



AIRASIA BERHAD
 (Company No. 284669-W)
 (Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 30 JUNE 2006

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 fourth quarter ended 30 June 2006.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED	PRECEDING YEAR CORRESPONDING QUARTER ENDED	CURRENT YEAR ENDED	PRECEDING YEAR CORRESPONDING YEAR ENDED
	30/06/06 RM'000	30/06/05 RM'000	30/06/06 RM'000	30/06/05 RM'000
Revenue	241,683	199,508	855,566	666,036
Cost of Sales	(157,948)	(155,451)	(591,276)	(467,625)
Gross profit from operations	83,735	44,057	264,290	198,411
Other operating expenses	(18,305)	(12,029)	(74,133)	(41,909)
Other operating income	979	2,338	24,049	11,030
Profit from operations	66,409	34,366	214,206	167,532
Finance costs	(12,790)	(404)	(21,686)	(2,611)
Depreciation and amortisation	(26,485)	(7,568)	(83,009)	(34,100)
Share of results of jointly controlled entity	(970)	(210)	6,006	(5,335)
Share of results of associates	-	-	-	(86)
Profit before taxation	26,164	26,184	115,517	125,400
Taxation	(827)	(650)	(2,175)	(1,804)
Deferred Taxation	13,613	(9,500)	13,613	(12,500)
Profit after taxation	38,950	16,034	126,955	111,096
Add: Minority interests	147	74	(12)	461
Profit after taxation and minority interests attributable to shareholders	39,097	16,108	126,943	111,557
Basic earnings per share (sen)	1.7	0.8	5.4	5.3
Diluted earnings per share (sen)	1.7	0.8	5.4	5.2

This Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the financial year ended 30 June 2005

The accompanying notes are an integral part of this statement



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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2006

	UNAUDITED AS AT END OF CURRENT QUARTER 30/06/06 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 30/06/05 RM'000
NON CURRENT ASSETS		
Property, plant & equipment	1,260,968	231,486
Investment in a jointly controlled entity	12,754	6,719
Other investments	78	90
Goodwill	8,738	7,334
Deferred expenditure	2,302	3,221
	1,284,840	248,850
CURRENT ASSETS		
Inventories (at cost)	10,578	4,680
Other investments	30,696	7,717
Trade and other receivables	302,406	278,849
Deposit on aircraft purchase	268,634	182,414
Amount due from a jointly controlled entity	26,750	30,511
Amounts due from associates	52,939	40,634
Deposits, bank and cash balances	425,641	329,289
	1,117,644	874,094
CURRENT LIABILITIES		
Trade and other payables	257,558	155,010
Amount due to an associate	-	202
Hire-purchase payables	172	167
Term loan (secured)	265,360	-
Current tax liabilities	1,295	798
	524,385	156,177
NET CURRENT ASSETS	593,259	717,917
NON CURRENT LIABILITIES		
Deferred tax liabilities	-	13,613
Term Loan (secured)	787,276	-
Hire-purchase payables	269	283
	787,545	13,896
	1,090,554	952,871
CAPITAL AND RESERVES		
Share capital	234,648	233,503
Share premium	708,185	698,602
Retained Earnings	147,694	20,751
Shareholders' funds	1,090,527	952,856
Minority interests	27	15
	1,090,554	952,871
*Net assets per share attributable to ordinary equity holders of the Company (RM)	0.46	0.41

This Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements for the financial year ended 30 June 2005



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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	CURRENT PERIOD ENDED 30/06/2006	PRECEDING YEAR ENDED 30/06/2005
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	115,517	125,400
Adjustments:		
Share of results of a jointly controlled entity	(6,006)	5,335
Share of results of associates		86
Interest expense	21,686	2,191
Property, plant and equipment		
- Depreciation	83,009	34,100
- Loss on disposal		74
Amortisation of deferred expenditure	919	1,147
Interest income	(12,148)	(9,331)
	202,977	159,002
Changes in working capital		
Inventories	(5,898)	(733)
Trade and other receivables	(23,557)	(184,262)
Trade and other payables	102,560	53,409
Intercompany balances	3,559	(33,289)
	279,641	(5,873)
Cash (used in)/generated from operations		
Interest paid	(21,686)	(2,191)
Interest received	12,148	9,331
Tax paid	(1,678)	(1,520)
Net cash (used in)/from operating activities	268,425	(253)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Additions	(1,112,491)	(107,078)
- Proceeds from disposal	-	71
Deposit on aircraft purchase	(86,220)	(182,414)
Purchase of investments	(22,979)	(7,717)
Net cashflow on acquisition of subsidiary	(1,433)	-
Advance to associates	(12,305)	(37,654)
Net cash used in investing activities	(1,235,428)	(334,792)
CASH FLOWS FROM FINANCING FACILITIES		
Proceeds from allotment of shares	12,372	717,439
Share issue costs	(1,644)	(23,680)
Hire purchase instalments paid	(9)	(116)
Term loan received	1,170,932	-
Repayment of borrowings	(118,296)	(95,456)
Fixed deposits pledged as securities	4,007	(9,183)
Net cash from financing activities	1,067,362	589,004
NET INCREASE FOR THE FINANCIAL YEAR	100,359	253,959
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	312,548	58,589
*CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	412,907	312,548

* The balance at end of financial year excludes fixed deposits of RM12.7 million (30/06/06: RM16.7 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 30 June 2005



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
 CHANGES IN EQUITY**

	Issued and fully paid ordinary shares of RM0.10 each		Share premium RM'000	Distributable	
	Number of shares '000	Nominal value RM'000		Retained earnings RM'000	TOTAL RM'000
<u>12 months ended 30/06/05</u>					
At 1 July 2004	*175,127	175,127	65,959	(90,806)	150,280
**Share split	1,576,143	-	-	-	-
Issuance of shares	583,760	58,376	632,643	-	691,019
Net Profit	-	-	-	111,557	111,557
At 30 June 2005	2,335,030	233,503	698,602	20,751	952,856
<u>12 months ended 30/06/06</u>					
At 1 July 2005	2,335,030	233,503	698,602	20,751	952,856
Issuance of ordinary shares - Pursuant to the Employees' Share Option Scheme ('ESOS')	11,457	1,145	11,227	-	12,372
Listing expenses	-	-	(1,644)	-	(1,644)
Net Profit	-	-	-	126,943	126,943
At 30 June 2006	2,346,487	234,648	708,185	147,694	1,090,527

* Ordinary shares at par value of RM1.00 per share before the share split on 6 Oct 2004

This Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the financial year ended 30 June 2005



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KEY OPERATING STATISTICS – 30 JUNE 2006

PERFORMANCE INDICATORS	ACTUAL Q3 FY2006	ACTUAL Q4 FY2006
Passengers carried	1,559,794	1,623,130
RPK (million)	1,833	1,979
ASK (million)	2,296	2,388
Average fares (RM)	123	130
Passenger load factor (%)	80%	83%
Revenue per RPK (sen)	11.00	12.22
Cost per ASK (sen)	7.96	8.45
Cost per ASK (sen) excl fuel	4.33	5.35
Sectors flown	12,637	12,750
Number of aircraft at period/ year end	24.00	26.00
Average number of aircraft	21.55	21.84



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UNAUDITED NOTES TO THE ACCOUNTS – 30 JUNE 2006

1. *(A statement that the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements or, if those policies or methods have been changed, a description of the nature and effect of the change)*

The interim financial report has been prepared in accordance with the requirements of Financial Reporting Standards (“FRS”) No. 134 – Interim Financial Reporting and Appendix 9B of the Listing Requirements of the Bursa Malaysia Securities Berhad (Bursa Malaysia). The financial statements should be read in conjunction with the Group's most recent audited financial statements for the year ended 30 June 2005.

The accounting policies and methods of computation used in the Group's annual financial statements for the financial year ended 30 June 2005 have been used in the preparation of the interim financial statements, except for FRS 112₂₀₀₄ as disclosed in Note 17.

2. *(Where the audit report of the enterprise's preceding annual financial statements was qualified, disclosure of the qualification and the current status of the matter(s) giving rise to the qualification)*

The audit report of the Group's annual financial statements for the financial year ended 30 June 2005 was not subject to any qualification.

3. *(Explanatory comments about the seasonality or cyclicity of interim operations)*

AirAsia is basically involved in the provision of air transportation services and thus, is subject to the seasonal demand for air travel. The cost of air travel has increased in tandem with recent hikes in global fuel prices and has invariably affected overall demand in the short-term.

The passenger load factor has increased from 80% in the previous quarter as compared to 83% in the current quarter under review. The increase was achieved on the back of ongoing promotions.



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4. *(The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that is unusual because of their nature, size, or incidence)*

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the quarter.

5. *(The nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period)*

There have been no changes in the basis of estimates provided in respect of the financial period under review.

6. *(Issuance, cancellations, repurchases, resale and repayments of debt and equity securities)*

During the financial period ended 30 June 2006, the issued and paid-up capital of the Company increased from 2,335,031,080 to 2,346,488,080 ordinary shares by the issuance of 11,457,000 ordinary shares pursuant to the exercise of ESOS at the option price of RM1.08. Other than the above, there were no issuance and repayment of debt and equity securities, share buy-backs, share cancellation or shares held as treasury shares and resale of treasury shares in the period under review.

7. *(Dividends paid (aggregate or per share) separately for ordinary shares and other shares)*

There were no dividends paid during the quarter under review.

8. *(Segment revenue and segment result for business segments or geographical segments, whichever is the enterprise's primary basis of segment reporting [disclosure of segment data is required in an enterprise's interim financial report only if MASB 22, Segment Reporting, requires that enterprise to disclose segment data in its annual financial statements])*

Segmental information is not presented as there are no significant business segments other than the provision of air transportation services. The financial results for the quarter under review include our share of results from our operations in Thailand via our jointly controlled entity, Thai AirAsia Co. Ltd. The financial results from the operations in Thailand are not significant compared to the Malaysian operations.



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9. *(Where valuations of property, plant and equipment have been brought forward, without amendment from the previous annual financial statements, a statement to that effect should be given)*

There was no revaluation of property, plant and equipment during the quarter under review.

10. *(Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period)*

There were no material events subsequent to the end of the quarter that have not been reflected in the financial statements for the quarter.

11. *(The effect of changes in the composition of the enterprise during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructuring, and discontinuing operations)*

During the financial year, the Group acquired/incorporated the following companies:-

Name	Country of Incorporation	Group's effective equity interest	Principal activities
AirAsia Philippines Inc	Philippines	39.9%	To carry on the business of air transportation
Held by AA International Ltd:- AA Capital Ltd	Malaysia	99.8%	To provide consultancy services to entities within and outside the AirAsia Group

Subsequent to the financial year end, the Company incorporated AirAsia (B) Sdn Bhd, a wholly-owned subsidiary incorporated in Brunei. The intended principal activity of the subsidiary is to carry on the business of air transportation.

Other than the above, there were no changes in the composition of the Group, including business combinations, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations during the quarter.



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12. *(Changes in contingent liabilities or contingent assets since the last annual balance sheet date)*

The Company is currently disputing certain expenses charged by a service provider as at 30 June 2006 amounting to approximately RM10 million. The Directors are confident that resolution of the dispute above would be favorable to the Company.

As disclosed in Note 31 of the financial statements for the year ended 30 June 2005, the Company had made an application to the government for the waiver of withholding tax payable on the lease payments for the aircraft of the Group and the Company amounting to RM10,390,276. The Company has now made the withholding tax and an application to the government for the waiver of penalty on the late payment of withholding tax on past lease payments for the aircraft of the Group and the Company. The Directors are of the opinion that the Company's application on the waiver for the penalty will receive due consideration from the government and that a favorable response will be granted.

Other than the above, there have been no material changes in contingent liabilities since the last audited balance sheet date as at 30 June 2005.

13. *Commitments*

- (a) Capital commitments for property, plant and equipment:

	<u>Group and Company</u>	
	<u>30.06.06</u>	<u>30.06.05</u>
	RM'000	RM'000
Approved and contracted for	7,100,028	8,108,067
Approved and not contracted for	109,000	94,000
	-----	-----
	7,209,028	8,202,067
	=====	=====



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14. *(A review of the performance of the company and its principal subsidiaries, setting out material factors affecting the earnings and/or revenue of the company and the group for the current quarter and financial year-to-date)*

The Group recorded revenue of RM241.7 million and profit before tax of RM26.2 million respectively for the quarter. For the financial year-to-date under review, the Group recorded a revenue of RM855.6 million and profit before tax of RM115.5 million respectively.

The higher revenue was achieved on the back of an increase in average fare of 5.7%, from RM123 in the previous quarter to RM130 for the current quarter and a passenger load factor of 83% as compared to 80% in the immediate preceding quarter.

15. *(An explanatory comment on any material change in the profit before taxation for the quarter reported on as compared with the immediate preceding quarter)*

The Group achieved a profit before tax of RM26.2 million for the quarter under review. This was an increase of RM2.7 million compared to that of the immediately preceding quarter ended 31 March 2006. The Group however incurred higher finance costs and depreciation and amortisation charges for the period under review as AirAsia has taken delivery of 2 new A320-200. Up to 30 June 2006, the AirAsia Group has already taken delivery of 7 new A320-200.

Included in the Group's result for the current quarter was a loss of RM1.0 million, being the 49% share of losses of Thai AirAsia, a jointly-controlled entity. This is a decrease of RM3.0 million compared to the preceding quarter ended 31 March 2006 and was mainly due to higher staff and maintenance costs and unrealized losses in foreign exchange. Losses in the Group's associated company, PT Indonesia AirAsia, which are funded by the Group and are not included in the Group's results under the existing accounting policy, increased to RM8.9 million in the current quarter compared to RM8.8 million in the preceding quarter and amounted to RM22.8 million for the financial year under review.



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16. *(A commentary on the prospects, including the factors that are likely to influence the company's prospects for the remaining period to the end of the financial year or the next financial year if the reporting period is the last quarter)*

The Group is facing a number of challenges including increased competitive pressures, lower yields due to our aggressive promotional fares and the unpredictability of fuel prices.

We will be adding significant capacity over the next twelve (12) months. The high cost of jet fuel therefore remains a concern. The Board does not anticipate fuel prices falling significantly and is of the view that they will remain at high levels in the short term. To mitigate this risk, the Company is actively pursuing to put into place a hedge of future fuel requirement.

In spite of short term challenges, the Directors remain positive on the long term business outlook of the Group that is geared for growth.

17. *(A breakdown of the tax charge and an explanation of the variance between the effective and statutory tax rate for the current quarter and financial year-to-date)*

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended	Preceding Year Quarter Ended	Current Year Period Ended	Preceding Year Corresponding Period Ended
	30/06/06 RM'000	30/06/05 RM'000	30/06/06 RM'000	30/06/05 RM'000
<u>Group</u>				
Current tax	(827)	(650)	(2,175)	(1,804)
Deferred tax	13,613	(9,500)	13,613	(12,500)
	12,786	(10,150)	11,438	(14,304)

The Company has received approval from Ministry of Finance under Section 127 of Income Tax Act, 1967 for income tax exemption in the form of an Investment Allowance ('IA') of 60% on qualifying expenditure incurred within the period of 5 years commencing 01 July 2004 to 30 June 2009, to be set off against 70% of statutory income for each year of assessment. The IA incentive will contribute positively to AirAsia's future earnings. The current taxation charge is in respect of interest income, which is assessed separately.



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In the preparation of the financial statements, the Company has complied in all material respects with Financial Reporting Standards (“FRS”) except for FRS 112₂₀₀₄ on Income Taxes. The Directors are of the view that compliance with FRS 112₂₀₀₄ will not present a true and fair financial position and performance of the Company.

FRS 112₂₀₀₄ requires that a deferred tax liability be recognised for all taxable temporary differences. In addition, a deferred tax asset should be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. However, FRS 112₂₀₀₄ does not allow companies to recognize unutilised investment tax allowance as deductible temporary differences, even though such recognition is permissible under International Financial Reporting Standards (‘IFRS’).

Based on the confirmed number of new Airbus A320 aircraft ordered by the Company, agreed purchase price and a reasonable assumption of future profitability, it is projected that the Company will accumulate unutilised capital allowances of approximately RM8.2 billion by the end of the financial year ending 30 June 2011.

Over and above the unutilised capital allowances, the Company expects to have an increasing amount of unutilised investment tax allowances granted by the Malaysian Government over the next few years as its aircraft acquisition program continues. Both the unutilised capital and investment tax allowances arising on the significant investment can be carried forward indefinitely. Accordingly, the Company does not expect to pay any tax in the foreseeable future.

Application of FRS 112₂₀₀₄ would require the Group and Company to record a charge of RM26.1 million in the income statement for the financial year ended 30 June 2006 and a deferred tax liability of RM39.7 million as at 30 June 2006, consequently resulting in a reduction in profit after taxation and earnings per share. In the light of both the capital and investment tax allowances available and the prevailing practice under IFRS, the Directors are of the view that compliance with FRS 112₂₀₀₄ for the financial year ended 30 June 2006 would distort the Company’s earnings and does not present a true and fair view of the Company’s financial performance and cash flows under FRS 101₂₀₀₄ and the Malaysian Companies’ Act 1965. Adoption of this approach has resulted in the Group recording a deferred tax



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credit in the income statement of RM13.6 million, representing the write back of the opening deferred tax liability of RM13.6 million.

Accordingly, the Group is reporting a nil deferred tax balance as at 30 June 2006 (2005:RM13.6 million deferred tax liability position).

18. *(The amount of profits/ (losses) on any sale of unquoted investments and/or properties respectively for the current quarter and financial year-to-date)*

There was no sale of unquoted investments or properties for the quarter.

19. *(The following particulars of any purchase or disposal of quoted securities other than securities in existing subsidiaries and associated companies by all companies except closed-end funds, a company whose activities are regulated by any written law relating to banking, finance companies or insurance and are subject to supervision by Bank Negara Malaysia, Member Companies and such other companies as may be exempted by the Exchange:*

- (a) *Total purchase consideration and sale proceeds of quoted securities for the current quarter and financial year-to-date and profit/loss arising therefrom;*
- (b) *Investments in quoted securities as at the reporting period:-*
- (i) *at cost;*
 - (ii) *at carrying value/book value; and*
 - (iii) *at market value).*

There were no purchases or disposals of quoted securities for the quarter.

20. (a) *The status of corporate proposals announced but not completed at the latest practicable date which shall not be earlier than 7 days from the date of issue of the quarterly report.*
- (b) *Where applicable, a brief explanation of the status of utilisation of proceeds raised from any corporate proposal)*

There were no corporate proposals announced but not completed as at 24 August 2006 (the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report).



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The IPO proceeds were received on 23 November 2004. The amount of RM717.4 million was derived from the issuance of 443,655,900 new shares at RM1.25 each to institutional investors and 140,101,900 new shares at the retail price of RM1.1625 each to the Malaysian public, eligible Directors and employees of the Company and its subsidiary and persons who have contributed to the success of the Group. As at 24 August 2006, the following are the details of the utilization of the IPO proceeds:-

	Proposed Utilization of IPO proceeds	Utilised to date	Balance
	RM'000	RM'000	RM'000
Repayment of bank borrowings	94,240	94,240	0
Capital expenditure	100,000	100,000	0
Listing expenses ⁽¹⁾	28,064	28,064	0
Working capital	495,135	495,135	0
	717,439	717,439	0

⁽¹⁾ The Company has made full settlement of the listing expenses. Accordingly, the remaining balance of RM7.4 million on the proposed utilization of the IPO proceeds for listing expenses has been transferred in this analysis to working capital.

21. *(The group borrowings and debt securities as at the end of the reporting period:-*
- (a) Whether secured or unsecured, and a breakdown between secured and unsecured, if applicable;*
 - (b) Breakdown between short term and long term borrowings; and*
 - (b) Whether denominated in foreign currency, and a breakdown of the debt/borrowings in each currency, if applicable)*



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Total borrowings as at 30 June 2006 were as follows:-

		RM'000
Term loans (secured):	Current	265,360
	Non-current	787,276

	Total Outstanding	1,052,636
		=====

The term loans are for the purchase of new aircraft A320-200.

The maturity period of non-current borrowing is 12 years and below. All borrowings are denominated in USD. The effective interest rates per annum of the borrowings at the balance sheet date are between 4.8% and 5.4% per annum.

The above term loans are secured by the following:-

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

22. *(A summary of off balance sheet financial instruments by type and maturity profile at the latest practicable date which shall not be earlier than 7 days from the date of issue of the quarterly report, including the following information:-*

- (a) the face or contract amount (or notional principal amount if there is no face or contract amount); and*
- (b) the nature and terms, including at a minimum, a discussion of:*
 - (i) the credit and market risk of those instruments;*
 - (ii) the cash requirement of those instruments; and*
 - (iii) the related accounting policies)*



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Fair value of derivative financial instruments is the present value of their future cash flow and is derived at mainly based on valuation carried out by the Company's bankers.

(i) Forward foreign exchange contracts

Forward foreign exchange contracts protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled. Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transaction, at which time they are included in the measurement of such transactions.

As at 24 August 2006, the contracts amount of foreign exchange contracts that were entered into as hedges were USD29.8 million (RM110.0 million). These amounts represent the future cash flows under forward foreign exchange contracts to purchase the foreign currency. The settlement periods of these contracts range between 1 and 7 months.

(ii) Interest rate swap

The Company entered into a capped interest rate swap to hedge against fluctuations in the US-LIBOR on its USD2.0 billion term loan on its aircraft financing from 05 Dec 2005 to 01 Feb 2009. The effect of this transaction obliges it to pay fixed interest rate of between 4.71% and 4.85% instead of being subjected to the floating US LIBOR for the entire amount.

(iii) Fuel swap

As at 24 August 2006, the Group and Company had entered into options contracts from 01 July 2006 to 30 June 2009 as part of the Group's overall hedging strategy totaling 10,656,000 barrels. These arrangements are to be settled in US Dollars



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23. *(Changes in material litigation (including status of any pending material litigation) since the last annual balance sheet date which shall be made up to a date not earlier than 7 days from the date of issue of the quarterly report)*

There was no pending material litigation as at 24 August 2006 (a date not earlier than 7 days from the date of issue of this quarterly report) since the last annual balance sheet date.

24. *(Dividend: To be completed if a decision regarding dividend has been made. (State whether dividend amount is before tax, net of tax or tax exempt and if before tax or net of tax, state the tax rate):*

- (a) (i) *an interim/final ordinary dividend has/has not been declared/recommended;*
(ii) *the amount per share ... sen;*
(iii) *the previous corresponding period ... sen;*
(iv) *the date payable ...; and*
(v) *in respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at ... dd/mm/yyyy; and*
- (b) *the total dividend for the current financial year ... sen*

The Board of Directors does not recommend any dividend for the quarter.

25. *(To disclose the following in respect of earnings per share:-*

- (a) *the amount used as the numerator in calculating basic and diluted earnings per share and a reconciliation of those amounts to the net profit or loss for the reporting period; and*
- (b) *the weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share, and a reconciliation of these denominators to each other)*

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.



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	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year Ended	Preceding Year Corresponding Year Ended
	30/06/06	30/06/05	30/06/06	30/06/05
Net profit for the financial period (RM'000)	39,097	16,108	126,943	111,557
Weighted average number of ordinary shares in issue ('000)	2,340,743	2,115,407	2,340,743	2,115,407
Basic earnings per share (sen)	1.7	0.8	5.4	5.3

Diluted earnings per share

For the diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group's dilutive potential ordinary shares are in respect of options over shares granted to employees.

In respect of options over shares granted to employees, a calculation is done to determine the number of ordinary shares that could have been acquired at fair value (determined as the average share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding options over shares. The number of ordinary shares calculated is compared with the number of shares that would have been issued assuming the exercise of the options over shares. The difference is added to the denominator as an issue of ordinary shares for no consideration. This calculation serves to determine the "bonus" element in the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to net profit for the period for the options over shares calculation.



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	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year Ended	Preceding Year Corresponding Year Ended
	30/06/06	30/06/05	30/06/06	30/06/05
Net profit for the financial period (RM'000)	39,097	16,108	126,943	111,557
Weighted average number of ordinary shares in issue for basic EPS ('000)	2,340,743	2,115,407	2,340,743	2,115,407
Adjusted for share options granted ('000)	27,729	26,739	27,729	26,739
Adjusted weighted average number of ordinary shares ('000)	2,368,472	2,142,146	2,368,472	2,142,146
Diluted earnings per share (sen)	1.7	0.8	5.4	5.2

26 *(To disclose significant related party transactions)*

Significant 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.



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Name of company	Relationship
Thai AirAsia	A jointly controlled entity of the Company
PT Indonesia AirAsia	An associate of the Company

	<u>Group</u>	
	<u>30.06.06</u>	<u>30.06.05</u>
	RM'000	RM'000
Thai AirAsia		
- Sublease rental income on aircrafts	20,517	6,146
- Lease rental income on aircrafts	19,682	17,880
- Maintenance and overhaul charges	39,319	26,816
- Administration charges	898	0
PT Indonesia AirAsia		
- Sublease rental income on aircrafts	11,435	1,520
- Lease rental income on aircrafts	10,417	0
- Maintenance and overhaul charges	24,990	5,028

By order of the Board

JASMINDAR KAUR a/p SARBAN SINGH

(MAICSA 7002687)
 COMPANY SECRETARY
 29 August 2006