609
Finance Costs	26	(264,984)	(225,011)	(334,606)	(554,226)
Share of results of a jointly controlled entities	22	10,132	-	10,132	-
Share of results of associates	22	(2,001)	-	(2,001)	-
Profit before tax		108,496	310,342	456,407	710,735
Current Taxation	28	(2,771)	(4,330)	(14,453)	(12,647)
Deferred taxation	28	46,574	21,274	(13,465)	52,239
Profit after tax		152,299	327,286	428,489	750,327
Attributable to:					
-Equity holders of the company		152,299	327,286	428,489	750,327
-Minority interests		-	-	-	-
		152,299	327,286	428,489	750,327
Basic earnings per share (sen)		5.5	11.9	15.4	27.2
Diluted earnings per share (sen)		5.5	11.8	15.4	27.1

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Year ended	Year ended
		30/09/2011 RM'000	30/09/2010 RM'000	30/09/2011 RM'000	30/09/2010 RM'000
Profit/(Loss) for the period		152,299	327,286	428,489	750,327
Other comprehensive income / (loss) Cash flow hedges	12	(70,848)	45,316	(13,406)	15,360
Total comprehensive income/(loss) for the period		81,451	372,602	415,083	765,687
Total comprehensive income/(loss) attributable to:					
Equity holders of the company		81,451	372,602	415,083	765,687
Minority Interest		-	-	-	-



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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	PERIOD ENDED	PERIOD ENDED
	30/09/2011	31/12/2010
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	456,407	1,098,856
Adjustments:		
Property, plant and equipment		
- Depreciation	427,813	519,984
- Impairment	-	6,996
- Gain on disposal	(98,295)	(1,311)
Amortisation of long term prepayments	14,807	24,741
Amortisation of other investments	6	12
Unwinding of discount on intercompany receivables	(15,036)	(9,647)
Fair value losses on derivative financial instruments	49,308	295,028
Net unrealised foreign exchange (gain)/loss	30,300	(586,755)
Interest expense	281,284	374,364
Interest income	(29,694)	(66,699)
	1,116,899	1,655,569
Changes in working capital		
Inventories	(206)	3,311
Receivables and prepayments	(284,328)	(162,883)
Trade and other payables	168,273	63,453
Intercompany balances	131,892	393,568
Cash generated from / (used in) operations	1,132,531	1,953,018
Interest paid	(349,092)	(379,099)
Interest received	29,694	57,052
Tax paid	(12,564)	(11,808)
Net cash from / (used in) operating activities	800,569	1,619,163
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Additions	(376,028)	(1,902,833)
- Proceeds from disposal	366,295	-
Purchase of AFS Financial Asset	-	(16,000)
Deposit on aircraft purchase	(106,661)	50,808
Long term prepayments	(14,308)	-
Investment in an associate	(11,042)	-
Investment in a jointly controlled entity	(121,806)	-
Net cash used in investing activities	(263,550)	(1,868,025)
CASH FLOWS FROM FINANCING FACILITIES		
Proceeds from allotment of shares	4,798	16,948
Hire purchase instalments paid	(15)	(57)
Proceeds from borrowings	293,552	1,562,856
Dividend paid	(76,965)	-
Repayment of borrowings	(616,656)	(572,580)
Deposits pledged as securities	(876)	(942)
Net cash from financing activities	(396,162)	1,006,225
NET INCREASE/(DECREASE)		
FOR THE FINANCIAL PERIOD	140,857	757,363
CASH AND CASH EQUIVALENTS AT BEGINNING		
OF THE FINANCIAL PERIOD	1,475,828	718,465
CASH AND CASH EQUIVALENTS AT END OF		
FINANCIAL PERIOD*	1,616,685	1,475,828

* The balance at end of financial period excludes fixed deposits of RM29.665 million (31/12/10: RM28.789 million) pledged with licensed bank as securities for banking facilities granted to the Company

This Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2010



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		AS AT	AS AT
	Note	30/09/2011 RM'000	31/12/2010 RM'000
NON CURRENT ASSETS			
Property, plant and equipment	14	8,998,736	9,318,041
Investment in associates	22	11,071	29
Investment in a jointly controlled entity	22	121,806	-
AFS Financial Assets		152,942	152,942
Other investment		19	25
Goodwill		8,738	8,738
Deferred tax assets		705,727	719,260
Receivables and prepayments		23,094	23,593
Amounts due from an associate		117,964	117,964
Derivative Financial Instruments	33	44,686	25,544
		10,184,783	10,366,136
CURRENT ASSETS			
Inventories		17,759	17,553
Receivables and prepayments		1,167,962	841,122
Deposit on aircraft purchase		370,379	248,684
Amounts due from a jointly controlled entity		-	99,802
Amount due from associates		146,956	162,386
Amount due from a related party		-	-
Deposits, bank and cash balances		1,646,350	1,504,617
Derivative Financial Instruments	33	-	-
		3,349,406	2,874,164
CURRENT LIABILITIES			
Trade and other payables		925,610	912,943
Sales in advance		408,301	328,549
Derivative Financial Instruments	33	20,982	-
Amount due to associate		5,143	5,223
Amount due to a related party		41,774	41,262
Amount due to a JV entity		17,933	-
Hire-purchase payables		-	15
Borrowings	32	597,467	553,967
Current tax liabilities		3,521	1,632
		2,020,731	1,843,591
NET CURRENT ASSETS			
		1,328,675	1,030,573
NON CURRENT LIABILITIES			
Borrowings	32	7,015,843	7,302,884
Derivative Financial Instruments	33	513,739	452,865
		7,529,582	7,755,749
CAPITAL AND RESERVES			
Share capital	7	277,788	277,344
Share Premium		1,225,947	1,221,594
Foreign exchange reserve		485	485
Retained earnings		2,454,096	2,102,571
Other Reserves		25,560	38,966
Shareholders' funds		3,983,876	3,640,960
Net assets per share attributable to ordinary equity holders of the Company (RM)		1.43	1.31

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 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									
	Number of shares '000	Nominal Value RM'000	Share Premium RM'000	Foreign Exchange Reserves RM'000	Cash Flow Hedge Reserves RM'000	AFS Reserves RM'000	Retained Earnings RM'000	Total RM'000		
At 1 January 2011	2,773,437	277,344	1,221,594	485	(71,309)	110,275	2,102,571	3,640,960	-	3,640,960
Net Profit for the period	-	-	-	-	-	-	428,489	428,489	-	428,489
Dividends paid	-	-	-	-	-	-	(76,965)	(76,965)	-	(76,965)
Other comprehensive income	-	-	-	-	(13,406)	-	-	(13,406)	-	(13,406)
Issuance of ordinary shares - Pursuant to the Employees' Share Option Scheme ('ESOS')	4,443	444	4,354	-	-	-	-	4,798	-	4,798
At 30 Sept 2011	2,777,880	277,788	1,225,948	485	(84,715)	110,275	2,454,095	3,983,876	-	3,983,876
At 1 January 2010 (As restated)	2,757,745	275,774	1,206,216	592	(65,670)	105,996	1,041,160	2,564,068	-	2,564,068
Net Profit for the period	-	-	-	-	-	-	750,327	750,327	-	750,327
Other comprehensive income	-	-	-	-	15,360	(16,000)	-	(640)	-	(640)
Issuance of ordinary shares - Pursuant to the Employees' Share Option Scheme ('ESOS')	7,651	766	7,498	-	-	-	-	8,264	-	8,264
At 30 Sept 2010	2,765,396	276,540	1,213,714	592	-	-	1,791,487	3,322,018	-	3,322,018

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.



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KEY OPERATING STATISTICS – 30 September 2011

Performance indicator for Malaysian operations for current quarter against the same quarter last year

Quarter Ended: 30 September	Jul-Sep 2011	Jul-Sep 2010	Change y-o-y
Passengers Carried	4,341,052	4,035,546	8%
Capacity	5,601,600	5,155,020	9%
Seat Load Factor	77%	78%	-1 ppt
RPK (million)	5,058	4,773	6%
ASK (million)	6,490	6,056	7%
Average Fare (RM)	180	173	4%
Ancillary Income Per Pax (RM)	39	45	-14%
Unit Passenger Revenue (RM)	219	218	0%
Revenue / ASK (sen)	16.59	16.18	3%
Revenue / ASK (US cents)	5.45	5.32	3%
Cost / ASK (sen)	12.71	12.10	5%
Cost / ASK (US cents)	4.18	3.98	5%
Cost / ASK-ex Fuel (sen)	6.22	7.31	-15%
Cost / ASK-ex Fuel (US cents)	2.05	2.40	-15%
Aircraft (end of period)	54	52	4%
Average Stage Length (km)	1,158	1,193	-3%
Number of Flights	31,115	28,639	9%
Fuel Consumed (Barrels)	1,058,007	1,026,204	3%
Average Fuel Price (US\$ / Barrel)	131	93	41%

Exchange Rate: RM:USD – 3.0423, prior year US cents figures are restated at current exchange rate.

Definition and calculation methodology

ASK (Available Seat Kilometres)	Total available seats multiplied by the distance flown.
RPK (Revenue Passenger Kilometres)	Number of passengers carried multiplied by distance flown
Revenue/ASK	Total revenue divided by ASK
Cost/ASK	Total expenses before interest and tax divided by ASK
Cost/ASK – ex fuel	Costs, as defined above, less fuel expenses, divided by ASK



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NOTES TO THE UNAUDITED ACCOUNTS – 30 September 2011

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 31 December 2010.

2. Summary of significant accounting policies

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2010. In addition, there are standards, amendments to published standards and interpretations to existing standards that are or will be applicable to the Group and Company as detailed below.

The following new and revised standards, interpretations and amendments to standards have been published and are mandatory for the Group’s accounting periods beginning on or after 1 January 2011 or later periods, but the Group has not early adopted them:

Revised FRS 3 “Business combinations” - the Group will apply FRS 3 (revised) prospectively to all business combinations from 1 January 2011.

Revised FRS 124 “Related party disclosures” - effective from 1 January 2012.

Revised FRS 127 “Consolidated and separate financial statements” - the Group will apply FRS 127 (revised) prospectively to transactions with minority interests from 1 January 2011.

Amendments to FRS 7 “Financial instruments : Improving Disclosures” and FRS 1 “First-time adoption of financial reporting standards” (effective from 1 January 2011) - the Group and Company will apply Amendments to FRS 7 and FRS1 from 1 January 2011.

Amendments to FRS 132 “Financial instruments : Presentation” on classification of rights issue (effective from 1 March 2010) - the Group and Company will apply Amendments to FRS 132 “Classification of Rights Issues” prospectively from 1 January 2011.

IC Interpretation 15 “Agreements for construction of real estates” - effective from 1 January 2012).



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IC Interpretation 16 “Hedges of a net investment in a foreign operation” - effective from 1 July 2010.

IC Interpretation 17 “Distribution of non-cash assets to owners” - effective from 1 July 2010.

IC Interpretation 18 “Transfers of assets from customers” - effective prospectively for assets received on or after 1 January 2011.

IC Interpretation 19 “Extinguishing financial liabilities with equity instruments” - effective from 1 July 2011.

Amendments to IC Interpretation 14 “FRS 119 - The limit on a defined benefit assets, minimum funding requirements and their interaction” - effective from 1 July 2011.

The following amendments are part of the MASB’s improvements project that are relevant and effective for annual periods beginning on or after 1 July 2010

Improvements to FRSs:

FRS 2 - effective from 1 July 2010.

FRS 3 - effective from 1 January 2011.

FRS 5 “Non-current asset held for sale and discontinued operations” - effective from 1 July 2010.

FRS 101 “Presentation of financial statements” - effective from 1 January 2011.

FRS 138 “Intangible Assets” - effective from 1 July 2010.

IC Interpretation 9 - effective from 1 July 2010.

The above mentioned Improvement to FRSs are not expected to have any material impact on the Group’s and Company’s financial statements.

3. Auditors’ report on preceding annual financial statements

The auditors have expressed an unqualified opinion on the Group’s statutory financial statements for the financial year ended 31 December 2010 in their report dated 28 April 2011.



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4. Seasonality of operations

AirAsia is primarily involved in the provision of air transportation services and thus, is subject to the seasonal demand for air travel. The seat load factor was 1 percentage point lower in the quarter under review against the same period last year. Compared against the immediate preceding quarter (second quarter April – June 2011), the seat load factor was 1 percentage point lower. This seasonal pattern is in line with the expectation of the Group.

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 quarter ended 30 September 2011, the total issued and paid-up share capital of the Company increased from RM277,605,858 to RM277,787,858 from the issuance of 182,000 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 cancellation, repurchases, resale and repayment of debt and equity securities for the period ended 30 September 2011.

8. Dividend paid

No dividends were declared or approved in the quarter ended 30 September 2011.

9. Segment reporting

The Group operates a single reportable segment, that of Airline Operations.



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NOTES TO THE UNAUDITED ACCOUNTS – 30 September 2011

10. Revenue

	Quarter ended 30/09/2011 RM million	Quarter ended 30/09/2010 RM million
Passenger seat sales	736.0	699.3
Aircraft operating lease income	127.7	98.7
Surcharges and fees	43.9	0.3
Travel and tour operations	-	20.7
Other revenue	168.8	160.7
	<u>1,076.4</u>	<u>979.7</u>

Other revenue includes excess baggage, baggage handling fee, freight and cancellation, documentation and booking fees amounting to RM146.6 million (2010: RM138.4 million) for the Group and Company.

11. Other gains/(losses) - net

Other gains/(losses) – net comprise fair value changes due to movement in mark-to-market (MTM) position on non-designated hedging contracts at 30 September 2011 as compared to 30 June 2011, and are detailed below:

	Quarter ended 30/09/2011 RM million	Quarter ended 30/09/2010 RM million
(i) Gain / (loss) from fuel contracts	(19.7)	(1.5)
(ii) Gain / (loss) from foreign currency contracts	3.8	(24.6)
(v) Gain / (loss) from interest rate contracts	(52.7)	(23.1)
	<u>(68.6)</u>	<u>(49.2)</u>

The above gains and losses arise from the movement in exchange rates (principally RM:US\$), interest rates and jet fuel prices relative to the contracted rate during the quarter. The fair value of derivative financial instruments is determined by discounting future cash flows to present value.



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12. Other Comprehensive Income

Cash flow hedges represent fair value changes due to movement in MTM position on effective hedging contracts at 30 September 2011 as compared to 30 June 2011 as follows:

	Quarter ended 30/09/2011 RM million	Quarter ended 30/09/2010 RM million
(i) Fair value gain/(loss) in the period	25.5	(82.6)
(i) Amount transferred to income statement	<u>(96.4)</u>	<u>127.9</u>
	<u>(70.9)</u>	<u>45.3</u>

Fair value changes in effective hedging contracts are recognized directly in equity and are transferred to the income statement in the same period as the underlying hedged item affects profit or loss.

13. Disclosure of Realised and Unrealised Profits

The cumulative retained profit of the Group and its subsidiaries comprises realized and unrealized profit as disclosed in the table below.

	As at 30/09/2011 RM'000	As at 31/12/2010 RM'000
Total retained profit of AirAsia Berhad and its subsidiaries		
(i) Realised	1,341,018	997,581
(i) Unrealised	<u>1,121,112</u>	<u>1,121,156</u>
	<u>2,462,130</u>	<u>2,118,737</u>
Total share of accumulated losses from associates		
(i) Realised	(6,113)	(4,112)
(i) Unrealised	<u>-</u>	<u>-</u>
	<u>(6,113)</u>	<u>(4,112)</u>
Total share of accumulated losses from jointly controlled entities		
(i) Realised	(1,922)	(12,054)
(i) Unrealised	<u>-</u>	<u>-</u>
	<u>(1,922)</u>	<u>(12,054)</u>
Total group retained profit as per consolidated accounts	<u>2,454,095</u>	<u>2,102,571</u>



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14. Property, plant and equipment

(a) acquisition and disposals

During the quarter ended 30 September 2011, the Group acquired property, plant and equipment with a cost of RM139.4 million (quarter ended 30 September 2010: RM693.3 million).

During the quarter ended 30 September 2011, proceeds from the disposal of property, plant and equipment totaled RM335.9 million (quarter ended 30 September 2010: RM Nil).

(b) valuation

There was no revaluation of property, plant and equipment for the quarter ended 30 September 2011.

15. Post balance sheet events

There were no material events after the period end that have not been reflected in the financial statements for the financial period ended 30 September 2011 as at the date of this report.

16. Changes in composition of the Group

During the quarter under review the Company acquired a 50% interest in AACOE Sdn Bhd, incorporated in Malaysia, for a consideration of RM81.6m (USD27.3m), a 50% interest in AAE Travel Pte Ltd, incorporated in Singapore, for a consideration of RM30.1m (USD10.0m), and a 40% interest in AirAsia Inc, incorporated in the Philippines, for a consideration of RM13.1m (USD4.4m).

17. Contingent assets

As at the date of this report, the Group does not have any contingent assets.

18. 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 financial year ended 31 December 2010.



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

Capital commitments for property, plant and equipment:

	<u>Group and Company</u>	
	<u>30/09/2011</u>	<u>30/09/2010</u>
	RM'000	RM'000
Approved and contracted for	40,591,533	13,374,438
Approved but not contracted for	16,858,949	7,970,258
	-----	-----
	57,450,482	21,344,696
	=====	=====

20. 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
Thai AirAsia	A jointly controlled entity of the Company
PT Indonesia AirAsia	An associate of the Company
AirAsia X Sdn. Bhd.	An investment with common shareholders and directors of the Company
AirAsia Inc (Philippines)	An associate of the Company

These following items have been included in the Income Statement.

	Quarter ended	Group	Quarter ended
	<u>30/09/2011</u>		<u>30/09/2010</u>
	RM'000		RM'000
Thai AirAsia			
- Lease rental income on aircraft	68,971		57,797
- Maintenance and overhaul charges	-		786
Indonesia AirAsia			
- Lease rental income on aircraft	56,965		40,938
- Maintenance and overhaul charges	2,119		2,120
Philippines AirAsia			
- Lease rental income on aircraft	1,761		-
- Maintenance and overhaul charges	-		-
AirAsia X Sdn. Bhd.			
- Services charged to AirAsia X Sdn Bhd	4,934		23,443



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21. Review of performance

(A) Performance of current quarter against the same quarter last year for Malaysia

Quarter Ended: 30 September RM'000	Jul-Sep 2011	Jul-Sep 2010
Revenue	1,076,437	979,710
Operating expenses:		
- Staff costs	(126,294)	(91,262)
- Depreciation of property, plant and equipment	(144,145)	(135,657)
- Aircraft fuel expenses	(421,219)	(290,424)
- Maintenance and overhaul	(16,482)	(19,771)
- User charges and other related expenses	(94,730)	(93,801)
- Aircraft operating lease expenses	(19,804)	(13,357)
- Travel and tour operating expenses	-	(17,510)
- Other operating expenses	(21,284)	(29,881)
Other (losses)/gains - net	(68,559)	(49,154)
Other income	87,475	7,848
Operating Profit	251,395	246,741
Finance Income	113,954	288,612
Finance Costs	(264,984)	(225,011)
Share of results of a jointly controlled entity	10,132	-
Share of results of associates	(2,001)	-
Profit before tax	108,496	310,342
Current Taxation	(2,771)	(4,328)
Deferred taxation	46,574	21,274
Profit after tax	152,299	327,288
EBITDAR	415,344	395,755
EBITDAR Margin	39%	40%
EBIT Margin	23%	25%

The Group recorded revenue of RM1,076.4 million for the quarter ended 30 September 2011 ("3Q11"), 15% higher than the revenue of RM979.7 million recorded in the quarter ended 30 September 2010 ("3Q10"). The revenue growth was supported by 8% growth in passenger volume while the average fare was 4% higher at RM180 as compared to RM173 achieved in 3Q10. Ancillary income per passenger year-on-year fell by 14% to RM39



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from RM45 as ancillary income from AirAsia Go is no longer included. The seat load factor was 1 percentage point lower at 77% compared to 78% in the same period last year.

The profit after tax for the period was RM152.3 million compared to RM327.3 million in the same quarter of 2010.

(B) Cashflow commentary for current quarter against immediately preceding quarter

Net Cash Flow (RM'000)	Jul-Sep 2011	Apr-Jun 2011
Cash from Operations	130,324	216,059
Cash from Investing Activities	(46,638)	(6,479)
Cash from Financing Activities	(302,274)	(138,840)
Net Cash Flow	(218,588)	70,740

The Group's cash from operations was RM130.3 million, compared to RM216.1 million in the immediate preceding quarter ended June 2011. Net cash flow in the quarter amounted to RM218.6 million outflow, as cash flows from investing and financing activities exceeded operating cash flows.

(C) Balance sheet commentary for current quarter

Balance Sheet RM million	Sep 2011	Jun 2011
Total Debt	7,613	7,621
Cash	1,646	1,865
Net Debt	5,967	5,756
Net Gearing	1.50	1.48

The Group's total debt as of end of 30 September 2011 was RM7,613 million. The Group's net debt after offsetting the cash balances amounted to RM5,967 million. This translates to a net gearing ratio of 1.50 times, 1% higher than the immediately preceding quarter.

22. Jointly Controlled Entity and Associate Company

i) Jointly Controlled Entity - AirAsia Thailand

AirAsia Thailand is a joint venture company owned 49% by AirAsia Berhad. As such it is accounted for using the equity method, as permitted by the Malaysian Accounting



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Standards Board FRS131, Interests in Joint Ventures. The Group's interest in AirAsia Thailand has been reduced to zero and the Group will only recognize its share of profits after its share of profits equals the share of losses not previously recognized.

AirAsia Thailand recorded revenue of THB3,718.7 million in 3Q11, 33% higher compared to the THB2,789.2 million achieved in 3Q10. The positive growth in revenue is attributed to higher passenger volume, a higher contribution from ancillary income and improving yields. AirAsia Thailand has achieved passenger growth of 18% as compared to 3Q10 while the seat load factor was higher by 4 percentage points at 80%. Average base fare was higher by 12% at THB1,919 as compared to THB1,708 achieved in 3Q10.

AirAsia Thailand's achieved a net profit of THB193.6 million in 3Q11, compared to a net profit of THB485.0 million in 3Q10.

The AirAsia Berhad share of the net profit in the quarter amounted to RM9.5 million. However, the share of profit will only be recognized in the income statement of AirAsia Berhad when a further RM60.6m of unrecognized losses have been reversed.

(A) Performance indicator for Thailand operations for current quarter against the same quarter last year

Quarter Ended: 30 September	Jul-Sep 2011	Jul-Sep 2010	Change y-o-y
Passengers Carried	1,610,302	1,363,998	18%
Capacity	2,021,040	1,794,544	13%
Seat Load Factor	80%	76%	4 ppt
RPK (million)	1,813	1,440	26%
ASK (million)	2,269	1,868	21%
Average Fare (THB)	1,919	1,708	12%
Ancillary Income Per Pax (THB)	390	337	16%
Unit Passenger Revenue (THB)	2,309	2,045	13%
Revenue / ASK (THB)	1.64	1.49	10%
Revenue / ASK (US cents)	5.41	4.93	10%
Cost / ASK (THB)	1.55	1.29	20%
Cost / ASK (US cents)	5.12	4.26	20%
Cost / ASK-ex Fuel (THB)	0.85	0.79	8%
Cost / ASK-ex Fuel (US cents)	2.80	2.60	8%
Aircraft (end of period)	21	18	17%
Average Stage Length (km)	1,123	1,039	8%
Number of Flights	11,228	10,028	12%
Fuel Consumed (Barrels)	388,570	323,202	20%
Average Fuel Price (US\$ / Barrel)	136	96	41%

Exchange Rate: USD:THB – 30.30, prior year US cents figures are restated at current exchange rate.



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(B) Performance of current quarter against the same quarter last year for Thailand

Quarter Ended: 30 September THB'000	Jul-Sep 2011	Jul-Sep 2010
Revenue	3,718,674	2,789,197
Operating expenses:		
- Staff costs	(365,096)	(271,117)
- Depreciation of property, plant and equipment	(17,122)	(34,117)
- Aircraft fuel expenses	(1,598,277)	(940,306)
- Maintenance & overhaul	(278,813)	(173,232)
- User charges and other related expenses	(502,773)	(398,802)
- Aircraft operating lease expenses	(695,927)	(585,957)
- Travel and tour operating expenses	-	-
- Other operating expenses	(155,876)	(91,221)
Other (losses)/gains - net	-	-
Other income	90,689	84,308
Operating Profit	195,479	378,753
Finance Income	19,638	168,654
Finance Costs	(15,468)	(61,328)
Profit before tax	199,649	486,079
Taxation	(6,021)	(1,099)
Profit after tax	193,628	484,980
EBITDAR	908,528	998,827
EBITDAR Margin	24%	36%
EBIT Margin	5%	14%



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(C) Balance Sheet

Quarter Ended: 30 September THB'000	Sep 2011	Dec 2010
Property, Plant & Equipment	299,381	290,318
Work In Progress	-	5,448
Deferred Expenditure	-	-
Inventory	11,835	6,390
Other Debtors & Prepayments	1,989,943	1,240,661
Cash & Short Term Deposits	1,361,315	591,776
Total Assets	3,662,474	2,134,593
Sales In Advance	2,967,541	2,373,445
Other Creditors & Accruals	1,157,164	834,556
Amounts Owing to Related Party	349,513	1,429,543
Long Term Liabilities	340,970	-
Total Liabilities	4,815,188	4,637,544
Share Capital	400,000	400,000
Share Premium	1,228	1,228
Retained Earnings	(1,553,942)	(2,904,179)
Total Equity	(1,152,714)	(2,502,951)

ii) Associate Company - AirAsia Indonesia

AirAsia Indonesia is an associate company owned 49% by AirAsia Berhad. As such it is accounted for using the equity method, as permitted by the Malaysian Accounting Standards Board FRS128, Investments in Associates. The Group's interest in AirAsia Indonesia has been reduced to zero and the Group will only recognize its share of profits after its share of profits equals the share of losses not previously recognized.

AirAsia Indonesia recorded revenue of IDR1,069.6 billion in 3Q11, 37% higher as compared to the IDR781.7 billion achieved in 3Q10. The positive growth in revenue can be attributed to higher passenger volumes, improved contribution from ancillary income per passenger which increased by 9% and higher base fares which rose by 5% over the same quarter in 2010. Passengers carried by AirAsia Indonesia increased by 30% year on year while the seat load factor fell to 78% from 81% a year before as passenger growth was slightly behind capacity growth.

During the quarter AirAsia Indonesia made a provision for the cost of early return of the remaining B737 aircraft in their fleet amounting to IDR52.9 billion, such that the Indonesian operations produced a loss after tax of IDR25.7 billion in 3Q11, compared to the IDR158.0 billion profit recorded in the same quarter of 2010.



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The AirAsia Berhad share of the net loss in the quarter amounted to RM(4.4) million. However, as the Group's interest in AirAsia Indonesia has been reduced to zero any profits will only be recognized when a total of RM188.6m of unrecognized losses have been reversed.

(A) Performance indicator for Indonesia operations for current quarter against the same quarter last year

Quarter Ended: 30 September	Jul-Sep 2011	Jul-Sep 2010	Change y-o-y
Passengers Carried	1,401,525	1,079,008	30%
Capacity	1,801,056	1,334,728	35%
Seat Load Factor	78%	81%	-3 ppt
RPK (million)	1,839	1,437	28%
ASK (million)	2,375	1,760	35%
Average Fare (IDR)	639,736	611,604	5%
Ancillary Income Per Pax (IDR)	123,407	112,822	9%
Unit Passenger Revenue (IDR)	763,143	724,426	5%
Revenue / ASK (IDR)	450.38	444.09	1%
Revenue / ASK (US cents)	5.23	5.15	1%
Cost / ASK (IDR)	443.23	346.28	28%
Cost / ASK (US cents)	5.14	4.02	28%
Cost / ASK-ex Fuel (IDR)	222.43	197.11	13%
Cost / ASK-ex Fuel (US cents)	2.58	2.29	13%
Aircraft (end of period)	20	15	33%
Average Stage Length (km)	1,324	1,321	0%
Number of Flights	10,240	7,715	33%
Fuel Consumed (Barrels)	428,980	302,349	42%
Average Fuel Price (US\$ / Barrel)	142	101	41%

Exchange Rate: USD:IDR – 8,616, prior year US cents figures are restated at current exchange rate.



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(B) Performance of current quarter against the same quarter last year for Indonesia

Quarter Ended: 30 September IDR million	Jul-Sep 2011	Jul-Sep 2010
Revenue	1,069,564	781,661
Operating expenses:		
- Staff costs	(105,172)	(79,958)
- Depreciation	(5,411)	(4,405)
- Aircraft fuel expenses	(524,379)	(262,553)
- Aircraft operating lease expense	(161,712)	(116,667)
- Maintenance & overhaul	(79,825)	(62,483)
- User charges and other related expenses	(100,509)	(73,329)
- Travel and tour operating expenses	-	-
- Provision for early return of aircraft	(52,890)	-
- Other operating expenses	(28,223)	(12,618)
Other (losses)/gains - net	-	-
Other income	5,524	2,513
Operating Profit	16,967	172,161
Finance Income	(30,338)	(193)
Finance Costs	(12,328)	(14,016)
Profit before tax	(25,699)	157,952
Taxation	-	-
Profit after tax	(25,699)	157,952
EBITDAR	184,090	293,233
EBITDAR Margin	17%	38%
EBIT Margin	2%	22%



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(C) Balance Sheet

Quarter Ended: 30 September IDR million	Sep 2011	Dec 2010
Property, Plant & Equipment	113,537	102,976
Work In Progress	228	775
Deferred Expenditure	507	1,609
Inventory	2,049	3,834
Other Debtors & Prepayments	49,876	36,042
Cash & Short Term Deposits	160,794	40,403
Total Assets	326,991	185,639
Sales In Advance	443,443	440,251
Other Creditors & Accruals	488,921	250,691
Amounts Owing to Related Party	526,087	672,890
Borrowings	138,974	138,974
Total Liabilities	1,597,425	1,502,806
Share Capital	180,000	180,000
Share Premium	-	-
Retained Earnings	(1,450,434)	(1,497,167)
Total Equity	(1,270,434)	(1,317,167)

iii) Jointly Controlled Entity – Asian Aviation Centre of Excellence Sdn Bhd ('AACOE')

AACOE is a joint venture company which is owned in equal shares by AirAsia Berhad and CAE Inc, a Canadian incorporated aviation training organization. In the quarter under review both parties invested RM81.6m (USD27.3m) in AACOE Sdn Bhd. AACOE recorded a net profit of RM6.2m in the quarter of which RM3.1 is equity accounted in the AirAsia Berhad income statement.

iv) Jointly Controlled Entity – AAE Travel Pte Ltd ('AAE Travel')

AAE Travel is a joint venture company which is owned in equal shares by AirAsia Berhad and Expedia Inc, a USA incorporated on-line travel agent. In the quarter under review both parties invested RM30.1m (USD10.0m) in AAE Travel. AAE Travel recorded a net profit of RM14.0m in the quarter of which RM7.0m is equity accounted in the AirAsia Berhad income statement.



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v) Associate Company – AirAsia Inc (‘AirAsia Philippines’)

AirAsia Philippines is an associate company which is incorporated in the Republic of the Philippines and is 40% owned by AirAsia Berhad. In the quarter under review AirAsia invested RM13.1m (USD4.4m) in AirAsia Philippines. AirAsia Philippines recorded a net loss of RM5.0m in the quarter of which RM2.0m is equity accounted in the AirAsia Berhad income statement.

23. Variation of results against preceding quarter

The Group achieved a profit after taxation of RM152.3 million for the quarter under review. This is higher by RM48.0 million compared to the RM104.3 million profit after taxation achieved in the immediately preceding quarter ended 30 June 2011.

24. Commentary on prospects

Based on the current forward booking trend underlying passenger demand in the final quarter for the Malaysian, Thai and Indonesian operations remains positive. Load factors achieved in the month of October were in line with the prior year in Thailand and slightly below in Malaysia and Indonesia, with average fares higher in all three countries.

In Malaysia, forward loads for the remaining months of the third quarter are ahead of the prior year with base fares slightly lower, in line with the Company strategy to increase load factors. Passenger numbers are expected to remain strong for the rest of the year which is the strongest quarter for the Malaysian operations. The current floods in Thailand are expected to have a minimal impact affecting only the Kuala Lumpur to Bangkok sector.

In Thailand, demand is expected to remain strong in the fourth quarter. Although the Bangkok area has been affected by the flood situation, domestic sectors are still performing well, in terms of yields and loads. The hubs at Phuket and Chiang Mai have continued to perform well connecting the north and south of the country while passengers avoid Bangkok. There is expected to a short term impact on international sectors due to a lower number of arriving foreign tourists, though December performance, the peak month for tourist arrivals, is still expected to be strong. Despite the current situation the final quarter of 2011 is still expected to provide a strong end to the year.

In Indonesia, the recent phasing out of the remaining Boeing 737 aircraft will increase efficiency, lower unscheduled maintenance costs and lower fuel consumption, which is expected to translate into improved financial performance. During the fourth quarter Indonesia AirAsia will move international operations from Terminal 2 to Terminal 3 at Soekarno Hatta International Airport, where domestic operations are already located. Having both domestic and international operations based in the same terminal will improve efficiency and provide an improved passenger experience for connections between domestic and international flights. The impact of the flooding in Thailand is expected to be limited in Indonesia AirAsia, which operates only a limited number of flights to Bangkok.



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The Group will take delivery of six A320 aircraft in the final quarter of the year. Four aircraft will be deployed in Malaysia, one in Thailand and one in the Philippines. One new route will be operated from Malaysia, to Da Nang in Vietnam, in combination with additions and reductions in frequency on existing routes. The commencement of scheduled services in the Philippines is now expected in January 2012.

The outlook for the final quarter of the year should be seen in the context of the current high price of oil and aviation fuel. Fuel surcharges, introduced during the third quarter of the year have mitigated, but not fully offset, the effect of higher fuel prices.

However, barring any unforeseen circumstances, the Directors remain positive for the prospects of the Group for the final quarter of 2011.

25. Profit forecast

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest are not applicable for the current quarter and financial year-to-date.

26. Finance Income/(Cost)

All figures in RM'000	Group and Company			
	Quarter Ended 30/09/11	Quarter Ended 30/09/10	Year to Date 30/09/11	Year to Date 30/09/10
Finance Income				
Interest on amounts due from associates and JV entities	13,910	15,533	31,788	48,390
Interest on deposits	3,685	2,271	12,942	8,329
Foreign exchange gains - net	-	270,808	-	573,990
Fair value gains on derivative financial instruments	96,359	-	30,233	-
	113,954	288,612	74,963	630,609
Finance Costs				
Foreign exchange losses - net	(169,441)	-	(52,480)	-
Fair value losses on derivative financial instruments	-	(127,914)	-	(269,616)
Bank borrowings	(93,128)	(94,297)	(275,010)	(275,697)
Amortisation of premiums	(1,963)	(1,997)	(5,874)	(5,759)
Hire purchase payables	-	(2)	(3)	(8)
Bank facilities and other charges	(452)	(801)	(1,239)	(3,146)
	(264,984)	(225,011)	(334,606)	(554,226)
Net Finance (Cost) / Income	(151,030)	63,601	(259,643)	76,383



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27. Exceptional item

There were no exceptional items in the quarter under review.

28. Income tax expense

Current taxation

The current taxation charge of RM2.8 million comprises tax payable on interest income and taxes applicable in foreign branches.

Deferred taxation

The RM46.6 million deferred tax credit arises from a reduction of RM26.6 million in deferred tax liabilities and RM20.0 million of deferred tax assets recognized during the period. The deferred tax liabilities reduced as the difference between the net book value and tax written down value of property plant and equipment decreased in the period. The deferred tax assets arose from capital allowances granted in the period but which remained unutilized in combination with Investment Allowance granted on an aircraft delivery.

29. Unquoted investments and properties

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

30. Quoted investments and properties

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

31. Status of corporate proposals announced

Tune Money Joint Venture

Following the announcement on 20 September 2011 on the above matter, AirAsia wishes to update that there has been no change in the status of the above proposed Tune Money Joint Venture.

Philippines Joint Venture

Following the announcement on 23 August 2011 on the above matter, AirAsia wishes to update that the issued ordinary share capital of the above Joint Venture company has been increased to PHP468,050,000. AirAsia subscribed for an additional PHP159,095,050 of ordinary shares and maintains a 40% shareholding in the Philippines Joint Venture company.

Expedia Inc Joint Venture

Following the announcement on 23 August 2011 on the above matter, AirAsia is pleased to announce that AAE Travel Pte Ltd, a Joint Venture company owned by AirAsia Exp Pte



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Ltd, a wholly-owned subsidiary of AirAsia Go Holiday Sdn Bhd, which in turn is a wholly-owned subsidiary of AirAsia, and Expedia Inc, through Expedia Southeast Asia Pte Ltd, has commenced trading as an online travel agency.

Japan Joint Venture

Following the announcement on 1 November 2011 on the above matter, AirAsia wishes to update that there has been no change in the status of the above proposed Japan Joint Venture.

Proposed Warrants Exchange Exercise with Malaysian Airline System Berhad

Following the announcements on 21 October 2011 and 4 November 2011 on the above matter, AirAsia wishes to update that there has been no change in the status of the above proposed warrants exchange exercise with Malaysia Airline System Berhad.

32. Borrowings and debt securities

	At 30/09/2011 RM'000	At 31/03/2011 RM'000
Current	597,467	561,001
Non-current	7,015,843	7,059,614
Total Debt	7,613,310	7,620,615

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

The maturity period of non-current borrowing is 14 years and below. Borrowings are denominated in US Dollar (predominantly), RM and Euro. The Company has substantially hedged its foreign exchange exposure through foreign exchange contracts as explained in Note 33 (i).

The Company's aircraft financing facilities are principally secured by the following types of security:

- Assignment of rights under contract with Airbus over each aircraft
- Assignment of insurance and reinsurances of each aircraft
- Assignment of airframe and engine warranties of each aircraft
- Mortgage of the aircraft



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(e) Deregistration Power of Attorney

33. Derivative Financial Instruments:

The fair value of derivative financial instruments is determined in accordance with FRS139 “Financial Instruments: Recognition and Measurement”

(i) Forward Foreign Exchange Contracts

As at 30 September 2011, the Group has hedged approximately 44% of its dollar liabilities pertaining to its aircraft, engine and simulator loans into Malaysian Ringgit (“MYR”) by using long dated foreign exchange forward contracts. The calculation includes loans for aircraft deployed to Thai AirAsia and Indonesia AirAsia where AirAsia receives lease payments in USD. However, if the calculation is based on loans pertaining to aircraft being deployed to Malaysia, approximately 70% of the loans are hedged from USD into MYR. The latest weighted average foreign forward exchange rate is at 3.2397 USD:MYR.

(ii) Interest Rate Hedging

The Group has entered into interest rate hedging transactions to hedge against fluctuations in the US\$ Libor on its existing aircraft financing for aircraft delivering from 2005 to 2011. As at 30 September 2011, there were two forward start interest rate swaps at 2.50% and 3.20% respectively with 12 years tenure for future aircraft loans for aircraft purchases delivering in 2011.

(iii) Fuel Hedging

As at 30 September 2011, the Group has entered into Brent fixed swap which represents up to 23% of the Group’s total expected fuel volume for the remaining period of 2011.



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Derivative financial instruments

Type of derivatives	Notional Value as at 30/09/2011	Fair Value as at 30/09/2011 Assets/(Liabilities)
(i) Fuel contract	Barrels (million)	RM (million)
- less than 1 year	0.6	(21.0)
- 1 year to 3 years	-	-
Total	0.6	(21.0)
	RM (million)	RM (million)
(ii) Interest rate contracts		
- less than 1 year	-	-
- 1 year to 3 years	-	-
- more than 3 years	3,289.9	(467.1)
Total	3,289.9	(467.1)
(iii) Foreign currency contracts	RM (million)	RM (million)
- less than 1 year	-	-
- 1 year to 3 years	-	-
- more than 3 years	3,754.0	(1.9)
Total	3,754.0	(1.9)

The related accounting policies, cash requirements of the derivatives, risks associated with the derivatives and policies to mitigate those risks are unchanged since the last financial year.

34. Material litigation

As at 22 November, there was no material litigation against the Group.

35. Proposed dividend

The Directors do not recommend any dividend for the quarter ended 30 September 2011.



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36. 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 30/09/11	Preceding Quarter Ended 30/09/10	Current Year to Date 30/09/11	Preceding Year to Date 30/09/10
Net profit for the financial period (RM'000)	152,299	327,287	428,489	750,327
Weighted average number of ordinary shares in issue for basic EPS ('000)	2,776,053	2,760,697	2,776,053	2,760,697
Adjusted for share options granted ('000)	4,974	6,621	4,974	6,621
Adjusted weighted average number of ordinary shares ('000)	2,781,027	2,767,317	2,781,027	2,767,317
Basic earnings per share (sen)	5.5	11.9	15.4	27.2
Diluted earnings per share (sen)	5.5	11.8	15.4	27.1

(b) Diluted earnings per share

Diluted 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, adjusted for share options granted.

37. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors.

By order of the Board

JASMINDAR KAUR a/p SARBAN SINGH

(MAICSA 7002687)
COMPANY SECRETARY
22 November 2011