

LOWER FARES AND LOWER COST PROPELS HIGHER PROFIT

- Passenger Growth of 24%
- Core Operating profit up by 328% to RM128 million

LOW COST TERMINAL SEPANG, 12 August 2009 - AirAsia Berhad today announced that it has recorded a core operating profit of RM128 million for the quarter period ending 30 June 2009, a 328% increase compared to the same period the year before.

Group CEO Tony Fernandes said: "Revenue for the quarter grew by 8% to RM657 million driven by robust passenger growth and ancillary income. The core operating profit of RM128 million was more than quadruple the profits achieved in the same period last year."

He added: "Our results stand in stark contrast to those of most legacy carriers in these troubled economic times. While major legacy carriers are cutting flights, grounding planes, retrenching staff and reporting massive losses, AirAsia is, on the contrary, seeing rising demand, adding more routes, increasing frequency and securing higher profits."

"Passenger numbers for the period grew by 24% to 3.5 million, largely in response to our three-prong strategy of lowering fares, stimulating travel with innovative and creative marketing and capturing market share. Despite lowering fares by an average of 19%, we still managed to produce strong profit growth with industry leading margins."

He noted that AirAsia has responded swiftly with creative marketing and was able to maintain its high load factor of 75% despite the lingering fear of the Influenza A/H1-N1 pandemic. While yield (Revenue per ASK) was lower by 12% to 11.9 sen per ASK (largely due to 19% lower average fare of RM160) our unit cost - at 8.0 sen per ASK - tumbled 31% compared to the same period last year.

"It demonstrates management's dedication and determination in maximizing efficiency and revenues while managing costs diligently," he said.

Fernandes also highlighted the growing importance of ancillary income to the Company's bottom line. "Ancillary income grew by 89% to RM95 million. The average ancillary spend per passenger has increased by 52% to RM27. Ancillary income now represents 14.5% of total revenue, a 6 percentage-point increase from the same period last year.

"With new products and services, this business unit is expected to grow - unearthing new revenue streams for the Company. We have launched a low cost courier service and AirAsia Savers Account (co-branded savings account with CIMB) in July. There are six more ancillary income initiatives in the pipeline waiting to be launched within the year."

On its overseas operations, Fernandes said: "AirAsia Thailand had performed well despite the weakened consumer sentiment caused by the domestic political situation, exacerbated by the second quarter being a seasonally weak quarter for Thailand. Yet AirAsia Thailand managed to contain losses to THB81 million (RM8.2 million) for the period. The outlook for Thailand is positive, the passenger growth numbers looks satisfactory and TAA has captured significant market share. In addition, the Thai operation is enjoying the cost benefits of the increased number of Airbus A320 aircraft in its fleet."

He added: "AirAsia Indonesia's operation has made commendable progress to improve its cost structure and narrow down losses to IDR65 billion (RM21.8 million). We have added a significant capacity addition of 56% in the period and this necessitated lower fare in order drive high traffic growth. This strategy has proven to be successful; we have carried 47% more passengers and maintained load factors of 75%. Despite the loss incurred in the second quarter, the third quarter looks very promising. Response to the new Bali-Perth route exceeded expectations and we have increased the frequency from once a day to twice a day even before the launch of the maiden flight. This will help underpin a sustained profitable performance going forward."

Outlook

"The current economic climate is well-suited for a low cost airline as consumers have become more price conscious and look for the best value. With our lowest unit cost base, we have the flexibility to reduce our already low fares without hurting our bottom line. Other airlines are offering aggressive pricing just to try and maintain their existing passenger base but in this intensely competitive market, the only sure winner is the one with the lowest unit cost base," said Fernandes.

"In order to simplify and make our products more irresistible, we have abolished administrative fee and now have a simple "all-in fare" pricing structure. This strategy has already proven successful in driving strong traffic growth and expanding market share. Based on forward booking trend in the third quarter, the underlying passenger demand remains positive and the Company should be able to maintain a similar growth momentum enjoyed in the first half of the year."

On the outlook, Fernandes said: "Based on the forward booking trend, the underlying passenger demand in the third quarter remains positive. The passenger growth rate should be similar to the levels achieved in the first half of 2009." He reminded, however, on the seasonality aspect of the business whereby the third quarter is the seasonally weakest quarter due to the Ramadan fasting month.

On fuel prices, Fernandes said AirAsia continues to purchase fuel on the spot market. "The current fuel price, although higher relative to the first half of 2008, is substantially lower than the US\$162 per barrel we paid in the third quarter 2008. Other cost items are expected to remain low as we extract further efficiency gains and benefits of economies of scale," added Fernandes.

News Release

Second Quarter (Apr-Jun) Report 2009

Summary for the Second Quarter (April - June 2009) unaudited Financial Results

Quarter Ended: 30 June RM'000 unless otherwise stated	Apr-Jun 2009	Apr-Jun 2008	Δ (%)
Ticket Sales	562,323	558,020	1%
Ancillary Income	95,121	50,332	89%
Revenue	657,445	608,352	8%
EBITDAR	271,331	149,152	82%
Core Operating Profit	128,426	29,984	328%
Profit/(Loss) after Tax	139,176	9,417	1378%
EBITDAR Margin	41.3%	24.5%	16.8 ppt
Core Operating Profit Margin	19.5%	4.9%	14.6 ppt
Profit after Tax Margin	21.2%	1.5%	19.6 ppt

Summary for the Second Quarter (April - June 2009) Operating Results

Quarter Ended: 30 June	Apr-Jun 2009	Apr-Jun 2008	Δ (%)
Passengers Carried	3,519,486	2,835,671	24%
ASK (million)	5,520	4,514	22%
RPK (million)	4,056	3,286	23%
Seat Load Factor	74.8%	75.2%	-0.4 ppt
Average Fare (RM)	159.8	197.7	-19%
Ancillary Income per pax (RM)	27.0	17.7	52%
Unit Revenue (RM)	186.8	215.4	-13%
Rev / ASK (sen)	11.91	13.48	-12%
Rev / ASK (US cents)	3.35	4.19	-20%
Cost / ASK (sen)	7.97	11.49	-31%
Cost / ASK (US cents)	2.25	3.57	-37%
Cost / ASK-ex fuel (sen)	4.31	4.38	-2%
Cost / ASK-ex fuel (US cents)	1.21	1.14	6%
Aircraft (average)	42.8	36.6	17%
Aircraft (end of period)	47	44	7%

News Release

Second Quarter (Apr-Jun) Report 2009

Summary for the First Half (January - June 2009) unaudited Financial Results

First Half Ended: 30 June RM'000 unless otherwise stated	1H 2009	1H 2008	Δ (%)
Ticket Sales	1,185,253	1,052,402	13%
Ancillary Income	186,369	91,271	104%
Revenue	1,371,622	1,143,673	20%
EBITDAR	586,171	278,345	111%
Core Operating Profit	288,151	53,992	434%
Profit/(Loss) after Tax	342,326	170,693	101%
EBITDAR Margin	42.7%	24.3%	18.4 ppt
Core Operating Profit Margin	21.0%	4.7%	16.3 ppt
Profit after Tax Margin	25.0%	14.9%	10.0 ppt

Summary for the First Half (January - June 2009) Operating Results

First Half Ended: 30 June	1H 2009	1H 2008	Δ (%)
Passengers Carried	6,667,095	5,447,227	22%
ASK (million)	10,727	8,878	21%
RPK (million)	7,543	6,256	21%
Seat Load Factor	72.3%	73.7%	-1.4 ppt
Average Fare (RM)	177.8	193.2	-8%
Ancillary Income per pax (RM)	28.0	16.8	67%
Unit Revenue (RM)	205.7	210.0	-2%
Rev / ASK (sen)	12.79	12.88	-1%
Rev / ASK (US cents)	3.56	4.01	-11%
Cost / ASK (sen)	8.30	11.05	-25%
Cost / ASK (US cents)	2.31	3.44	-33%
Cost / ASK-ex fuel (sen)	4.59	4.03	14%
Cost / ASK-ex fuel (US cents)	1.28	1.25	2%
Aircraft (average)	41.9	36.3	15%
Aircraft (end of period)	47	44	7%

For further information please contact:

Investor Relations:

Mohshin Aziz

Office : +603 8660 4085

Mobile : +6012 318 2854

Email : mohshinaziz@airasia.com

Communications Department:

Desiree Bandal

Office : + 603 8660 4214

Email : desireeb@airasia.com

For further information on AirAsia, please visit the Company's website: www.airasia.com

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