

14. DESCRIPTION OF MATERIAL INDEBTEDNESS AND CREDIT FACILITIES

The following is a summary only of the principal terms of AirAsia's material indebtedness and credit facilities. Refer to the financial statements and the notes thereto elsewhere in this Prospectus for additional information with respect to AirAsia's indebtedness and credit facilities.

As at June 30, 2004, AirAsia's total debt consisted of approximately RM95.5 million.

14.1 Material Indebtedness

14.1.1 The Company's RM 50 million revolving credit facility from Public Bank Berhad

On February 28, 2004, Public Bank Berhad ("PBB") provided a RM50 million revolving facility to the Company, secured by two standby letters of credits from DBS Bank Limited ("DBS"), the value of which covers the total indebtedness. The purpose of the facility is to partially finance the acquisition and refurbishment cost of two Boeing 737-300 aircraft. Each facility drawn shall be repaid within one month or rolled over for another month but not exceeding the termination date which is the date falling one year after the date of the first drawdown. A commitment fee of 1% per annum is payable on any available undrawn amounts. The interest rate applicable for this loan is 0.30% per annum plus PBB's cost of funds or PBB's base lending rate ("BLR").

Covenants include a prohibition against a change in the Company's shareholders without PBB's prior written consent. The facility does not contain any financial covenants.

The facility does not contain any customary default provisions that permit PBB to accelerate amounts due under the loan or to terminate its commitment. However, PBB is entitled to call for immediate repayment at any time on demand.

As at June 30, 2004, RM47,728,000 remained outstanding. AirAsia intends to repay this credit facility in full utilizing proceeds from the issue of the issue Shares.

14.1.2 The Company's RM 50 million term loan facility from Southern Bank Berhad

On January 27, 2004, Southern Bank Berhad ("SBB") provided a term loan facility of up to the maximum aggregate principal sum of RM50 million or such amount which is equivalent to 80% of the total market value of the two aircraft to be acquired, whichever is the lower, to the Company, secured by a first fixed charge and mortgage over the two aircraft for which the loan was undertaken, and assignment of the insurance relating to such aircraft. The purpose of the loan is to finance the purchase and refurbishment of two aircraft from AFS Investments XLIII LLC. The loan shall be repaid in full in one single repayment on demand by SBB or, in the absence of such demand, the earlier of two years from the first drawdown or December 30, 2005. The interest rate applicable for this loan is 1.5% per annum above SBB's cost of funds.

Covenants include a prohibition against any change that would affect Tune Air's existing majority shareholding in the Company and Tony Fernandes and Conor Mc Carthy's respective existing shareholdings in Tune Air, any change in the existing directors and management of the Company and any reduction of the authorized or issued share capital in the Company. The loan also contains financial covenants that require the Company to maintain the following specified ratios:

- the aggregate of amounts paid up or credited as paid up on the issued share capital of the Company and amounts standing of the credit of the reserves of the Company as recorded in its most recent audited financial statements ("Net Worth") shall not be less than RM100,000,000;
- the aggregate amount of all obligations of the Company for or in respect of indebtedness and the present value of non-cancellable commitments under operating losses (using a discount rate of 8% per annum) less cash and fixed deposits shall not exceed a multiple of 1.75 times of its Net Worth; and

14. DESCRIPTION OF MATERIAL INDEBTEDNESS AND CREDIT FACILITIES (Cont'd)

- EBITDAR to debt service ratio (principal plus interest and operating lease obligations) shall not be less than 1.5 times.

The loan contains a number of negative covenants that restrict the Company from taking certain actions without SBB's approval, including any amendment or variation of its constitutional documents, the creation of any additional indebtedness, except for permitted capital expenditure of an amount not exceeding U.S.\$6 million per annum and the financing of two aircraft to be obtained from DBS Bank Limited ("DBS"), and the distribution of capital or declaration of any dividend. Events of default include a default in payment, liquidation or winding up process, cross default of RM 380,000 or U.S.\$100,000, material adverse change in operation or financial situation and change in the Company's Directors, management control or shareholding structure.

As at June 30, 2004, RM47,728,000 remained outstanding. AirAsia intends to repay this credit facility in full utilizing proceeds from the issue of the issue Shares.

14.2 Other Material Credit Facilities**14.2.1 The Company's RM50 million standby letter of credit facility from DBS Bank Limited**

The facility agreement with DBS Bank Limited ("DBS"), was entered into on March 26, 2004 pursuant to which DBS provided the Company standby letters of credit for the lower amount of RM50 million or 80% of the total market value of two aircraft to be acquired from AFS Investments XLIII LLC, USA. This facility was granted to guarantee the revolving credit facility granted by PBB as described in 14.1.1 above, as well as finance the acquisition and refurbishment costs of the two aircraft to be acquired from AFS Investments XLIII LLC, USA. Interest payable shall be computed at the rate of 3% plus 1 month Singapore Inter-Bank Offer Rate for USD. An upfront fee of 0.3% is payable in addition to the commitment fee of 1% per annum. Commission shall be charged at 1.5% per annum. The Company is also required to open a Singapore Dollars operating account with DBS.

Covenants include that Tune Air continue to be a major shareholder in the Company and that the existing Directors and management members remain unchanged. Negative covenants include prohibition against any distribution of capital and/or declaration of dividends in the Company.

As at June 30, 2004, two stand by letters of credit aggregating RM47,728,000 were issued to PBB under this facility.

14.2.2 The Company's RM 10 million standby letter of credit facility from Bumiputra-Commerce Bank Berhad

On October 30, 2002, Bumiputra-Commerce Bank Berhad ("BCBB") provided a RM10 million standby letter of credit facility to the Company, secured by a deposit of 50% of the aggregate principal limit of the facility placed with BCBB and a joint and several guarantee from four of the Company's Directors. The purpose of the facility is to guarantee payment of aircraft leasing expenses, purchases of spare parts, maintenance and fuel contracts and any other operational requirements acceptable to BCBB. A commission of 1.5% per annum is payable on the value of each standby letter of credit issued under this facility. In the event of any claim being made under a standby letter of credit issued under this facility, BCBB is entitled to immediate settlement of the amount outstanding. The interest rate applicable for any amount outstanding is 3.5% per annum above BCBB's BLR. The commission and interest rates may be varied from time to time at BCBB's discretion.

Covenants include an obligation for the Company to provide audited financial statements within six months from the end of each financial period and any other information as reasonably requested.

As at August 9, 2004, a standby letter of credit for RM971,290 was issued to Air Rotables Limited, United Kingdom under this facility.

14. DESCRIPTION OF MATERIAL INDEBTEDNESS AND CREDIT FACILITIES (Cont'd)

14.2.3 The Company's RM 16 million standby letter of credit facility from Bumiputra-Commerce Bank Berhad

On July 17, 2003, BCBB provided a RM16 million standby letter of credit facility to the Company, secured by a deposit of 50% of the aggregate principal limit of the facility placed with BCBB. The purpose of the facility is to guarantee payment of aircraft leasing expenses, purchases of spare parts, maintenance and fuel contracts and any other operational requirements acceptable to BCBB. A commission of 1.5% per annum is payable on the value of each standby letter of credit issued under this facility. BCBB is entitled to immediate settlement of the amount outstanding in the event that a claim is made under a standby letter of credit issued under this facility. The interest rate applicable for any amount outstanding is 3.5% per annum above BCBB's BLR or any other rates prescribed by BCBB from time to time.

Covenants include a prohibition against entry into any partnership, profit sharing or royalty agreement or other similar arrangement whereby AirAsia's income or profits are or might be shared with any other person, firm or company or entry into any management contract whereby the business or operations of AirAsia would be managed by any other person, firm or company, or any variation or amendment to AirAsia's constitutional documents, and/or the alteration of its authorized share capital.

The facility contains a number of additional negative covenants that restrict the Company from taking certain actions without BCBB's written consent, including the creation of any security interest over any part of its business or assets, the entry into any transaction, except in the ordinary course of business, resulting in the Company paying more than the ordinary commercial price, and the sale or transfer of the Company's undertakings, business or assets, except by the disposal of assets in the ordinary course of business. Events of default include breach of any covenant, misrepresentation, appointment of a receiver or a liquidator, material adverse change in business, assets, financial position commencement of insolvency proceedings, cessation of business operations and failure by the Company to make payment of any other indebtedness owed by it.

The loan contains customary default provisions that permit BCBB to accelerate amounts due under the facility or to terminate its commitment.

As at August 9, 2004, two standby letters of credit aggregating RM11,628,000 were issued to ST Aero and J.Aron & Company (Singapore) Pte under this facility.

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15. FUTURE FINANCIAL INFORMATION

15.1 Consolidated Profit Forecast together with the Assumptions thereon

The Directors of the Company forecast that the consolidated profit after taxation and minority interest of the Company without and with the Initial Public Offering respectively, upon completion of the Company's Listing for the financial year ending June 30, 2005, will be as follows:

	<u>Year ending June 30, 2005</u>	
	<u>Without Initial Public Offering RM'000</u>	<u>With Initial Public Offering RM'000</u>
Revenue	746,596	746,596
Consolidated profit before taxation	157,030	172,804 ⁽¹⁾
Less: Taxation	(8,349)	(11,578) ⁽²⁾
Consolidated profit after taxation	148,681	161,226
Less: Minority interest	(1,344)	(1,344)
Consolidated profit after taxation and minority interest	147,337	159,882
Earnings per ordinary share of RM0.10 each ⁽³⁾ :		
- Basic (sen)	8.41	7.47
- Diluted (sen)	8.41	7.41
Prospective price-earnings multiples based on Retail Price of RM1.40 and		
- Basic earnings per ordinary share (times)	16.65	18.74
- Diluted earnings per ordinary share (times)	16.65	18.89

Notes:

- (1) Consolidated profit before taxation, after the Initial Public Offering, includes interest income earned at 3% per annum on proceeds arising from the Initial Public Offering that are assumed to be placed in deposits with licensed banks, and the interest savings on repayment of borrowings using the Initial Public Offering proceeds.
- (2) Taxation, after the Initial Public Offering, includes the tax on interest income earned from the deposits placed with licensed banks.
- (3) Basic and diluted earnings per share are calculated as set out in Section III of the notes to the Consolidated Profit Forecast.

15. FUTURE FINANCIAL INFORMATION (Cont'd)

The consolidated profit forecast of the Company for the year ending June 30, 2005 has been prepared based on the Directors' assessment of the present economic and operating conditions and the Directors' best estimate assumptions regarding future events and actions which, at the date the forecast was prepared, the Directors expect to take place. These future events may or may not take place. The principal assumptions are set out below and the risk factors, which may impact their achievement, are set out in the notes to the consolidated profit forecast.

A forecast, by its very nature, is subject to business, economic and competitive uncertainties and unexpected events, many of which are beyond the control of the Company and its Directors, and upon assumptions with respect to future business decisions, which are subject to change. Also, events and circumstances often do not occur as anticipated, and therefore actual results are likely to differ from the forecast, and the differences may be material.

Since December 2001, the date that the ownership of the Company changed, the Group has undergone significant developments in its operations, management and business model. Following the implementation of these changes, the revenues and profitability of the Group have both improved significantly. The consolidated profit forecast for the year ending June 30, 2005 assumes the continued success of AirAsia Group's business strategies. The success of these strategies is subject to uncertainties and events beyond AirAsia Group's control, and no assurance can be given that the strategies will be effective or that the anticipated benefits from the strategies will be realized in the period for which the forecast has been prepared, or otherwise.

The aviation industry is subject to many external factors which can materially impact its operating and financial performance. Accordingly, the consolidated profit forecast includes the Directors' best estimate assumptions as to passenger load factors, average number of aircraft, average fares, operating expenses (including fuel costs), foreign currency exchange rates and finance costs for the year ending June 30, 2005.

As shown in Section 15.4 "*Sensitivity Analysis*", relatively small changes in average number of aircraft, passenger load factors, average fares and effective jet fuel costs, can have significant impact on operating results.

Accordingly, the Directors cannot and do not guarantee the achievement of the consolidated profit forecast.

NOTES TO THE CONSOLIDATED PROFIT FORECAST

1 BASES OF PREPARATION OF CONSOLIDATED PROFIT FORECAST

The principal bases and assumptions upon which the consolidated profit forecast has been prepared are as follows:

(a) Consolidated profit forecast for the financial year ending June 30, 2005:

The Company's consolidated profit forecast for the financial year ending June 30, 2005 includes its 50.001% owned subsidiary, Crunchtime and Crunchtime's 49% equity interest in Thai Crunch Time, its wholly owned subsidiaries, AirAsia Go Holiday and AirAsia Mauritius, the Company's acquisition of AAIL and its subsidiary, AirAsia HK and its associates, Thai AirAsia and AAPL, as well as Thai Crunch Time and Thai AirAsia HK being subsidiaries of Thai AirAsia:

- 1 The Company's acquisition of a 99.8% equity interest in AAIL and its subsidiary (AirAsia HK) and its associated companies (Thai AirAsia, Thai Crunch Time, AAPL and Thai AirAsia HK), effective on July 1, 2004. Hence, the Company will consolidate the AAIL Group's consolidated results in its financial statements with effect from July 1, 2004 to June 30, 2005.

15. FUTURE FINANCIAL INFORMATION (Cont'd)

- 2 Following the completion of the Company's acquisition of AAIL on July 1, 2004, AAIL is regarded as the Company's 99.8% owned subsidiary while AirAsia HK is regarded as AAIL's 100% owned subsidiary, Thai AirAsia and AAPL are regarded as AAIL's 49% owned associates whilst Thai Crunch Time and Thai AirAsia HK are regarded as Thai AirAsia's 51% and 100% owned subsidiary respectively.
 - 3 In addition to Thai AirAsia's shareholding in Thai Crunch Time, the Company's subsidiary, Crunchtime holds a 49% equity interest in Thai Crunch Time. As a result, the Company holds a 49.44% effective equity interest in Thai Crunch Time and therefore, Thai Crunch Time is equity accounted for as an associate of the Company.
 - 4 The forecast results of Crunchtime, AAIL and Thai AirAsia are included based on their profit forecasts for the financial year ending June 30, 2005.
 - 5 The forecast results of Thai Crunch Time, AAPL, AirAsia Go Holiday, AirAsia HK, Thai AirAsia HK and AirAsia Mauritius are not included in the consolidated profit forecast for the financial year ending June 30, 2005 as they are not anticipated to be material.
- (b) The Company undertook a share split of one existing ordinary share of RM1.00 each in the Company into 10 new ordinary shares of RM0.10 each.
- (c) The following transactions will be undertaken by the Company before the proposed listing on the Main Board of Bursa Securities, which is assumed to be on November 22, 2004:
- 1 Initial public offering of 583,757,800 new ordinary shares of RM0.10 each in the Company at an issue price of RM1.40 per Share and approximately RM1.51 per Share for the Retail Offering and the Institutional Offering respectively. The gross proceeds from the initial public offering are approximately RM864.0 million. The allocation of ordinary shares between the Retail Offering and the Institutional Offering is proposed as follows:

	No. of new Ordinary shares at <u>RM0.10 each</u> '000	Estimated proceeds from the issue of Issue Shares <u>Proceeds</u> RM'000
Retail Offering	140,102	196,143
Institutional Offering	443,656	667,869
	<u>583,758</u>	<u>864,012</u>

The proposed utilization of gross proceeds of approximately RM864.0 million is as follows:

	RM'000
Repayment of borrowings	94,240
Estimated expenses for share issue*	35,500
Capital expenditure	100,000
Working capital †	634,272
	<u>864,012</u>

15. FUTURE FINANCIAL INFORMATION (Cont'd)

- * The estimated expenses on share issue will be deducted from the share premium account
 - + AirAsia is currently considering the proposed acquisition of up to 80 aircraft, as described in Section 7.15 of the Prospectus. The consolidated profit forecast has been prepared on the basis that these proposed acquisitions will not be undertaken in the forecast period to 30 June 2005 and therefore the effects of these proposed transactions have not been included in the assumptions.
- 2 The number of the share options to be granted under ESOS shall not exceed 10% of the enlarged issued and paid-up share capital of the Company at any one time. Based on the enlarged issued and paid-up share capital of the Company upon completion of the Initial Public Offering of 2,335,031,080, the assumed maximum number of share options is 233,503,108. The exercise price for the initial 4% and the assumed exercise price for the subsequent 6% of the enlarged issued and paid-up share capital of the Company are RM1.08 and RM1.40 respectively.

Prior to the completion of the Initial Public Offering assumed on November 22, 2004, the Company has offered 93,240,000 ordinary shares (minimum number of share options scenario) or assumed an offer of 233,503,108 ordinary shares (maximum number of share options scenario), representing approximately 4% or 10% of the enlarged issued and paid-up share capital of the Company. The exercise price and assumed exercise price are RM1.08 and RM1.40 per share for the initial 4% and subsequent 6%, respectively, of the enlarged issued and paid-up share capital of the Company. The share options in both the minimum and maximum number of share options scenarios, shall only be exercisable one year after the date of offer. Therefore, the share options will not be exercised before September 1, 2005, and no proceeds arising therefrom are assumed in the forecast period.

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15. FUTURE FINANCIAL INFORMATION (Cont'd)

II PRINCIPAL ASSUMPTIONS

General Assumptions

- 1 There will be no material changes to the AirAsia Group structure or any material acquisitions of, or investments in, additional businesses or activities other than those planned and incorporated in the forecast.
- 2 There will be no significant changes in existing strategic and operating policies, as well as the composition of existing key management personnel of the AirAsia Group that will adversely affect the activities or performance of the AirAsia Group.
- 3 There will be no significant change in the accounting policies adopted by the Company in its audited consolidated financial statements for the year ended June 30, 2004, as reported on by PricewaterhouseCoopers, that will adversely affect the activities or performance of the AirAsia Group.
- 4 There will be no material changes in the present legislation or government regulations in Malaysia, or in other jurisdictions in which AirAsia Group is forecast to provide air transportation services (i.e., Singapore, Thailand, Indonesia, Philippines and China - herein referred to as "other jurisdictions or other markets"), especially legislation or regulations that affect the aviation industry, which will adversely affect the AirAsia Group's activities or performance.
- 5 There will be no significant change in prevailing political and economic conditions in Malaysia, or in other jurisdictions or other markets, especially those conditions that affect the aviation industry, which will adversely affect the AirAsia Group's activities or performance.
- 6 There will be no significant change in the assumed tax rates, bases of taxation and tax incentives, as well as duties and levies, and other corporate tax applicable to the AirAsia Group, except for those tax assumptions set out in Note 29.
7. There will be no major industrial disputes or any abnormal circumstances, including exceptional bad debts, in Malaysia, or in other jurisdictions or other markets where the AirAsia Group is forecast to provide air transportation services, especially those conditions that affect the aviation industry, which will adversely affect the AirAsia Group's activities or performance.
- 8 All necessary approvals from the relevant authorities and regulators, both domestic and in other jurisdictions or markets where the AirAsia Group is forecast to provide air transportation services, will be obtained without limitations, as assumed in the forecast.
- 9 There will be no major disruption in the operations of the aviation industry and there will be no other events and abnormal factors, including war, terrorism attacks, SARS or Avian Flu, which will adversely affect the operations of the AirAsia Group.
- 10 No significant aviation accident or incidents in Malaysia, or in other jurisdictions or other markets where the Group is forecast to provide air transportation services, involving the Group's aircraft, or those of other airlines which would impact on the Group's operations.

15. FUTURE FINANCIAL INFORMATION (Cont'd)**II PRINCIPAL ASSUMPTIONS (CONTINUED)**

- 11 The Directors assume there will be no material impact to the AirAsia Group's operations or financial results during the forecast year from the launch of new low cost carriers in the Southeast Asia region.

There will be no material adverse changes in the competitive operating environment in Malaysia and in other markets where the AirAsia Group is forecast to provide air transportation services.

12 Inflation Assumptions

Other than inflationary increases in both domestic and in other jurisdictions or markets where the AirAsia Group is forecast to provide air transportation services, there will be no significant change in the cost of maintenance and overhaul, administrative and overhead expenses, labor and other materials used in the operations and businesses of the AirAsia Group.

13 Foreign Currency Exchange Rates Assumptions

The exchange rates of Ringgit Malaysia against AirAsia Group's principal operating currencies as assumed in the forecast, are based on the published local bank rates as at August 31, 2004, as follows:

1 United States Dollar	:	RM3.8000
1 Singapore Dollar	:	RM2.2167
1 Baht	:	RM0.0912
1 Indonesian Rupiah	:	RM0.0004
1 Pound Sterling	:	RM6.8010
1 Hong Kong Dollar	:	RM0.4872

14 Key Operating Statistics

The table below sets out the key operating statistics underlying the key assumptions of the Malaysian operations summarized above, together with historical comparatives for illustrative purposes:

	Historical 15 months period ended <u>June 30, 2002</u>	Historical 12 months year ended <u>June 30, 2003</u>	Historical 12 months year ended <u>June 30, 2004</u>	Forecast 12 months year ending <u>June 30, 2005</u>
<u>Malaysian Operations:</u>				
Passengers carried	610,738	1,481,097	2,838,822	5,066,213
RPK ⁽¹⁾ (million)	672	1,539	2,771	5,582
ASK ⁽²⁾ (million)	1,018	2,086	3,592	7,394
Average fares (RM)	183	147	131	142
Passenger load factor (%)	66%	74%	77%	75%
Revenue per RPK (sen)	18.45	15.09	14.21	13.21
Cost per ASK (sen)	12.78	10.85	9.35	8.32
Sectors flown	6,521	14,461	25,106	45,338
Number of aircraft at period/year end	3	7	13	25
Average number of aircraft	2.5	5.5	9.5	19.3
Aircraft utilization (block hours per day)	11.2	12.5	12.8	13.0

15. FUTURE FINANCIAL INFORMATION (*Cont'd*)

II PRINCIPAL ASSUMPTIONS (CONTINUED)

Notes:

(1) RPK – Revenue Passenger Kilometers

(2) ASK – Available Seat Kilometers

15 Fleet Plan Assumptions

The Directors assume that the Group, in respect of its aircraft fleet in Malaysia, will continue to utilize and expand its fleet from 13 aircraft as at June 30, 2004 to 25 (including two spares) aircraft as at June 30, 2005. The spare aircraft will be utilized when the operational aircraft are undergoing scheduled maintenance programmes.

16 Revenue Assumptions

The passenger seat sales and chartered flight revenue forecast is based on estimates of the number of seats in service, the average passenger load factors and the average air fares on a per route basis (single trip) (eg. 'Kuala Lumpur to Johor Bahru' or 'Kuala Lumpur to Bangkok') basis.

The Directors assume that the AirAsia Group will increase its fleet in Malaysia from 13 aircraft as at June 30, 2004, to 25 aircraft as at June 30, 2005. As of August 31, 2004, there are 16 aircraft utilized in the AirAsia Group's existing operations in Malaysia.

The increase in capacity is forecast to generate increased passenger seat sales. In addition, increased revenue is expected to come from increased frequencies in existing destinations, coupled with the introduction of certain international services in other jurisdictions or other markets where the AirAsia Group is forecast to provide air transportation services.

The Directors of the Company have forecast average fares for the Malaysian operations, on a route by route basis resulting in a total average fare across the network of approximately RM142 for the year ending 30 June 2005.

The Directors of the Company have forecast the average load factors of the Malaysian operations to be 75% in the forecast year ending 30 June 2005. There will be no significant change in passenger load factors and average fares, other than those assumed in the forecast.

17 Aircraft Fuel Cost Assumptions

Fuel costs account for approximately 42.8% of AirAsia Group's total cost of sales and operating expenses for the forecast year ending June 30, 2005. The average aircraft fuel, ie. Singapore Jet Fuel, market price was approximately USD51.65 per barrel in the period from July 1, 2004 to September 28, 2004. The Group seeks to hedge this fuel price risk by entering into jet fuel derivatives contracts.

For the forecast financial year ending June 30, 2005, the Group assumes the fuel cost of the Malaysian operations, after the effect of hedging, will be approximately USD42.00 per barrel for the first half to December 31, 2004 and USD36.96 per barrel for the second half to June 30, 2005. These are based on the assumptions that the market price of jet fuel will be, on average USD51.00 per barrel and USD45.00 per barrel for the six months to December 31, 2004 and June 30, 2005 respectively.

15. FUTURE FINANCIAL INFORMATION (Cont'd)

II PRINCIPAL ASSUMPTIONS (CONTINUED)**18 Operating Leases Assumptions**

The Directors assume that the Group's operating lease payments made in connection with the existing and forecast fleet of leased aircraft of the Malaysian and Thailand operations, will be made in accordance and consistent with the existing and forecast lease terms and conditions.

19 Capital Expenditure Assumptions

The capital expenditure programme will be implemented, incurred and put into operations as planned and it is expected to provide sufficient capacity to support the operations of the AirAsia Group. There will not be any material change in the cost and pricing structure of aircraft and spares, aviation equipment and materials from the prevailing rates. There will be no significant disposals of property, plant and equipment, as set out in the forecast year.

Capital expenditure of the Malaysian operations is forecast to be RM100 million for the year ending June 30, 2005 and consist of the acquisition of three aircraft, as well as aviation equipment, aircraft spares, computer equipment, and furniture and fittings.

20 Other Operating Expense Assumptions

AirAsia Group's operating expenses are largely dependent upon the forecast revenue and operating assumptions. Specific operating expense assumptions for the financial year ending June 30, 2005 include:

- Employees - the number of employees of the Malaysian operations is assumed to increase from 1,382 at June 30, 2004, to 2,476 at June 30, 2005.
- Depreciation - based on historical rates and applied in accordance with the accounting policies of AirAsia Group. The Directors of the Company have assessed the useful life of the aircraft to be acquired during the forecast year ending June 30, 2005, to be seven years and have applied that basis in the forecast.
- Aircraft fuel charges – based on estimated fuel costs as set out in Note 17.
- Maintenance costs are forecast to be incurred as scheduled in accordance with the existing terms and conditions of the maintenance contracts.
- Where appropriate, expenses have been escalated over the forecast period by inflation, unless otherwise specified in relevant contracts.

21 The basis for route charges (ie. aeronautical charges), landing fee charges, parking charges, acrobribe charges, counter charges and navigation fees is assumed to remain the same as in historical periods, or has been adjusted for changed contractual circumstances.

22 The AirAsia Group will have adequate manpower, operating and information systems and other resources to support the forecast growth in its business.

23 The AirAsia Group's advertising and marketing plans in Malaysia and Thailand will be carried out, as assumed in the forecast.

15. FUTURE FINANCIAL INFORMATION (Cont'd)

II PRINCIPAL ASSUMPTIONS (CONTINUED)

24 Existing trading relationships with major suppliers and service providers will be maintained. There will be no limitation or delay in the supply of materials or the provision of services that will significantly affect the activities or performance of the AirAsia Group.

25 All purchases procured, and contracts and agreements entered into, will be made based on terms and conditions, as assumed in the forecast.

26 The Directors of the Company have assumed that allowances for doubtful debts are not required to be made during the forecast year ending June 30, 2005.

27 Surplus Funds Assumptions

Surplus funds will be placed in term deposits and will earn interest income at an average interest rate of 3% per annum, both domestically and in other jurisdictions or other markets where the AirAsia Group is forecast to provide air transportation services.

28 Borrowings Assumptions

Existing and future financing facilities will remain available at prevailing interest rates. Borrowing cost is forecast at 5% per annum, depending on the actual terms of the relevant agreements or facilities.

29 Taxation Assumptions

Income tax payable

On April 19, 2004, the Company submitted an application to obtain tax exemptions under Section 127(3) of the Income Tax Act 1967. The Directors of the Company are of the opinion that the Company's application will receive due consideration from the Malaysian Government and that a favorable response will be granted for a period commencing on 1 July 2004, which includes the period of the consolidated profit forecast from July 1, 2004 to June 30, 2005.

In the event that the application is not successful, the potential shortfall of the provision for taxation for the financial year ending June 30, 2005 is approximately RM10.0 million.

Withholding tax payable

The Company has made an application to the Government for the waiver of withholding tax payable on certain lease payments for the aircraft made in prior to June 30, 2001. The Directors of the Company are of the opinion that the Company's application will receive due consideration from the Malaysian Government and that a favorable response will be granted.

In the event that the application is not successful, the potential shortfall of the provision for withholding tax payable as at June 30, 2004 is approximately RM2.3 million, which has not been provided for in the forecast year.

The forecast do not include any expense or cash flow relating to either of these potential tax payments. Similarly, the forecast does not include any reversal of the amounts provided as at June 30, 2004 in respect of withholding tax.

15. FUTURE FINANCIAL INFORMATION (Cont'd)**11 PRINCIPAL ASSUMPTIONS (CONTINUED)****30 Dividend Policy Assumptions**

There will be no dividend declared or paid in respect of ordinary shares in the period covered by the forecast.

31 Assumptions on Thai AirAsia (herein referred to as the "Thailand operations")

The Company's investment in Thai AirAsia (through its subsidiary, AAIL) is recorded using the equity basis of accounting. Therefore, the consolidated profit forecast of the Company for the year ending June 30, 2005, includes the share of results of Thai AirAsia amounting to approximately RM14.0 million (with Initial Public Offering) from July 1, 2004 to June 30, 2005.

The forecasts in respect of Thai AirAsia has been prepared by the management of the Company, using the same general assumptions as set out above, and include the following specific assumptions:

1. Key operating statistics:

	Forecast 12 months year ending <u>June 30, 2005</u>
<u>Thailand Operations:</u>	
Passengers carried	2,271,359
RPK (million)	2,175
ASK (million)	2,870
Average fares (RM)	142.6
Passenger load factor (%)	77%
Revenue per RPK (sen)	16.59
Cost per ASK (sen)	11.42
Sectors flown	19,806
Number of aircraft at year end	11
Average number of aircraft	7.01
Aircraft utilisation (block hours per day)	13.00

2. The aircraft fleet in Thailand is assumed to comprise 11 aircraft as at June 30, 2005.

3. For the year ending June 30, 2005, AirAsia Group assumes the fuel cost of the Thailand operations, after the effect of hedging, will be approximately USD42.00 per barrel for the first half to December 31, 2004 and USD36.96 per barrel for the second half to June 30, 2005. These are based on the assumption that the market price of jet fuel will be an average USD51.00 per barrel and USD45.00 per barrel for the six months to December 31, 2004 and June 30, 2005 respectively.

4. The Thailand operations are assumed to have 877 employees as at June 30, 2005.

15. FUTURE FINANCIAL INFORMATION (Cont'd)

III EARNINGS PER SHARE

Basic Earnings Per Share

The basic earnings per share of the Group is calculated by dividing the consolidated profit after taxation and minority interest by the weighted average number of ordinary shares in issue during the forecast year.

	<u>Year ending June 30, 2005</u>	
	<u>Without Initial Public Offering</u>	<u>With Initial Public Offering</u>
Consolidated profit after taxation and minority interest (RM'000)	<u>147,337</u>	<u>159,882</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,751,273</u>	<u>2,140,445</u>
Basic earnings per Share (sen)	<u>8.41</u>	<u>7.47</u>

Diluted Earnings Per Share

The diluted earnings per share of the Group is calculated by dividing the consolidated profit after taxation and minority interest by the weighted average number of ordinary shares in issue, adjusted to assume the conversion of all dilutive potential ordinary shares, i.e. share options.

Prior to the completion of the Initial Public Offering, the Company has offered 93,240,000 share options, representing approximately 4% of the enlarged issued and paid-up share capital of the Company, pursuant to the ESOS at an exercise price of RM1.08 per share. The share options shall only be exercisable one year from the date of offer, which is September 1, 2004 for purposes of the profit forecast. Diluted earnings per share has been presented as these share options are dilutive potential ordinary shares.

In assessing the dilution in earnings per share arising from the issue of share options, a calculation performed to determine the number of shares that could be acquired at market price. This calculation serves to determine the 'bonus' element to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to the consolidated profit after taxation and minority interest in the calculation of the diluted earnings per share in connection with the issue of share options during the forecast year.

15. FUTURE FINANCIAL INFORMATION (Cont'd)**III EARNINGS PER SHARE (CONTINUED)****Diluted Earnings Per Share (Continued)**

	Year ending June 30, 2005	
	Without Initial Public Offering	With Initial Public Offering
Consolidated profit after taxation and minority interest (RM'000)	147,337	159,882
Weighted average number of ordinary shares in issue ('000):	1,751,273	2,140,445
- Share options	-	17,760 ⁽¹⁾
	1,751,273	2,158,205
Diluted earnings per Share (sen)	8.41	7.41

Notes:

- (1) The 93,240,000 share options were offered on September 1, 2004 and are therefore, dilutive potential ordinary shares until June 30, 2005.

On the assumption that the maximum number of the share option to be offered pursuant to the ESOS is 233,503,108, representing 10% of the enlarged issued and paid-up share capital of the Company, the diluted earnings per ordinary share would be 7.41 sen, based on the exercise and assumed exercise prices of RM1.08 and RM1.40, respectively, for the initial 4% and the subsequent 6% of the enlarged issued and paid-up share capital of the Company.

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15. FUTURE FINANCIAL INFORMATION (Cont'd)

15.2 Dividend Forecast

The Company has not declared or paid any dividends since its inception. The Board does not anticipate that it will declare any dividends for the financial year ending June 30, 2005.

The Company's ability to pay dividends or make other distributions to its shareholders are subject to restrictions contained in its loan agreements which limit dividends without the prior written consent of the lenders, as well as to its having sufficient funds which are not needed to fund its operations, other obligations or business plans. Please refer to Section 14 for *"Description of Material Indebtedness and Credit Facilities"*.

The actual dividend that the Directors may recommend or declare in respect of any particular financial year or period will be subject to the foregoing factors and those outlined below as well as any other factors deemed relevant by the Board of Directors. In considering the level of dividend payments, if any, upon recommendation by the Board of Directors, the Company intends to take into account various factors including:

- the level of its cash, gearing, return on equity and retained earnings
- its expected financial performance
- its projected levels of capital expenditure and other investment plans

In addition, under Malaysian law, the level of franking credits or exempt income accounts available to distribute dividends in a tax efficient manner may also limit the amount of dividends. Considering the current financial position of the Company, the Company does not intend to pay any dividends during the year ending June 30, 2005.

Investors should note that all the foregoing statements are merely statements of the Company's present intention and shall not constitute legally binding statements in respect of its future dividends which are subject to modification (including reduction or non-declaration thereof) in the Directors' sole and absolute discretion. The Directors intend to review the Company's dividend policy on an ongoing basis.

No inference should or can be made from any of the foregoing statements as to the Company's actual future profitability or its ability to pay dividends in the future. For a discussion of the risks relating to dividends, please refer to Section 5.4.2 *"Risks Relating to the Shares – The Company may not be able to pay dividends to its shareholders"*.

15.3 Directors' Analysis and Commentary on the Consolidated Profit Forecast

For the financial year ending June 30, 2005, AirAsia Group's revenue is expected to increase by approximately 90.1% from RM392.7 million to RM746.6 million mainly attributable to the increase in revenues from passenger seat sales, which is driven by the growth in the number of passenger carried.

For the financial year ending June 30, 2005, AirAsia Group's profit after taxation and minority interest is forecast to increase by approximately 225.7% from RM49.1 million to RM159.9 million primarily as a result of higher revenue, economies of scale from larger operations and higher interest income from Initial Public Offering proceeds.

The Board confirms that the consolidated profit forecast of the Company and the underlying bases and assumptions stated therein have been reviewed by the Directors after due and careful enquiry, and that the Directors having taken into account the future prospects of the aviation industry overview in Asia including Malaysia, the future strategies of the Group and its expected level of gearing, liquidity and working capital requirements, are of the opinion that the consolidated profit forecast is achievable under the prevailing business and economic environment.

15. FUTURE FINANCIAL INFORMATION (Cont'd)

Nevertheless, these bases and assumptions cover future periods for which there are inherent risks, and therefore, should be treated with caution. These bases and assumptions are subject to significant uncertainties and contingencies, which are often outside the control of AirAsia. Therefore, certain assumptions used in the preparations of the consolidated profit forecast may differ significantly from the actual situation after the date of this profit forecast.

15.4 Sensitivity Analysis

The consolidated profit forecast is based on a number of estimates and assumptions that are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its Directors, and upon assumptions with respect to future business decisions, which are subject to change.

Set out below is a summary of the sensitivity of the consolidated profit forecast after taxation and minority interest to variations in a number of key variables, to the overall consolidated profit forecast. The sensitivity analysis is specific to the average number of aircraft, passenger load factors, average fares and effective jet fuel costs⁽¹⁾ assumed in the profit forecast for the financial year ending June 30, 2005. The changes in the key variables set out in the sensitivity analysis, are not intended to be indicative of the complete range of variations that may be experienced.

Care should be taken in interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables over the financial year ending June 30, 2005, to illustrate the likely impact on the consolidated profit forecast after taxation and minority interest. In practice, changes in variables may offset each or may be additive, and it is likely that AirAsia Group's management would respond to any adverse change in one variable by taking action to minimize the net effect on AirAsia Group's results.

<u>Assumption</u>	<u>Forecast for the financial year ending June 30, 2005</u>	
	<u>Change in assumption</u>	<u>Impact on consolidated profit forecast after taxation and minority interest</u> RM'000
Average number of aircraft for Malaysian operations	+/- 1	+/- 10,552
Passenger load factors	+/- 1%	+/- 7,403
Average fares	+/- RM1.00	+/- 4,615
Effective jet fuel costs (per barrel) ⁽¹⁾	+/- USD1.00 (or RM3.80)	+/- 5,787

⁽¹⁾ Average jet fuel costs after the impact of hedging arrangements. (please refer to Section 13.11.1 "Management's discussion and analysis of financial condition and results of operations – Fuel price risk" for details of these arrangements).

15. FUTURE FINANCIAL INFORMATION (Cont'd)

15.5 Declarations on Financial Performance

Save as disclosed in this Prospectus, the financial conditions and operations of AirAsia are not affected by any of the following as at September 30, 2004 (being the latest practicable date at which such amounts could be determined prior to the printing of this Prospectus):

- (i) known trends, demands, commitments, events or uncertainties that have had or that AirAsia reasonably expects to have a material favorable or unfavorable impact on the financial performance, position and operations of the Group;
- (ii) material commitment for capital expenditure;
- (iii) unusual, infrequent events or transactions or any significant economic change that materially affected the financial performance, position and operations of the Group;
- (iv) apart from the increase in revenue elaborated in Section 13.3.1 of this Prospectus there has not been any substantial increase in revenue for the Group; and
- (v) known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

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15. FUTURE FINANCIAL INFORMATION (*Cont'd*)

15.6 Reporting Accountants' Letter on the Consolidated Profit Forecast



The Board of Directors
AIRASIA BERHAD
Lot N1, Level 4,
Main Terminal Building, KLIA
KL International Airport
64000 Sepang
Selangor Darul Ehsan

PricewaterhouseCoopers
(AF 1146)
Chartered Accountants
11th Floor Wisma Sime Darby
Jalan Raja Laut
P O Box 10192
50706 Kuala Lumpur, Malaysia
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www.pwc.com/my

12 October 2004

**AIRASIA BERHAD
CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING 30 JUNE 2005**

Dear Sirs,

- 1 We have reviewed the Consolidated Profit Forecast of AirAsia Berhad ("the Company") and its subsidiaries and associated companies (collectively known as the "AirAsia Group") for the year ending 30 June 2005, as set out in Section 15.1 of the Prospectus in accordance with the International Standard on Auditing 810 "The Examination of Prospective Financial Information", applicable to the review of forecasts.
- 2 The forecast has been prepared for inclusion in the Prospectus in connection with the Company's proposed listing on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities"). The forecast should not be relied on for any other purposes.
- 3 Our review has been undertaken to enable us to form an opinion as to whether the forecast, in all material respects, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by AirAsia Group in its audited consolidated financial statements for the year ended 30 June 2004, as audited by PricewaterhouseCoopers. The Directors of the Company are solely responsible for the preparation and presentation of the forecast and the assumptions on which the forecast is based.
- 4 A forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which a forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.

15. FUTURE FINANCIAL INFORMATION (Cont'd)



The Board of Directors
AIRASIA BERHAD
12 October 2004

- 5 As disclosed in Note 15 of Section II on “Principal assumptions” of the Consolidated Profit Forecast as set out in Section 15.1 of the Prospectus, the consolidated profit forecast for the financial year ending 30 June 2005 assumes that the AirAsia Group increases its aircraft fleet in Malaysia from 13 aircraft as at 30 June 2004 to 25 aircraft as at 30 June 2005. The aircraft fleet in Thailand is assumed to comprise 11 aircraft by the end of the forecast year ending 30 June 2005 as disclosed in Note 31. As of 31 August 2004, the AirAsia Group fleet in Malaysia totals 16 aircraft. Notes 14 and 31 also set out the assumptions, in respect of the Malaysian and Thailand operations respectively, for increases in passengers carried, revenue passenger kilometers (“RPK”) and available seat kilometers (“ASK”), as well as assumptions for average fares, passenger load factors and revenue per RPK. These assumptions have a significant impact upon revenues, costs and profit after taxation in the forecast year. If the Malaysian and Thailand fleets are not increased, or these other factors are not achieved, as assumed in the forecast year, then there would be a consequential significant impact upon the consolidated profit forecast for the financial year ending 30 June 2005.
- 6 Notes 17 and 31 as set out in Section 15.1 of the Prospectus describe the assumptions regarding the cost of jet fuel to be consumed by the Malaysian and Thailand operations respectively. The market price for jet fuel can be volatile and variations in market prices could have a significant impact on the forecast results, especially if the current high market price of jet fuel is maintained. If the hedging arrangements are not effective, AirAsia Group is exposed to potentially significant market fluctuations and conditions. Section 15.4 of the Prospectus on “Sensitivity analysis” of the Consolidated Profit Forecast, illustrates the sensitivity of the effective jet fuel cost⁽¹⁾ on the profit after taxation and minority interest for the year ending 30 June 2005. If the assumed effective jet fuel cost⁽¹⁾ of USD42.00 per barrel (based on an average market price of USD51.00 per barrel) for the first half to 31 December 2004 and USD36.96 per barrel (based on an average market price of USD45.00 per barrel) for the second half to 30 June 2005 are not achieved, there would be a consequential significant impact upon the consolidated profit forecast for the financial year ending 30 June 2005.
- 7 As disclosed in Note 29 of Section II on “Principal assumptions” of the Consolidated Profit Forecast as set out in Section 15.1 of the Prospectus, the consolidated profit forecast for the financial year ending 30 June 2005 assumes that the Company will receive a waiver from the Malaysian Government in respect of income tax for a period commencing on 1 July 2004, which therefore, includes the period of the consolidated profit forecast from 1 July 2004 to 30 June 2005. If this income tax waiver is not obtained as assumed, then there would be a consequential significant impact upon the consolidated profit forecast for the year ending 30 June 2005 of approximately RM10.0 million.

⁽¹⁾ - Average jet fuel cost after the impact of hedging arrangements

15. FUTURE FINANCIAL INFORMATION (Cont'd)



The Board of Directors
AIRASIA BERHAD
12 October 2004

- 8 Subject to the matters stated in paragraphs 4, 5, 6 and 7 above:
- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the principal bases and assumptions of the Consolidated Profit Forecast in Section 15.1 of the Prospectus, do not provide a reasonable basis for the preparation of the profit forecast; and
 - (ii) in our opinion, the Consolidated Profit Forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by AirAsia Group in its consolidated financial statements for the year ended 30 June 2004, as audited by PricewaterhouseCoopers.
- 9 Our letter on the Consolidated Profit Forecast of AirAsia Berhad for the year ending 30 June 2005 is solely for the purpose of this Prospectus and not for inclusion in the International Offering Circular.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'R. L. L.', written over the printed name of PricewaterhouseCoopers.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

A handwritten signature in black ink, appearing to be 'D. A. J. B. M. R.', written over the printed name of Dato' Ahmad Johan Bin Mohammad Raslan.

DATO' AHMAD JOHAN BIN MOHAMMAD RASLAN
(No. 1867/09/06 (J))
Partner of the firm

16. UNDERWRITING

16.1 Underwriting for the Retail Offering

A retail underwriting agreement was entered into between the Company, the Joint Managing Underwriters and the Retail Underwriters on October 12, 2004 to jointly underwrite up to 116,751,600 Shares under the Retail Offering subject to clawback and reallocation, for an underwriting commission of 1% of the Final Retail Price ("Retail Underwriting Agreement"). The salient terms of the Retail Underwriting Agreement are summarized below:

Subject to certain conditions precedent, each retail underwriter has agreed to underwrite the number of Shares of the Retail Offering in the proportions set out in the Retail Underwriting Agreement. RHB Sakura will also underwrite those Shares offered for subscription to eligible directors and employees of AirAsia and person who have contributed to the success of the Company but which remains unsubscribed.

The Retail Underwriting Agreement stipulates that any two or more underwriter(s) which have agreed to underwrite more than 50% of the total Shares underwritten by the Retail Underwriters, ("the Majority Underwriter(s)") may elect to treat any material misrepresentation or any material breach of any representation, warranty and undertaking on the part of the Company set out in the Retail Underwriting Agreement as releasing and discharging the Retail Underwriters of their obligations under the Retail Underwriting Agreement. If any condition precedent set out in the Retail Underwriting Agreement is not satisfied on or before a date to be fixed by the Company, Joint Managing Underwriters and the Selling Shareholders, for the closing of the Retail Offering, the Majority Underwriter(s) will be entitled to terminate the Retail Underwriting Agreement by notice in writing to the Company and the Joint Managing Underwriters.

The Retail Underwriting Agreement is also terminable upon the occurrence of certain events including any event of force majeure, any sustained change in national or international monetary, financial (including stock market conditions and interest rates) political or economic conditions or currency exchange rates as would, in the opinion of the Joint Managing Underwriters for the Retail Offering, directly, materially and adversely affect the business, financial condition or prospect of the Company or the success of the Initial Public Offering.

16.2 Placement Agreements for the Institutional Offering

Due to the nature of the bookbuilding exercise and the fact that the Institutional Price can only be determined on the Price Determination Date (after the completion of the bookbuilding and in accordance with international practices), the placement agreements comprising Malaysian placement agreement and International placement agreement will be entered into after the completion of the bookbuilding exercise and after the Institutional Price is determined.

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17. CONDITIONS TO THE INITIAL PUBLIC OFFERING

The approvals for the Initial Public Offering were obtained from the following authorities:

- (i) The SC, which was obtained via its letter dated September 24, 2004. The approval of the SC was subject to *inter-alia*, the following conditions:

No.	Conditions Imposed	Status of Compliance
(1)	<p>The Company is required to make full disclosure in the Prospectus of the following:</p> <ul style="list-style-type: none"> • Details of its management succession plan; and • The risk factors associated with the fuel prices and detailed explanation on the Group's action plan taken/to be taken to mitigate the risks. 	<p>Complied. Please refer to Section 7.25 of this Prospectus.</p> <p>Complied. Please refer to Section 5.1.4 of this Prospectus.</p>
(2)	Tony Fernandes and Kamarudin Bin Meranun to submit written undertakings that they would remain active in the management of the AirAsia Group for a period of at least three years from the date of the Company's listing on Bursa Securities.	Complied.
(3)	The directors and major shareholders of the Company should not be involved in any business which would be in conflict with the AirAsia Group's existing core business operation;	Noted. To be complied.
(4)	All future business transactions between the AirAsia Group and the businesses in which the directors and major shareholders have interest must be conducted at an arm's length basis, should not be to the disadvantage of the AirAsia Group and should be subject to the scrutiny of the Audit Committee;	Noted. To be complied.
(5)	<p>In accordance with the SC Guidelines, a moratorium is imposed on the Shares held by the Promoters namely Tune Air, IDBIF, CAAL and DCL, where they are not allowed to sell, transfer or assign their respective shareholdings amounting to 1,050,763,986 Shares or 45% of the enlarged issued and paid-up share capital of the Company for a period of one year from the date of listing.</p> <p>For further details of the conditions imposed, please refer to Section 4.13 of this Prospectus.</p>	Complied. Copies of the undertaking letters from the Promoters and their respective beneficial/ultimate shareholders have been furnished to the SC on October 12, 2004.
(6)	In relation to the utilization of proceeds from the Initial Public Offering, the Company should make appropriate disclosure in its quarterly and annual reports regarding the status of the utilization of proceeds until the proceeds have been fully utilized.	Noted. To be complied.

17. CONDITIONS TO THE INITIAL PUBLIC OFFERING (Cont'd)

No.	Conditions Imposed	Status of Compliance
(7)	The Bumiputra investors to be allocated 30% of the enlarged share capital of the Company to comply with the National Development Policy (NDP) should be approved by MITI;	Complied
(8)	RHB Sakura/the Company to provide the SC with the status of compliance with the NDP requirement upon completion of the flotation exercise; and	To be complied after listing.
(9)	The Company should comply with the relevant requirements of the Issues Guidelines relating to the implementation of the flotation exercise.	Complied where applicable.

- (ii) The MITI, which was obtained via its letters dated August 13, 2004 and August 27, 2004. The approval of MITI is subject to *inter-alia*, the following conditions:

No.	Conditions Imposed	Status of Compliance
(1)	To obtain the SC's approval for the listing scheme and to comply with the requirements of the Guidelines on the Acquisition of Interests, Mergers and Take-Overs;	Complied
(2)	30% of the total recognized Bumiputra portion may be disposed within three months after the Company is listed and the remaining 70% may be disposed in stages subject to prior approval being obtained from MITI;	Noted. To be complied.
(3)	The sale of 2,626,910 ordinary shares of RM1.00 each in the Company to Raja Mohd Azmi Bin Raja Razali for a cash consideration of RM28.5 million (Tranche II Sale), being approved by the SC and FIC;	Complied
(4)	The sale of 4,378,183 ordinary shares of RM1.00 each in the Company to LTH for a cash consideration of RM44.18 million, being approved by the SC and FIC;	Complied
(5)	Raja Mohd Azmi Bin Raja Razali is required to furnish MITI with the sale and purchase agreement, documentation on the transfer of shares and documentary evidence of payments to Tune Air for the purchase of the Company's shares; and	Complied
(6)	LTH is required to furnish MITI with the sale and purchase agreement, documentation on the transfer of shares and documentary evidence of payments to Tune Air for the purchase of the Company's shares.	Complied

18. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS

18.1 Related Party Transactions and Conflict of Interests

Details of each acquisition, disposal and leasing of assets, the establishment of joint ventures, the provision of financial assistance, the provision or receipt of services and any other business transaction or arrangement entered into by AirAsia which involves the interests (direct or indirect) of a director or major shareholder (that is having interests of not less than 5% in voting shares) of AirAsia, or a person connected with such director or shareholder, are set forth below:

- 18.1.1 The Company has entered into a discretionary cash management investment agreement with Intrinsic Capital Management Sdn Bhd on February 4, 2002. The manager is paid a fixed fee and is also entitled to a bonus fee, the latter in the event returns exceed an agreed minimum return. For the financial year ended June 30, 2004, the manager earned approximately RM107,000.

Kamarudin Bin Meranun, a Director and substantial shareholder of the Company, is also a shareholder and former director of Intrinsic Capital Management Sdn Bhd, which is a licensed asset management and corporate advisory company. Kamarudin currently holds 50% interest in Intrinsic Capital Management Sdn Bhd.

- 18.1.2 The Company uses SP&G Insurance Brokers Sdn Bhd ("SP&G"), a licensed insurance broker, to arrange its aviation and related insurances on a recurrent basis. It is part of the arrangement that the Company does not pay SP&G any fee or commission but the insurers instead remunerate SP&G. Zakaria Bin Meranun is a director of SP&G and he also has a 25% interest in SP&G. He is the brother of Kamarudin Meranun, a Director and substantial shareholder of the Company.
- 18.1.3 A shareholders agreement dated April 30, 2003, was entered into between Tune Air, IDB Infrastructure Fund L.P., CAAL, DCL and the Company for the regulation of certain rights and entitlements among the substantial shareholders of the Company. A novation agreement dated July 17, 2003 was subsequently entered into between Tune Air, IDB Infrastructure Fund L.P., CAAL, DCL, IDBIF and the Company in relation to the novation of the shareholders agreement dated April 30, 2003 from IDB Infrastructure Fund L.P. to IDBIF.
- 18.1.4 A shareholders agreement dated November 11, 2003, was entered into between AAIL, Shin Corporation, Thai AirAsia and the Company to regulate the relationship of the parties and in the conduct of the business and affairs of Thai AirAsia. The Company undertakes to cause and ensure the performance by AAIL of all its obligations and shall be fully and solely responsible for any non-performance. The business of Thai AirAsia shall be to offer "no frills" passenger air transport services and ancillary services with operations based in Thailand and shall be modeled on the Company's business model exclusively.
- 18.1.5 A loan agreement was entered into on September 24, 2003, pursuant to which AAIL obtained a loan from the Company of USD5.26 million (equivalent to RM20.0 million) for the financing of AAIL's investment of up to 49% equity in Thai AirAsia. This loan is repayable on demand.
- 18.1.6 A shareholders agreement dated February 1, 2004, was entered into between Crunchtime and Thai AirAsia to establish Thai Crunch Time, pursuant to which Crunchtime subscribed for 196,000 new ordinary shares of Baht 10 each in Thai Crunch Time representing 49% of its equity.
- 18.1.7 An airline consultancy agreement dated May 1, 2004, was entered into between Wordison Limited (t/a PlaneConsult.com Pte Ltd) ("Wordison") and the Company for Wordison's advice on aero politics, regulatory factors, market demographics, competitive positioning/scenarios and financial requirements for a monthly retainer of GBP10,000, rising by 5% in May 2005. The term of this agreement is for two years expiring April 30, 2006, renewable upon mutually acceptable terms. Conor Mc Carthy, a non-executive Director of the Company, together with his wife, own the entire share capital of Wordison consisting of two shares.

18. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (Cont'd)

- 18.1.8 A subscription agreement dated June 5, 2004 was entered into between AAIL and the Company for the subscription of 5,260,000 new ordinary shares of USD1.00 each in the capital of AAIL. The subscription price shall be paid by converting the existing loan of USD5,260,000 extended by the Company to AAIL, which has been described under section 18.1.5 of this Prospectus.
- 18.1.9 An administrative fee agreement dated February 2, 2004, between the Company and Thai AirAsia for the provision by the Company of various support services to Thai AirAsia to undertake its airline operations for an agreed fee of U.S.\$50,000 per month. The services include managerial support, staff deployment, consultancy and other assistance. The agreement is for an initial term of six months, with automatic extension for successive six-month terms unless terminated by mutual agreement. The Company has agreed to waive its fees for the initial two months.
- 18.1.10 A booking fee agreement dated February 2, 2004, between the Company and Thai AirAsia for the provision of airline booking and marketing services by the Company. The agreement is for an initial term of six months, with automatic extension for successive six-month terms unless terminated by mutual agreement. In consideration for the services, Thai AirAsia shall pay the Company a monthly fee calculated by deriving the proportion of AirAsia's total bookings for the month that is attributable to Thai AirAsia, multiplied by U.S.\$60,000.
- 18.1.11 A maintenance services agreement dated September 13, 2004 between the Company and Thai AirAsia where AirAsia agrees to render aircraft maintenance and repair services until February 1, 2009. In return for the services, Thai AirAsia shall pay the Company a monthly charge computed essentially on the particular type of maintenance or repair service rendered and the frequency thereof.
- 18.1.12 An aircraft lease agreement dated September 15, 2004, between AirAsia Mauritius and Thai AirAsia for the lease of up to seven Boeing 737-300 aircraft to enable Thai AirAsia to undertake its operations in Thailand. The basic rent is U.S.\$98,016 per aircraft and unless extended by mutual consent, the term of the lease expires on December 14, 2004.
- 18.1.13 A cost sharing agreement dated September 15, 2004, between AirAsia Mauritius and Thai AirAsia where Thai AirAsia agrees to share in the cost of renovating, improving or refurbishing aircraft leased from AirAsia Mauritius. Thai AirAsia shall be responsible to the extent of US\$79,240 for such costs. The agreement is for an initial term of one year, with automatic extension for successive one-year terms unless terminated by mutual agreement.
- 18.1.14 A fuel hedging agreement dated February 2, 2004 between Thai AirAsia and the Company, pursuant to which Thai AirAsia has engaged the Company to manage its fuel needs against the risks of any adverse physical price movements. The agreement is valid for one year and shall be automatically renewed for successive one-year terms unless terminated by mutual consent.

18.2 Monitoring and Oversight of Related Party Transactions

The Audit Committee of the Company shall be constituted by three members of the Board. The Audit Committee reviews any related party transactions and conflict of interest that may arise within AirAsia. The Audit Committee periodically reviews the procedures set by the Company to monitor related party transactions to ensure that these transactions are carried out on normal commercial terms not more favorable to the related party than those generally available to the third parties dealing at arm's length and are not to the detriment of the Company's minority shareholders. All reviews by the Audit Committee are reported to the Board of Directors of the Company for its further action. For further details on the Audit Committee, please refer to Section 10.4 of this Prospectus

18. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (Cont'd)**18.3 Declarations by the Advisers on Conflict of Interests**

- (i) RHB Sakura currently holds a right to approximately 5,692,000 ordinary shares of RM0.10 each in the Company to be transferred to RHB Sakura after the Listing, as payment of fees pursuant to credit facilities granted by RHB Sakura to Raja Mohd Azmi Bin Raja Razali, Executive Vice President and Chief Financial Officer of the Company who is not a Selling Shareholder.

Under the terms of the said credit facilities, the said shareholder has also granted RHB Sakura a call option to acquire up to approximately 5,692,000 Shares from him at a strike price of 10% above the IPO price, exercisable within a period of one month after the Listing.

RHB Sakura's interest in shares of the Company (assuming the call option is fully exercised):

- (a) is not a material interest as it amounts to only a total of 0.24% of the total Shares in issuance upon the Listing, and
 - (b) does not constitute a conflict of interest as none of the IPO proceeds will be used to repay the said credit facilities, and the strike price was not set at a discount to the IPO price.
- (ii) SIBB confirms that there is no existing or potential conflict of interest in their capacity as a Joint Managing Underwriter for the Retail Offering notwithstanding the following two circumstances:
- (a) SIBB's holding company, Southern Bank Berhad ("SBB") has extended a RM50 million term loan facility to the Company, as disclosed in Section 14.1.2 of this Prospectus; and
 - (b) that part of the proceeds arising from the Initial Public Offering will be utilised to repay the said term loan facility, as stated in Section 4.9 of this Prospectus.

As the said amount represents less than 1.0% of the total loans, advances and financing of SBB of RM14.119 billion (bank level) and RM20.562 billion (SBB Group level) based on the audited financial statements of SBB as at December 31, 2003 and is therefore not material, SIBB is of the view that the above circumstances do not give rise to a conflict of interest in their capacity as a Joint Managing Underwriter for the Retail Offering.

- (iii) ECM Libra Securities Sdn Bhd (*formerly known as BBMB Securities Sdn Bhd*) confirms that there is no conflict of interest in their capacity as a Joint Bookrunner for the Institutional Offering.
- (iv) Credit Suisse First Boston (Hong Kong) Limited does not consider itself as an "adviser" under the SC Guidelines in respect of this Prospectus and in any case, is not aware of any circumstance which would give rise to a conflict of interest situation in its role as a joint bookrunner for the Institutional Offering to the extent conducted outside Malaysia.
- (v) PwC has given the confirmation that there is no conflict of interest in their capacity as Independent Auditors and Reporting Accountants for the Initial Public Offering.
- (vi) Logan Sabapathy & Co confirms that there is no conflict of interest in their capacity as legal advisers to the Company (as to Malaysian Law).
- (vii) Allen & Overy confirms that there is no conflict of interest in their capacity as legal advisers to the Joint Bookrunners (as to United States Law).
- (viii) Clifford Chance Wong Pte Ltd has acted as advisers for Credit Suisse First Boston and other companies controlled by or associated with it in other transactions.

18. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (*Cont'd*)

- (ix) S-A-P confirms that there is no conflict of interest in their capacity as Independent Aviation Consultant.
- (x) Citigroup Global Markets Singapore Pte. Ltd. confirms that there is no conflict of interest in their capacity as International Financial Adviser to the Company.

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19. ADDITIONAL INFORMATION

19.1 Share Capital

- (i) Save for the Issue Shares, no shares will be allotted or issued on the basis of this Prospectus later than 12 months after the date of this Prospectus.
- (ii) There are no founder, management or deferred shares in the Company. There is only one class of shares in the Company, namely ordinary shares of RM0.10 each.
- (iii) Save as disclosed in Sections 4.15 and 11 of this Prospectus, no shares, stocks or debentures of the Company or its subsidiaries have been issued or are proposed to be issued as fully or partly paid-up in cash or otherwise, within the two years preceding October 12, 2004.
- (iv) Save as disclosed in Section 4.15 of this Prospectus, no person including Directors or employees of AirAsia has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of the Company or its subsidiaries nor has any options to subscribe for securities been granted or exercised by any Directors or employees during the last financial year.
- (v) Other than as disclosed in Sections 4.15, 10.2.1, 10.3.1 and 11.1 of this Prospectus, there is currently no scheme involving the employees in the capital of the Company or its subsidiaries.
- (vi) The Company did not have any outstanding convertible debt securities as at October 12, 2004.
- (vii) Save as disclosed in Section 10.1.2 of this Prospectus, there are no other persons who, directly or indirectly, jointly or severally, exercise control over the Company and its subsidiaries.

19.2 Extracts of Articles of Association

The following provisions relating to selective matters are reproduced from the Company's Articles of Association. Terms used are as defined in the said Articles of Association.

(i) Transfer of securities

Article 39

Subject to the Act, these Articles, the Central Depositories Act, the Rules and the Regulations, the transfer of any securities or class of listed securities of the Company shall be made by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to subsection 107C(2) of the Act, the Company shall be precluded from registering and effecting any transfer of securities.

Article 43

- (1) Where a Foreigner holds Deposited Securities in a Securities Account and such Deposited Securities raise the ownership of shares in the Company by Foreigners beyond the Prescribed Limit, such Foreigner, in respect of such Deposited Securities, shall only be entitled to such rights, benefits, powers and privileges as may be determined by the board of Directors from time to time pursuant to the Regulations and such determination shall for avoidance of doubt take precedence over all rights, benefits, powers and privileges that would otherwise accrue to the Foreigner whether pursuant to these Articles or otherwise.
- (2) The Company shall make public announcements at such intervals as the Company deems fit or as may be required by the relevant authorities of the percentage of the then issued ordinary share capital of the Company which in its opinion is owned by Foreigners and whenever such percentage reaches the Prescribed Limit, the Company may make a public announcement to that effect.

19. ADDITIONAL INFORMATION (Cont'd)**(ii) Remuneration of Directors**Article 107

Subject to these Articles, the remuneration of the Directors shall from time to time be determined by the Company in general meeting but:

- (1) Directors' fees payable to Directors not holding any executive office in the Company shall be a fixed sum and shall not be payable by a commission on or percentage of profits or turnover;
- (2) salaries payable to Directors holding executive office in the Company may not include a commission on or a percentage of turnover;
- (3) all remuneration payable to Directors shall be deemed to accrue from day to day;
- (4) fees payable to Directors shall not be increased except pursuant to a resolution passed by the Company in general meeting, where notice of the proposed increase has been given in the notice convening the meeting;
- (5) any fee paid to an alternate Director shall be agreed between him and his appointor and shall be deducted from his appointor's remuneration.

Article 109

The Directors may grant special remuneration to any Director who (on request by the Directors) is willing to:

- (1) render any special or extra services to the Company; or
- (2) to go or reside outside his country of domicile or residence in connection with the conduct of any of the Company's affairs.

Such special remuneration may be paid to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be paid in a lump sum or by way of salary, or by a percentage of profits, or by all or any of such methods but shall not include (where such special remuneration is paid by way of salary) a commission on or a percentage of turnover.

(iii) Voting and borrowing powers of DirectorsArticle 140

- (1) Subject to the Act, and provided that he has disclosed to the board of Directors the nature and extent of any material interest of his, a Director notwithstanding his office:
 - (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
 - (b) may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested;

19. ADDITIONAL INFORMATION (Cont'd)

- (c) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate (unless the Company by ordinary resolution determines otherwise) and no transaction or arrangement shall be liable to be avoided (whether or not such ordinary resolution is passed) on the ground of any such interest or benefit;
 - (d) may act by himself or his firm in a professional capacity for the Company, and he or his firm (as the case may be) shall be entitled to remuneration for professional service but nothing in these Articles shall authorize a Director or his firm to act as auditor of the Company.
- (2) For the purposes of this Article :
- (a) a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of person is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified; and
 - (b) an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

Article 141

Subject to these Articles, the Directors may regulate their proceedings as they think fit. A Director may, and the Secretary at the request of a Director shall, call a meeting of the Directors. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the Chairman of the meeting shall (subject to Article 144) have a second or casting vote.

Article 144

When two (2) Directors form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote in the question at issue shall not have a casting vote.

Article 122

Except as provided by Article 123, the Directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures and other securities, whether as primary or collateral security for any debt, liability or obligation of the Company or any other party.

Article 123

The Directors shall not borrow any money or mortgage or charge any of the Company's or its Subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

- (iv) **Changes in capital and variation of class of rights (these requirements are no less stringent than required by law)**

Article 15

Subject to the Act and these Articles, any unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Directors who may offer, issue, allot (with or without conferring a right of renunciation), grant options over, grant any right or rights to subscribe for such shares or any right or rights to convert any security

19. ADDITIONAL INFORMATION (Cont'd)

into such shares, or otherwise deal with or dispose of them to such persons at such times and on such terms and conditions as they may determine.

Article 16

Article 15 shall be subject to the following provisions:

- (1) the Company shall not offer, issue, allot, grant options over shares, grant any right or right to subscribe for shares or any right or rights to convert any security into shares or otherwise deal with or dispose of shares which will or may have the effect of transferring a controlling interest in or management control of the Company without the prior approval of the Members in general meeting;
- (2) no Director shall participate in an issue of shares to employees or otherwise unless the Members in general meeting have approved the specific allotment to such Director;
- (3) no shares shall be issued at a discount except in accordance with Section 59 of the Act;
- (4) the total nominal value of issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time; and
- (5) the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating them.

Article 17

Subject to the Act and without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine or as the Directors (subject to them being duly authorized to do so by an ordinary resolution of the Company) may determine provided that where the capital of the Company consists of shares of different monetary denominations, voting rights shall be determined in such a manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable.

Article 12

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may (subject to Sections 55 and 65 of the Act and whether or not the Company is being wound up) be varied or abrogated with:

- (1) the consent in writing of the holders of three-fourths (3/4) of the issued shares of that class; or
- (2) the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

To every such separate general meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, except that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third (1/3) of the issued shares of the class (but so that if at any adjourned meeting of such holders, a quorum is not present, the holders present, shall form a quorum), and any holder of shares of the class present in person or by proxy may demand a poll.

19. ADDITIONAL INFORMATION (Cont'd)**19.3 Directors and Substantial Shareholders**

- (i) The direct and indirect interests of the Directors and their respective shareholdings in the Company before and after the Initial Public Offering (assuming full subscription of the Issue Shares reserved for them under the Pink Form Tranche but before the exercise of the Options) are as follows:

Director	Before the Initial Public Offering				After the Initial Public Offering			
	<---Direct--->		<---Indirect--->		<---Direct--->		<---Indirect--->	
	No. of Shares over which interest subsists	%	No. of Shares over which interest subsists	%	No. of Shares over which interest subsists	%	No. of Shares over which interest subsists	%
Dato' Pahamin Bin Ab Rajab	10	~*	-	-	100,010	~*	-	-
Anthony Francis Fernandes	10	~*	1,131,673,080 ¹	64.6	100,010	~*	1,045,344,650 ¹	44.8
Kamarudin Bin Meranun	-	-	1,131,673,080 ¹	64.6	100,000	~*	1,045,344,650 ¹	44.8
Sami Ali A. Sindi	-	-	236,421,890 ²	13.5	100,000	~*	225,890,790 ²	9.7
Mumtaz Khan	-	-	-	-	100,000	~*	-	-
John Francis Tierney	-	-	-	-	100,000	~*	-	-
Conor Mc Carthy	-	-	-	-	100,000	~*	-	-
Tan Sri Dato' (Dr) R.V. Navaratnam	-	-	-	-	100,000	~*	-	-
Datuk Leong Sonny @ Leong Khce Seong	-	-	-	-	100,000	-	-	-
Fam Lee Ec	-	-	-	-	100,000	~*	-	-
Abdel Aziz @ Abdul Aziz Bin Abu Bakar	-	-	-	-	100,000	-	-	-
Richard Todd Scanlon	-	-	-	-	100,000	~*	-	-
Adeeb Ahmed	-	-	-	-	100,000	~*	-	-
Brian Douglas Courtney	-	-	-	-	100,000	~*	-	-

Notes:

* Negligible.

¹ Deemed interested by virtue of Section 6A of the Act, through his shareholding of more than 15% in Tune Air.

19. ADDITIONAL INFORMATION (Cont'd)

- 2 *Deemed interested by virtue of Section 6A of the Act, as Sami Ali A. Sindi wholly owns Crescent Control Company Ltd, which in turn has 100% of the voting rights in CAAL and Sami Ali A. Sindi wholly owns Crescent Venture Partners, Ltd, which in turn has 100% of the voting rights in CAAL II. CAAL II holds an interest of 78,807,300 Shares in the Company.*

- (ii) The direct and indirect interests of the substantial shareholders in the Company before and after the Initial Public Offering (assuming full subscription of the Issue Shares reserved for them under the Pink Form Tranche but before the exercise of the Options) are as follows:

Substantial Shareholder	Before the Initial Public Offering No. of Shares over which interest subsists				After the Initial Public Offering No. of Shares over which interest subsists			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Tune Air	1,131,673,080	64.6	-	-	1,045,344,650	44.8	-	-
Anthony Francis Fernandes	10	-*	1,131,673,080 ¹	64.6	100,010	-*	1,045,344,650 ¹	44.8
Kamarudin Bin Meranun	-	-	1,131,673,080 ¹	64.6	100,000	-*	1,045,344,650 ¹	44.8
Raja Mohd Azmi Bin Raja Razali	113,832,770	6.5	-	-	113,892,770	4.9	-	-
IDBIF	122,589,130	7.0	-	-	110,887,910	4.7	-	-
IDB Infrastructure Fund L.P.	-	-	122,589,130 ²	7.0	-	-	110,887,910 ²	4.7
CAAL	157,614,590	9.0	-	-	147,083,490	6.3	-	-
Crescent Control Company Ltd	-	-	157,614,590 ³	9.0	-	-	147,083,490 ³	6.3
Sami Ali A. Sindi	-	-	236,421,890 ⁴	13.5	100,000	-*	225,890,790 ⁴	9.7
DCL	96,320,030	5.5	-	-	88,129,180	3.8	-	-
Maples Finance Limited	-	-	96,320,030 ⁵	5.5	-	-	88,129,180 ⁵	3.8
Calamp (No. 2) Limited	-	-	96,320,030 ⁶	5.5	-	-	88,129,180 ⁶	3.8
Maples & Calder	-	-	96,320,030 ⁷	5.5	-	-	88,129,180 ⁷	3.8

Notes:

* Negligible.

19. ADDITIONAL INFORMATION (Cont'd)

- 1 *Deemed interested by virtue of Section 6A of the Act, through a shareholding of more than 15% in Tune Air.*
 - 2 *Deemed interested by virtue of Section 6A of the Act, as IDB Infrastructure Fund L.P. wholly owns IDBIF.*
 - 3 *Deemed interested by virtue of Section 6A of the Act, as Crescent Control Company Ltd has 100% of the voting rights in CAAL.*
 - 4 *Deemed interested by virtue of Section 6A of the Act, as Sami Ali A. Sindi wholly owns Crescent Control Company Ltd, which in turn has 100% of the voting rights in CAAL. and Sami Ali A. Sindi wholly owns Crescent Venture Partners, Ltd, which in turn has 100% of the voting rights in CAAL II. CAAL II holds an interest of 78,807,300 Shares in the Company.*
 - 5 *Deemed interested by virtue of Section 6A of the Act, as Maples Finance Limited wholly owns DCL. Maples Finance Limited is the trustee of an express charitable trust holding 100% of DCL.*
 - 6 *Deemed interested by virtue of Section 6A of the Act, as Calamp (No. 2) Limited wholly owns Maples Finance Limited, which in turn wholly owns DCL. However, Calamp (No. 2) Limited does not have any economic or beneficial interest over such Shares as such interest is held subject to the terms of the declaration of trust for charitable purposes as referred to in note 5 above.*
 - 7 *Deemed interested by virtue of Section 6A of the Act, as Maples & Calder (a law firm in the Cayman Islands) wholly owns Calamp (No. 2) Limited, which in turn wholly owns Maples Finance Limited. However, Maples & Calder does not have any economic or beneficial interest over the Shares as such interest is held subject to the terms of the declaration of trust for charitable purposes as referred to in note 5 above.*
- (iii) None of the Directors or substantial shareholders of the Company have any interest in any contract or arrangement which is significant in relation to the business of the Company as a company or the group taken as a whole subsisting as at October 12, 2004.

19.4 General

- (i) No amount has been paid or benefit given or intended to be paid or given to any Promoter, Director or substantial shareholder within the two years preceding October 12, 2004 for the IPO, save as disclosed in Section 10.2.3 of this Prospectus, or for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any securities in AirAsia and in connection with the issue or sale of any capital of AirAsia; and no Promoter, Director or substantial shareholder is or are entitled to receive any such payment or any other benefits.
- (ii) The nature of the Company's business is set out in Section 7 of this Prospectus.
- (iii) The manner in which copies of this Prospectus together with the Application Forms and envelopes may be obtained is set out in Section 23 of this Prospectus.
- (iv) The last date and time of the opening of the Application List for the Shares is set out in Section 4.1 of this Prospectus.
- (v) The amount payable in full upon application is RM1.40 per Share.
- (vi) Particulars relating to the outstanding borrowings and contingent liabilities of AirAsia are disclosed in Sections 14 and 13.10 of this Prospectus.
- (vii) The name and address of the Auditors and Reporting Accountants of the Company are set out in the "Corporate Directory" section of this Prospectus.

19. ADDITIONAL INFORMATION (Cont'd)

19.5 Expenses and Commissions

The expenses of this Initial Public Offering are estimated to be RM35.5 million, of which RM22.5 million are estimated commissions and other fees payable to the Joint Managing Underwriters, Retail Underwriters, Joint Bookrunners and other underwriters for the Institutional Offering, RM0.6 million are estimated fees payable to authorities and MIH, RM10 million are estimated professional fees and the remaining RM2.4 million are other fees and expenses such as printing, advertising and traveling expenses incurred in connection with the Initial Public Offering.

The Company shall be responsible and shall pay for all expenses of this IPO and for the selling and underwriting commissions, brokerage, registration fees and other expenses and fees incidental to the issue and sale of the Issue Shares. The Selling Shareholder shall be responsible for and shall pay the selling and underwriting commissions, brokerage, stamp duty and share transfer fees payable in relation to the offer and sale of the Offer Shares. Please refer to Section 4.10 of this Prospectus.

19.6 Public Take-Overs

During the last financial year and current financial year up to the date of this Prospectus:

- (i) there were no public take-over offers by third parties in respect of the Shares; and
- (ii) there were no public take-over offers by the Company in respect of other company's ordinary shares.

19.7 Material Litigation

Neither the Company nor its subsidiaries is engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiaries and the Directors of the Company have no knowledge of any proceedings pending or threatened against the Company or its subsidiaries or of any facts likely to give rise to any proceedings which may materially and adversely affect the position and business of the Company or its subsidiaries.

19.8 Material Contracts

Except for the Retail Underwriting Agreement referred to in Section 16 of this Prospectus and save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company and its subsidiaries within the two years preceding the date of this Prospectus:

1. Share Subscription Agreement dated April 30, 2003 for the subscription of 5,323,612 ordinary shares at US\$8,076,923.08, 4,791,251 ordinary shares at US\$7,269,230.77 and 3,726,529 ordinary shares at US\$5,653,846.15 by IDB Infrastructure Fund L.P., CAAL and DCL respectively in the Company.
2. Shareholders Agreement dated April 30, 2003 between Tune Air, IDB Infrastructure Fund L.P., CAAL, DCL and the Company to regulate certain rights and entitlements amongst the substantial shareholders of the Company.
3. Novation Agreement dated July 17, 2003 between IDB Infrastructure Fund L.P., CAAL, DCL, IDBIF and the Company in relation to the novation of the Share Subscription Agreement dated April 30, 2003 from IDB Infrastructure Fund L.P. to IDBIF.

19. ADDITIONAL INFORMATION (Cont'd)

4. Novation Agreement dated July 17, 2003 between Tune Air, IDB Infrastructure Fund, LP, CAAL, DCL, IDBIF and the Company in relation to the novation of the Shareholders Agreement dated April 30, 2003 from IDB Infrastructure Fund L.P. to IDBIF.
5. Loan agreement dated September 24, 2003 between AAIL and the Company for the amount of USD 5.26 million (RM20.0 million) to finance AAIL's investment of up to 49% equity in Thai AirAsia. The loan is repayable on demand.
6. Shareholders Agreement dated November 11, 2003 between AAIL, Shin Corporation, Thai AirAsia and the Company to regulate the relationship of the parties and in the conduct of the business and affairs of Thai AirAsia. The Company undertakes to cause and ensure the performance by AAIL of all its obligations and shall be fully and solely responsible for any non-performance. The business of Thai AirAsia shall be to offer "no frills" passenger air transport services and ancillary services with operations based in Thailand and shall be modeled on the Company's business model exclusively.
7. Sale and Purchase Agreement dated August 30, 2004, between SkyCastle International Limited and AAIL for the sale and transfer of 75,008 ordinary shares of IDR1,000,000 each representing 46.88% in PT AWAir for a purchase consideration of USD1.00 to AAIL on a "willing buyer-willing seller" basis.
8. Sale and Purchase Agreement dated August 30, 2004, between Unn Harris and AAIL for the sale and transfer of 3,392 ordinary shares of IDR1,000,000 each representing 2.12% in PT AWAir for a purchase consideration of USD1.00 to AAIL on a "willing buyer-willing seller" basis.
9. Shareholders Agreement dated February 1, 2004, between Crunchtime and Thai AirAsia to establish Thai Crunch Time and to regulate the relationship of the parties as shareholders of Thai Crunch Time.

19. ADDITIONAL INFORMATION (Cont'd)

19.9 Material Agreements

Save as disclosed below, there are no material agreements (including but not limited to shareholders' agreements, agreements underlying the basis of the Company or AirAsia's business, supplier agreements, customer agreements, insurance policies and Directors' service agreements), which have been entered into by the Company and its subsidiaries:

(A) Banking Facilities

- | | | | |
|-------|----------------------------|---|---|
| (i) | Lender | : | Bumiputra-Commerce Bank Berhad
(Co. No. 13491-P) |
| | Date of Facility Agreement | : | July 17, 2003 |
| | Borrower | : | AirAsia Berhad |
| | Type & Amount Facility | : | Standby Letter of Credit facility of up to an aggregate principal limit of RM16,000,000.00 ("SBLC") |
| | Purpose | : | As security deposits to guarantee payment for four (4) Boeing 737-300s |
| (ii) | Lender | : | Bumiputra-Commerce Bank Berhad
(Co. No. 13491-P) |
| | Date of Facility Agreement | : | October 30, 2002 |
| | Borrower | : | AirAsia Berhad |
| | Type & Amount Facility | : | Standby Letter of Credit facility of up to an aggregate principal limit of RM10,000,000.00 |
| | Purpose | : | As security deposits to guarantee payment of leasing/purchase of spare-parts, maintenance, fuel contract and any other operational requirement acceptable to the lender |
| (iii) | Lender | : | Southern Bank Berhad (Co. No. 5303-W) |
| | Date of Facility Agreement | : | January 27, 2004 |
| | Borrower | : | AirAsia Berhad |
| | Type & Amount Facility | : | Term loan for a maximum aggregate principal sum of RM50,000,000 or such amount equivalent to 80% of the total market value of 2 aircraft to be acquired from AFS Investments XLIII LLC, USA |
| | Purpose | : | To finance the acquisition and refurbishment costs of the 2 aircraft to be acquired from AFS Investments XLIII LLC, USA |

19. ADDITIONAL INFORMATION (Cont'd)

- | | | | |
|------|----------------------------|------|--|
| (iv) | Lender | : | Public Bank Berhad (Co. No. 6483-H) |
| | Date of Facility Agreement | : | February 28, 2004 |
| | Borrower | : | AirAsia Berhad |
| | Type & Amount Facility | : | Revolving credit facility for up to RM50.0 million: |
| | | (I) | Tranche I - up to RM25,000,000.00 or 80% of the market value of an aircraft to be acquired, whichever is lower |
| | | (II) | Tranche II - up to RM25,000,000.00 or 80% of the market value of an aircraft to be acquired, whichever is lower |
| | Purpose | : | To finance the acquisition and refurbishment costs of the 2 Boeing 737 aircraft |
| (v) | Lender | : | DBS Bank Limited, Labuan Branch (Co. No. LF 00330) |
| | Borrower | : | AirAsia Berhad |
| | Date of Facility Agreement | : | March 26, 2004 |
| | Type & Amount Facility | : | Standby letter of credit facility for a maximum aggregate principal sum of USD equivalent of RM50,000,000 only or such amount equivalent to 80% of the total market value of two aircraft to be acquired from AFS Investments XLIII LLC, USA |
| | Purpose | : | To finance the acquisition and refurbishment costs of the two aircraft to be acquired from AFS Investments XLIII LLC, USA (as security for a loan to be made available by PBB) |

(B) Business Agreements**Airport and Airport Related Contracts**

1. Cooperation Agreement dated November 18, 2003 between Senai Airport Terminal Services Sdn Bhd ("SATS") and the Company for the development of the Sultan Ismail Airport, Senai. This agreement is conditional upon execution of Concession Agreement between SATS and the Government or SATS procuring an operating license for the airport, whichever is the earlier. This agreement is effective for five years from the unconditional date with an option to renew the same on mutually agreeable terms.

19. ADDITIONAL INFORMATION (Cont'd)

Engineering and Engineering Related Contracts

1. Maintenance Agreement dated January 1, 2002 between Honeywell Aerospace Services and the Company for the repair, maintenance, overhaul, modification and functional testing of Honeywell manufactured equipment in Malaysia. The agreement is effective for a period of five years.
2. Agreement dated June 3, 2002 between Michelin Aircraft Tire Asia Ltd and the Company for the provision of new and retreaded aircraft tyres. This agreement is for a period of three years and the Company with an option for renewal.
3. Agreement dated July 3, 2002 between GE Engine Services Malaysia Sdn Bhd and the Company for the provision of engine services. This agreement expires in July 2007.
4. Component Services Agreement dated November 25, 2002 between Air Rotables Limited and the Company for the provision of repair and return services in respect of certain B737-300 aircraft components. The agreement is for the term of seven years commencing December 1, 2002 with an option to renew.
5. Agreement dated November 27, 2002 between Volvo Aero Leasing LLC and the Company for the lease of aircraft parts. The agreement is for the term of five years.
6. CFM56-3 Engines Maintenance by The Hour (MBH) Agreement dated July 2, 2003 between ST Aero and the Company for the provision of engine services. The agreement is for the term of 120 months, extendable by mutual agreement.
7. Material By The Hour Agreement dated March 4, 2004 between G.E. Engine Services Inc. and the Company for the service, repair, maintenance and functional testing of CFM56-3B2 engine modules and parts. The agreement is valid until the expiry of the initial term of the relevant aircraft lease.
8. CFM56-3 Engines Maintenance By The Hour (MBH) Agreement dated June 28, 2004 between ST Aero and the Company for the provision of engine services. The term of the Agreement is variable between 30 and 180 months.

IT and IT Related Contracts

1. Agreement dated June 30, 2003 between Navitaire Inc and the Company for the provision of hosting services for revenue management and reservation services. The agreement is for a term of 10 years effective June 1, 2003.
2. Agreement dated August 20, 2003 between asprecise Pte Ltd and the Company with respect of the development and establishment of an internet-based enterprise-wide system which provides interactive aviation engineering related services.

Training Contracts

1. Agreement dated February 16, 2004 between CAE Labuan Inc. and the Company for the lease of a B737-400 full flight simulator with an Image IV-500 "Award" visual system. The agreement is for a term of 10 years.

19. ADDITIONAL INFORMATION (Cont'd)

Miscellaneous Contracts

1. Government insurance indemnity agreement dated July 1, 2004 between the Government and the Company for the Government to indemnify the Company and other relevant parties in relation to legal liability to third parties arising out of amongst others risks or events of war, invasion, acts of foreign enemies, hostilities, civil war, strikes, riots, civil commotion, acts for political or terrorist purposes, sabotage, hijacking or any unlawful seizure or wrongful exercise of control of aircraft, within the territorial limits (including airspace) of Malaysia. The indemnity is valid for one year.
2. Policy of Insurance No. BGCAHL0007380400 dated May 4, 2004 issued by AMI Insurans Berhad for the period between April 1, 2004 and March 31, 2005 in respect of loss of or damage to aircraft hull, spares and equipment as well as general airline liability insurance in respect of damages arising from bodily injury and/or property damage.
3. Cargo cooperation contract dated June 3, 2004 between Cargo Counts and the Company for the appointment of Cargo Counts to sell and market the Company's freight capacities, which are not used as baggage space. This agreement will expire in three years from the finalization of the integration phase.

Aircraft Purchases and Leases

1. Aircraft Purchase Agreement dated June 20, 2003 between the Company and AFS Investments XLIII LLC in relation to the purchase of B737-300 aircraft bearing manufacturer's serial number MSN 23236-AAK with full title guarantee.
2. Aircraft Purchase Agreement dated June 20, 2003 between the Company and AFS Investments XLIII LLC in relation to the purchase of B737-300 aircraft bearing manufacturer's serial number MSN 23235-AAL with full title guarantee.
3. Aircraft Purchase Agreement dated June 20, 2003 between the Company and AFS Investments XLIII LLC in relation to the purchase of B737-300 aircraft bearing manufacturer's serial number MSN 23233-AAM with full title guarantee.
4. Aircraft Purchase Agreement dated June 20, 2003 between the Company and AFS Investments XLIII LLC in relation to the purchase of B737-300 aircraft bearing manufacturer's serial number MSN 23234-AAN with full title guarantee.

19. ADDITIONAL INFORMATION (Cont'd)

Aircraft Purchases and Leases (Cont'd)

5. Aircraft Purchase Agreement dated February 13, 2004 between the Company and US Bank National Association (as trustee) in relation to the purchase of B737-300 aircraft bearing manufacturer's serial number MSN 23552-AAV with full title guarantee
6. Aircraft Purchase Agreement dated February 13, 2004 between the Company and US Bank National Association (as trustee) in relation to the purchase of B737-300 aircraft bearing manufacturer's serial number MSN 23554-AAW with full title guarantee.
7. Aircraft Lease Agreement dated October 31, 1996 between the Company and Airplanes Holdings Ltd (since novated to Airplanes International Leasing (L) Limited) for the lease of a B737-300 aircraft bearing manufacturer's serial number MSN 24907-AAA. The term of the lease expires on November 9, 2004.
8. Amended and Restated Aircraft Lease Agreement dated April 28, 2002 entered into between the Company and ILFC Labuan Ltd for the lease of a B737-300 aircraft bearing manufacturer's serial number MSN 28200-AAC. The term of the lease is seven years.
9. Aircraft Lease Extension and Amendment Agreement dated June 6, 2003 entered into between the Company and Airplanes International Leasing (L) Ltd to extend the term of lease in respect of a B737-300 aircraft bearing manufacturer's serial number MSN 24905-AAD. The term of the lease expires on June 3, 2014.
10. Aircraft Lease Agreement dated May 24, 2002 entered into between the Company and SALE (Labuan) Pte Ltd for the lease of a B737-300 aircraft, bearing manufacturer's serial number MSN 24570-AAE. The term of the lease is five years.
11. Aircraft Sub-Lease Agreement dated November 20, 2002 entered into between the Company and Ansett Worldwide Aviation (Labuan) Inc for the lease of a B737-300 aircraft, bearing manufacturer's serial number MSN 24096-AAF. The term of the lease is five years.
12. Aircraft Lease Agreement dated February 6, 2003 between the Company and Tombo Aviation (L) Inc for the lease of a B737-300 aircraft, bearing manufacturer's serial number MSN 27061-AAG. The term of the lease is 84 months.
13. Aircraft Lease Agreement dated June 16, 2003 between the Company and BBAM Aircraft Holdings 98 (Labuan) Ltd for the lease of a B737-300 aircraft, bearing manufacturer's serial number MSN 23808-AAH. The term of the lease is seven years.

19. ADDITIONAL INFORMATION (Cont'd)

Aircraft Purchases and Leases (Cont'd)

14. Aircraft Specific Lease Agreement dated June 5, 2003 between the Company and GE Capital International Leasing (L) Ltd for the lease of a B737-300 aircraft, bearing manufacturer's serial number MSN 23511-AAJ. The lease is for 96 months.
15. Aircraft Specific Lease Agreement dated June 5, 2003 between the Company and GE Capital International Leasing (L) Ltd for the lease of a B737-300 aircraft, bearing manufacturer's serial number MSN 23365-AAO. The term of the lease is 96 months.
16. Aircraft Specific Lease Agreement dated June 5, 2003 between the Company and GE Capital International Leasing (L) Ltd for the lease of a B737-300 aircraft, bearing manufacturer's serial number MSN 23367-AAP. The term of the lease is 96 months.
17. Aircraft Specific Lease Agreement dated June 5, 2003 between the Company and GE Capital International Leasing (L) Ltd for the lease of a B737-300 aircraft, bearing manufacturer's serial number MSN 23368-AAQ. The term of the lease is 96 months.
18. Aircraft Specific Lease Agreement dated June 5, 2003 between the Company and GE Capital International Leasing (L) Ltd for the lease of a B737-300 aircraft, bearing manufacturer's serial number MSN 23358-AAR. The term of the lease is 96 months.
19. Aircraft Specific Lease Agreement dated June 5, 2003 between the Company and GE Capital International Leasing (L) Ltd for the lease of a B737-300 aircraft, bearing manufacturer's serial number MSN 23357-AAS. The term of the lease is 96 months.
20. Aircraft Specific Lease Agreement dated June 5, 2003 between the Company and GE Capital International Leasing (L) Ltd for the lease of a B737-300 aircraft, bearing manufacturer's serial number MSN 23510-AAI. The term of the lease is 96 months.
21. Aircraft Specific Lease Agreement dated January 20, 2004 between the Company and ACG Acquisition Labuan Ltd for the lease of a B737-3M8 aircraft, bearing manufacturer's serial number MSN 25071-AAT. The term of the lease is 61 months.
22. Aircraft Specific Lease Agreement dated October 21, 2003 between the Company and GE Capital International Leasing (L) Ltd for the lease of a B737-300 aircraft, bearing manufacturer's serial number MSN 23257-AAU. The term of the lease is 96 months.

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19. ADDITIONAL INFORMATION (Cont'd)

Aircraft Purchases and Leases (Cont'd)

23. Aircraft Lease Agreement dated August 3, 2004 between the Company and Labuan (Cranfield) Aircraft Leasing Limited for the lease of a B737-300 aircraft, bearing manufacturer's serial number MSN 24547-AAX. The term of the lease expires on March 31, 2009, with an option to renew.
24. Aircraft Lease Agreement dated August 13, 2004 between the Company and Diamond Airfinance (Labuan) Limited for the lease of a B737-300 aircraft bearing manufacturer's serial number MSN 24678-AAY. The term of the lease expires on March 31, 2009, with an option to renew.

Fuel Agreements

1. Supply of Aviation Fuel Agreement dated December 31, 2003 between the Company and Petronas for the uptake of jet fuel at Kuala Lumpur International Airport, Sultan Abdul Aziz Shah Airport, Penang International Airport, Johor Bahru International Airport, Pulau Langkawi International Airport, Kota Kinabalu International Airport, Kuching International Airport, Miri Airport, Sandakan Airport, Sibul Airport and Bintulu Airport. The commencement date of the agreement is January 1, 2004 and it continues until termination in accordance with the terms of the agreement.
2. Fuel hedging contracts dated May 25, 2004 and July 22, 2004 (two contracts) between the Company and J. Aron & Company (Singapore) Pte.

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19. ADDITIONAL INFORMATION *(Cont'd)*

19.10 Consents

- (i) The written consents of the Financial Adviser, Joint Bookrunners, Joint Managing Underwriters for the Retail Offering, Underwriter for the Institutional Offering, Retail Underwriters, Co-Managers for the Institutional Offering, Principal Bankers, MIH, Solicitors, Company Secretary and Registrar to the inclusion in this Prospectus of their names in the manner and form in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (ii) The written consent of the Auditors and Reporting Accountants to the inclusion of its name, Accountants' Report and letters relating to the consolidated profit forecast and proforma consolidated balance sheets in the manner, form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.
- (iii) The written consent of S-A-P to the inclusion of its name and its report in the manner and form in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

19.11 Responsibility Statements

RHB Sakura (being the Financial Adviser for the Initial Public Offering, a Joint Managing Underwriter for the Retail Offering and a Joint Bookrunner for the Institutional Offering), SIBB (being a Joint Managing Underwriter for the Retail Offering), and ECM Libra Securities Sdn Bhd (being a Joint Bookrunner for the Institutional Offering) acknowledge that, based on all available information and to the best of their knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the IPO and are satisfied that the consolidated profit forecast of the Company for the financial year ending June 30, 2005 (for which the Directors of the Company are solely responsible) prepared for inclusion in this Prospectus have been stated by the Directors of the Company after due and careful enquiry and have been duly reviewed by the Reporting Accountants.

This Prospectus has been seen and approved by the Directors and Promoters of the Company and the Selling Shareholders and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

19.12 Documents Available for Inspection

Copies of the following documents may be inspected at the Registered Office of the Company during normal working hours for a period of 12 months from the date of this Prospectus:

- (i) Memoranda and Articles of Association of the Company and of its subsidiaries;
- (ii) Reporting Accountants' Report dated October 12, 2004 reproduced under Section 20 in this Prospectus;
- (iii) the Directors' Report dated October 12, 2004 reproduced under Section 22 in this Prospectus;
- (iv) the Reporting Accountants' letters relating to the consolidated profit forecast for the financial year ending June 30, 2005 and the proforma consolidated balance sheets as at June 30, 2004 as reproduced under Sections 15.6 and 21 of this Prospectus, respectively;
- (v) the letters of consent as set forth in Section 19.10 of this Prospectus;

19. ADDITIONAL INFORMATION (Cont'd)

- (vi) the audited consolidated financial statements of the Company for the two financial years ended March 31, 2001, 15-month financial period ended June 30, 2002 and two financial years ended June 30, 2004;
- (vii) the audited financial statement of Crunchtime for the financial period from October 16, 2002 (date of incorporation) to June 30, 2003 and financial year ended June 30, 2004;
- (viii) the licenses held by AirAsia disclosed in Section 9.3 of this Prospectus;
- (ix) the material contracts and material agreements referred to in Sections 19.8 and 19.9 of this Prospectus;
- (x) the related party agreements referred to in Section 18 of this Prospectus; and
- (xi) The expert aviation report prepared by S-A-P dated July 23, 2004.