



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

ANNOUNCEMENT

The Board of Directors of AirAsia Berhad (“AirAsia” or “the Company”) is pleased to announce the following unaudited consolidated results of AirAsia and its subsidiaries (collectively known as “the Group”) for the fourth quarter ended 31 December 2011.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Period ended	Period ended
		31/12/2011 RM'000	31/12/2010 RM'000	31/12/2011 RM'000	31/12/2010 RM'000
Revenue	10	1,272,722	1,164,358	4,473,818	3,948,095
Operating expenses:					
- Staff costs		(126,957)	(94,193)	(482,157)	(360,785)
- Depreciation of property, plant and equipment		(142,231)	(145,603)	(570,045)	(519,984)
- Aircraft fuel expenses		(475,075)	(292,444)	(1,714,512)	(1,210,108)
- Maintenance and overhaul		(27,755)	(42,418)	(86,698)	(92,646)
- User charges and other related expenses		(86,590)	(110,245)	(365,545)	(383,431)
- Aircraft operating lease expenses		(29,549)	(12,481)	(80,655)	(65,692)
- Travel and tour operating expenses		-	(20,873)	(36,555)	(69,634)
- Other operating expenses		(84,325)	(99,109)	(186,599)	(192,381)
Other (losses)/gains - net	11	24,041	72,191	(55,503)	(22,416)
Other income		166,500	13,424	303,147	35,943
Operating Profit		490,781	432,607	1,198,696	1,066,961
Finance Income	26	15,253	13,899	59,982	66,698
Finance Costs	26	(95,768)	(99,685)	(377,894)	(384,340)
Core Net Income		410,266	346,821	880,784	749,319
Foreign Exchange gains/(losses)	26	(137,386)	44,296	(189,866)	622,149
Fair value gains/(losses) on derivative financial instruments	26	66,783	(2,997)	97,016	(272,612)
Share of results of a jointly controlled entity	22	1,848	-	11,980	-
Share of results of associates	22	(3,652)	-	(5,652)	-
Profit before tax		337,859	388,120	794,262	1,098,856
Current Taxation	28	(4,080)	7,215	(18,533)	(5,431)
Deferred taxation	28	(198,117)	(84,253)	(211,582)	(32,014)
Profit after tax		135,662	311,082	564,147	1,061,411
Attributable to:					
-Equity holders of the company		135,662	311,082	564,147	1,061,411
-Minority interests		-	-	-	-
		135,662	311,082	564,147	1,061,411
Basic earnings per share (sen)		4.9	11.3	20.3	38.4
Diluted earnings per share (sen)		4.9	11.2	20.3	38.3

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



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE	
	Quarter ended	Quarter ended	Year ended	Year ended
	31/12/2011 RM'000	30/12/2010 RM'000	31/12/2011 RM'000	30/12/2010 RM'000
Profit/(Loss) for the period	135,662	311,082	564,147	1,061,411
Other comprehensive income / (loss)				
Available-for-sale financial assets	-	-	-	4,279
Cash flow hedges	12 (74,648)	(16,720)	(88,054)	(5,639)
Foreign currency translation differences	111	(107)	111	(107)
Total comprehensive income/(loss) for the period	61,125	294,255	476,204	1,059,944
Total comprehensive income/(loss) attributable to:				
Equity holders of the company	61,125	294,255	476,204	1,059,944
Minority Interest	-	-	-	-



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FOURTH QUARTER REPORT ENDED 31 December 2011

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	PERIOD ENDED	PERIOD ENDED
	31/12/2011	31/12/2010
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	794,262	1,098,856
Adjustments:		
Property, plant and equipment		
- Depreciation	570,045	519,984
- Impairment	17,847	6,996
- Gain on disposal	(198,923)	(1,311)
- Write off of Goodwill	1,404	-
Amortisation of long term prepayments	19,593	24,741
Amortisation of other investments	25	12
Unwinding of discount on intercompany receivables	(16,560)	(9,647)
Fair value (gains)/losses on derivative financial instruments	(41,513)	295,028
Net unrealised foreign exchange (gain)/loss	150,933	(586,755)
Interest expense	377,605	374,364
Interest income	(43,422)	(66,699)
	1,631,296	1,655,569
Changes in working capital		
Inventories	(2,177)	3,311
Receivables and prepayments	(231,188)	(162,883)
Trade and other payables	65,600	63,453
Intercompany balances	165,064	393,568
Cash generated from / (used in) operations	1,628,595	1,953,018
Interest paid	(309,796)	(379,099)
Interest received	43,422	57,052
Tax paid	(18,382)	(11,808)
Net cash from / (used in) operating activities	1,343,839	1,619,163
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Additions	(1,029,933)	(1,902,833)
- Proceeds from disposal	806,589	-
Purchase of AFS Financial Asset	-	(16,000)
Deposit on aircraft purchase	(106,662)	50,808
Long term prepayments	-	-
Investment in an associate	(39,050)	-
Investment in a jointly controlled entity	(123,654)	-
Net cash used in investing activities	(492,710)	(1,868,025)
CASH FLOWS FROM FINANCING FACILITIES		
Proceeds from allotment of shares	5,021	16,948
Hire purchase instalments paid	(15)	(57)
Proceeds from borrowings	488,556	1,562,856
Dividend paid	(76,965)	-
Repayment of borrowings	(752,222)	(572,580)
Deposits pledged as securities	16,395	(942)
Net cash from financing activities	(319,230)	1,006,225
NET INCREASE/(DECREASE) FOR THE FINANCIAL PERIOD	531,899	757,363
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	1,475,828	718,465
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*	2,007,727	1,475,828

* The balance at end of financial period excludes fixed deposits of RM12.394 million (31/12/10: RM28.789 million) pledged with licensed bank as securities for banking facilities granted to the Company

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



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		AS AT	AS AT
	Note	31/12/2011 RM'000	31/12/2010 RM'000
NON CURRENT ASSETS			
Property, plant and equipment	14	8,586,451	9,318,041
Investment in associates	22	39,079	29
Investment in a jointly controlled entity	22	123,654	-
AFS Financial Assets		152,942	152,942
Other investment		-	25
Goodwill		7,334	8,738
Deferred tax assets		507,610	719,260
Receivables and prepayments		23,593	23,593
Amounts due from an associate		508,464	117,964
Derivative Financial Instruments	33	44,023	25,544
		9,993,150	10,366,136
CURRENT ASSETS			
Inventories		19,730	17,553
Receivables and prepayments		1,076,752	841,122
Deposit on aircraft purchase		367,768	248,684
Amounts due from a jointly controlled entity		-	99,802
Amount due from associates		285,163	162,386
Deposits, bank and cash balances		2,020,121	1,504,617
Derivative Financial Instruments	33	7,659	-
		3,777,193	2,874,164
CURRENT LIABILITIES			
Trade and other payables		997,768	912,943
Sales in advance		389,833	328,549
Amount due to associate		4,444	5,223
Amount due to a related party		8,237	41,262
Amount due to a JV entity		16,363	-
Hire-purchase payables		-	15
Borrowings	32	615,164	553,967
Current tax liabilities		1,784	1,632
		2,033,593	1,843,591
NET CURRENT ASSETS			
		1,743,600	1,030,573
NON CURRENT LIABILITIES			
Borrowings	32	7,165,986	7,302,884
Derivative Financial Instruments	33	525,544	452,865
		7,691,530	7,755,749
		4,045,220	3,640,960
CAPITAL AND RESERVES			
Share capital	7	277,809	277,344
Share Premium		1,226,150	1,221,594
Foreign exchange reserve		596	485
Retained earnings		2,589,753	2,102,571
Other Reserves		(49,088)	38,966
Shareholders' funds		4,045,220	3,640,960
Net assets per share attributable to ordinary equity holders of the Company (RM)		1.46	1.31

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



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Company								Minority Interest RM'000	TOTAL EQUITY RM'000
	Issued and fully paid ordinary shares of RM0.10 each		Share Premium RM'000	Foreign Exchange Reserves RM'000	Cash Flow Hedge Reserves RM'000	AFS Reserves RM'000	Retained Earnings RM'000	Total RM'000		
	Number of shares '000	Nominal Value RM'000								
At 1 January 2011	2,773,437	277,344	1,221,594	485	(71,309)	110,275	2,102,571	3,640,960	-	3,640,960
Net Profit for the period	-	-	-	-	-	-	564,147	564,147	-	564,147
Dividends paid							(76,965)	(76,965)	-	(76,965)
Other comprehensive income	-	-	-	111	(88,054)	-	-	(87,943)	-	(87,943)
Issuance of ordinary shares - Pursuant to the Employees' Share Option Scheme ('ESOS')	4,650	465	4,556	-	-	-	-	5,021	-	5,021
At 31 December 2011	2,778,087	277,809	1,226,150	596	(159,363)	110,275	2,589,753	4,045,220	-	4,045,220
At 1 January 2010 (As restated)	2,757,745	275,774	1,206,216	592	(65,670)	105,996	1,041,160	2,564,068	-	2,564,068
Net Profit for the period	-	-	-	-	-	-	1,061,411	1,061,411	-	1,061,411
Other comprehensive income				(107)	(5,639)	4,279	-	(1,467)	-	(1,467)
Issuance of ordinary shares - Pursuant to the Employees' Share Option Scheme ('ESOS')	15,692	1,570	15,378	-	-	-	-	16,948	-	16,948
At 31 December 2010	2,773,437	277,344	1,221,594	485	(71,309)	110,275	2,102,571	3,640,960	-	3,640,960

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



AIRASIA BERHAD
(Company No. 284669-W)

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FOURTH QUARTER REPORT ENDED 31 December 2011

KEY OPERATING STATISTICS – 31 December 2011

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

Quarter Ended: 31 December	Oct-Dec 2011	Oct-Dec 2010	Change y-o-y
Passengers Carried	4,854,674	4,440,327	9%
Capacity	5,946,120	5,393,880	10%
Seat Load Factor	82%	82%	0 ppt
RPK (million)	5,620	5,319	6%
ASK (million)	6,775	6,434	5%
Average Fare (RM)	196	188	4%
Ancillary Income Per Pax (RM)	40	49	-19%
Unit Passenger Revenue (RM)	236	237	-1%
Revenue / ASK (sen)	18.79	18.10	4%
Revenue / ASK (US cents)	5.99	5.77	4%
Cost / ASK (sen)	11.54	11.36	2%
Cost / ASK (US cents)	3.68	3.62	2%
Cost / ASK-ex Fuel (sen)	4.53	6.82	-34%
Cost / ASK-ex Fuel (US cents)	1.44	2.17	-34%
Aircraft (end of period)	57	53	8%
Average Stage Length (km)	1,140	1,193	-4%
Number of Flights	33,034	29,966	10%
Fuel Consumed (Barrels)	1,123,600	1,047,415	7%
Average Fuel Price (US\$ / Barrel)	135	89	51%

Exchange Rate: RM:USD – 3.1382, prior year US cents figures are restated at current exchange rate.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)

FOURTH QUARTER REPORT ENDED 31 December 2011

KEY OPERATING STATISTICS – 31 December 2011

Performance indicator for Malaysian operations for current financial year against the previous financial year

Period Ended: 30 December	Jan-Dec 2011	Jan-Dec 2010	Change y-o-y
Passengers Carried	17,986,558	16,054,738	12%
Capacity	22,474,620	20,616,120	9%
Seat Load Factor	80%	78%	2 ppt
RPK (million)	21,037	18,499	14%
ASK (million)	26,074	24,362	7%
Average Fare (RM)	176	177	0%
Ancillary Income Per Pax (RM)	45	44	2%
Unit Passenger Revenue (RM)	221	221	0%
Revenue / ASK (sen)	17.16	16.21	6%
Revenue / ASK (US cents)	5.61	5.30	6%
Cost / ASK (sen)	12.56	11.83	6%
Cost / ASK (US cents)	4.11	3.87	6%
Cost / ASK-ex Fuel (sen)	5.99	6.86	-13%
Cost / ASK-ex Fuel (US cents)	1.96	2.24	-13%
Aircraft (end of period)	57	53	8%
Average Stage Length (km)	1,162	1,184	-2%
Number of Flights	124,853	114,534	9%
Fuel Consumed (Barrels)	4,290,284	4,106,672	4%
Average Fuel Price (US\$ / Barrel)	131	96	36%

Exchange Rate: RM:USD – 3.0570, prior year US cents figures are restated at current exchange rate.

Definition and calculation methodology

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



AIRASIA BERHAD
(Company No. 284669-W)

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FOURTH QUARTER REPORT ENDED 31 December 2011

NOTES TO THE UNAUDITED ACCOUNTS – 31 December 2011

1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard (“FRS”) 134: “Interim Financial Reporting” and paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010.

2. Summary of significant accounting policies

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

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

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

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

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

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

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

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



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

NOTES TO THE UNAUDITED ACCOUNTS – 31 December 2011

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

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

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

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

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

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

Improvements to FRSs:

FRS 2 - effective from 1 July 2010.

FRS 3 - effective from 1 January 2011.

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

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

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

IC Interpretation 9 - effective from 1 July 2010.

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

3. Auditors’ report on preceding annual financial statements

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



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

NOTES TO THE UNAUDITED ACCOUNTS – 31 December 2011

4. Seasonality of operations

AirAsia is primarily involved in the provision of air transportation services and thus, is subject to the seasonal demand for air travel. The seat load factor was the same in the quarter under review against the same period last year. Compared against the immediate preceding quarter (third quarter July – September 2011), the seat load factor was 5 percentage points higher. This seasonal pattern is in line with the expectation of the Group.

5. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial period-to-date.

6. Changes in estimates

There were no changes in estimates that have had material effect in the current quarter and financial period-to-date results.

7. Capital and reserves

During quarter ended 31 December 2011, the total issued and paid-up share capital of the Company increased from RM277,787,858 to RM277,808,558 from the issuance of 20,700 ordinary shares of RM0.10 each pursuant to the exercise of ESOS at the option price of RM1.08. Other than the above, there was no cancellation, repurchases, resale and repayment of debt and equity securities for the period ended 31 December 2011.

8. Dividend paid

No dividends were declared or approved in the quarter ended 31 December 2011.

9. Segment reporting

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



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

NOTES TO THE UNAUDITED ACCOUNTS – 31 December 2011

10. Revenue

	Quarter ended 31/12/2011 RM million	Quarter ended 31/12/2010 RM million
Passenger seat sales	894.5	835.6
Aircraft operating lease income	128.1	111.1
Surcharges and fees	56.7	-
Travel and tour operations	-	26.7
Other revenue	193.4	191.0
	<u>1,272.7</u>	<u>1,164.4</u>

Other revenue includes excess baggage, baggage handling fee, freight and cancellation, documentation and booking fees amounting to RM153.4 million (2010: RM160.6 million) for the Group and Company.

11. Other gains/(losses) - net

Other gains/(losses) – net comprise fair value changes due to movement in mark-to-market (MTM) position on non-designated hedging contracts at 31 December 2011 as compared to 30 September 2011, and are detailed below:

	Quarter ended 31/12/2011 RM million	Quarter ended 31/12/2010 RM million
(i) Gain / (loss) from fuel contracts	25.2	(4.6)
(ii) Gain / (loss) from foreign currency contracts	(0.7)	20.1
(v) Gain / (loss) from interest rate contracts	(0.5)	56.7
	<u>24.0</u>	<u>72.2</u>

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



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(Company No. 284669-W)

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FOURTH QUARTER REPORT ENDED 31 December 2011

NOTES TO THE UNAUDITED ACCOUNTS – 31 December 2011

12. Other Comprehensive Income

Cash flow hedges represent fair value changes due to movement in MTM position on effective hedging contracts at 31 December 2011 as compared to 30 September 2011 as follows:

	Quarter ended 31/12/2011 RM million	Quarter ended 31/12/2010 RM million
(i) Fair value gain/(loss) in the period	(7.9)	(19.7)
(i) Amount transferred to income statement	<u>(66.7)</u>	<u>3.0</u>
	<u>(74.6)</u>	<u>(16.7)</u>

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

13. Disclosure of Realised and Unrealised Profits

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

	As at 31/12/2011 RM'000	As at 31/12/2010 RM'000
Total retained profit of AirAsia Berhad and its subsidiaries		
(i) Realised	1,743,235	997,581
(i) Unrealised	<u>856,356</u>	<u>1,121,156</u>
	<u>2,599,591</u>	<u>2,118,737</u>
Total share of accumulated losses from associates		
(i) Realised	(9,764)	(4,112)
(i) Unrealised	<u>-</u>	<u>-</u>
	<u>(9,764)</u>	<u>(4,112)</u>
Total share of accumulated losses from jointly controlled entities		
(i) Realised	(74)	(12,054)
(i) Unrealised	<u>-</u>	<u>-</u>
	<u>(74)</u>	<u>(12,054)</u>
Total group retained profit as per consolidated accounts	<u>2,589,753</u>	<u>2,102,571</u>



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

NOTES TO THE UNAUDITED ACCOUNTS – 31 December 2011

14. Property, plant and equipment

(a) acquisition and disposals

During the quarter ended 31 December 2011, the Group acquired property, plant and equipment with a cost of RM247.2 million (quarter ended 31 December 2010: RM482.0 million).

During the quarter ended 31 December 2011, the Group disposed of property, plant and equipment with a net book value of RM559.1 million (quarter ended 31 December 2010: RM Nil).

(b) valuation

There was no revaluation of property, plant and equipment for the quarter ended 31 December 2011.

(c) impairment

During the quarter ended 31 December 2011, the Group impaired property, plant and equipment by RM17.8 million (quarter ended 31 December 2010: RM7.0 million).

15. Post balance sheet events

There were no material events after the period end that have not been reflected in the financial statements for the financial period ended 31 December 2011 as at the date of this report.

16. Changes in composition of the Group

During the quarter under review the Company acquired a 49% interest in AirAsia Japan Co., Ltd, incorporated in Japan, for a consideration of RM19.4m (JPY490m).

17. Contingent assets

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

18. Changes in contingent liabilities since the last annual balance sheet date

There were no material changes in contingent liabilities since the latest audited financial statements of the Group for the financial year ended 31 December 2010.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

NOTES TO THE UNAUDITED ACCOUNTS – 31 December 2011

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

Capital commitments for property, plant and equipment:

	<u>Group and Company</u>	
	<u>31/12/2011</u>	<u>31/12/2010</u>
	RM'000	RM'000
Approved and contracted for	40,815,202	12,829,657
Approved but not contracted for	16,841,539	7,931,251
	-----	-----
	57,656,741	20,760,908
	=====	=====

20. Material related party transactions

Details of the relationship and transactions between AirAsia and its related parties are as described below. The related party transactions described were carried out on the terms and conditions obtainable in transactions with unrelated parties unless otherwise stated.

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

These following items have been included in the Income Statement.

	Quarter ended	Group	Quarter ended
	<u>31/12/2011</u>		<u>31/12/2010</u>
	RM'000		RM'000
Thai AirAsia			
- Lease rental income on aircraft	71,933		63,537
- Maintenance and overhaul charges	-		4,003
Indonesia AirAsia			
- Lease rental income on aircraft	50,902		47,554
- Maintenance and overhaul charges	3,193		2,277
Philippines AirAsia			
- Lease rental income on aircraft	5,218		-
- Maintenance and overhaul charges	-		-
AirAsia X Sdn. Bhd.			
- Services charged to AirAsia X Sdn Bhd	4,211		10,444



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

NOTES TO THE UNAUDITED ACCOUNTS – 31 December 2011

21. Review of performance

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

Quarter Ended: 31 December RM'000	Oct-Dec 2011	Oct-Dec 2010
Revenue	1,272,722	1,164,358
Operating expenses:		
- Staff costs	(126,957)	(94,193)
- Depreciation of property, plant and equipment	(142,231)	(145,603)
- Aircraft fuel expenses	(475,075)	(292,444)
- Maintenance and overhaul	(27,755)	(42,418)
- User charges and other related expenses	(86,590)	(110,245)
- Aircraft operating lease expenses	(29,549)	(12,481)
- Travel and tour operating expenses	-	(20,873)
- (Loss)/gain on unwinding of derivatives		
- Other operating expenses	(84,325)	(99,109)
Other (losses)/gains - net	24,041	72,191
Other income	166,500	13,424
Operating Profit	490,781	432,607
Finance Income	82,036	58,195
Finance Costs	(233,154)	(102,682)
Share of results of a jointly controlled entity	1,848	-
Share of results of associates	(3,652)	-
Profit before tax	337,859	388,120
Current Taxation	(4,080)	7,215
Deferred taxation	(198,117)	(84,253)
Profit after tax	135,662	311,082
EBITDAR	662,561	590,691
EBITDAR Margin	52%	51%
EBIT Margin	39%	37%

The Group recorded revenue of RM1,272.7 million for the quarter ended 31 December 2011 (“4Q11”), 9% higher than the revenue of RM1,164.4 million recorded in the quarter ended 31 December 2010 (“4Q10”). The revenue growth was supported by 9% growth in



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

NOTES TO THE UNAUDITED ACCOUNTS – 31 December 2011

passenger volume while the average fare was 4% higher at RM196 as compared to RM188 achieved in 4Q10. Ancillary income per passenger year-on-year fell by 19% to RM40 from RM49 as ancillary income from AirAsia Go is no longer included. The seat load factor was 82%, the same as in the same period last year.

The profit after tax for the period was RM135.7 million compared to RM311.1 million in the same quarter of 2010.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

NOTES TO THE UNAUDITED ACCOUNTS – 31 December 2011

(B) Performance for the current financial year against the previous financial year for Malaysia

Period Ended: 30 December RM'000	Jan-Dec 2011	Jan-Dec 2010
Revenue	4,473,818	3,948,095
Operating expenses:		
- Staff costs	(482,157)	(360,785)
- Depreciation of property, plant and equipment	(570,045)	(519,984)
- Aircraft fuel expenses	(1,714,512)	(1,210,108)
- Maintenance and overhaul	(86,698)	(92,646)
- User charges and other related expenses	(365,545)	(383,431)
- Aircraft operating lease expenses	(80,655)	(65,692)
- Travel and tour operating expenses	(36,555)	(69,634)
- (Loss)/gain on unwinding of derivatives		
- Other operating expenses	(186,599)	(192,381)
Other (losses)/gains - net	(55,503)	(22,416)
Other income	303,147	35,943
Operating Profit	1,198,696	1,066,961
Finance Income	156,998	688,847
Finance Costs	(567,760)	(656,952)
Share of results of a jointly controlled entity	11,980	-
Share of results of associates	(5,652)	-
Profit before tax	794,262	1,098,856
Current Taxation	(18,533)	(5,431)
Deferred taxation	(211,582)	(32,014)
Profit after tax	564,147	1,061,411
EBITDAR	1,849,396	1,652,637
EBITDAR Margin	41%	42%
EBIT Margin	27%	27%

The Group recorded revenue of RM4,473.8 million for the financial year ended 31 December 2011 ("FY11"), 13% higher than the revenue of RM3,948.0 million recorded in the financial year ended 31 December 2010 ("FY10"). The revenue growth was supported by 12% growth in passenger volume while the average fare was slightly lower at RM176 as compared to RM177 achieved in FY10. Ancillary income per passenger year-on-year rose



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

NOTES TO THE UNAUDITED ACCOUNTS – 31 December 2011

by 2% to RM45 from RM44. The seat load factor was 80%, 2 percentage points higher compared to last year.

The profit after tax for the period was RM564.1 million compared to RM1,061.4 million in 2010.

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

Net Cash Flow (RM'000)	Oct - Dec 2011	Jul-Sep 2011
Cash from Operations	538,181	130,324
Cash from Investing Activities	(224,070)	(46,638)
Cash from Financing Activities	76,931	(302,274)
Net Cash Flow	391,042	(218,588)

The Group's cash from operations was RM538.2 million, compared to RM130.3 million in the immediate preceding quarter ended September 2011. Net cash flow in the quarter amounted to RM391.0 million inflow, as cash flows from operations exceeded investing cash flows.

(D) Balance sheet commentary for current quarter

Balance Sheet	Dec 2011	Sep 2011
RM million		
Total Debt	7,781	7,613
Cash	2,020	1,646
Net Debt	5,761	5,967
Net Gearing	1.43	1.50

The Group's total debt as of end of 31 December 2011 was RM7,781 million. The Group's net debt after offsetting the cash balances amounted to RM5,761 million. This translates to a net gearing ratio of 1.43 times, 5% lower than the immediately preceding quarter.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

NOTES TO THE UNAUDITED ACCOUNTS – 31 December 2011

22. Jointly Controlled Entity and Associate Company

i) Jointly Controlled Entity - AirAsia Thailand

AirAsia Thailand is a joint venture company owned 49% by AirAsia Berhad. As such it is accounted for using the equity method, as permitted by the Malaysian Accounting Standards Board FRS131, Interests in Joint Ventures. The Group's interest in AirAsia Thailand has been reduced to zero and the Group will only recognize its share of profits after its share of profits equals the share of losses not previously recognized.

AirAsia Thailand recorded revenue of THB4,308.7 million in 4Q11, 23% higher compared to the THB3,504.7 million achieved in 4Q10. The positive growth in revenue is attributed to higher passenger volume, a higher contribution from ancillary income and improving yields. AirAsia Thailand has achieved passenger growth of 12% as compared to 4Q10 while the seat load factor was lower by 2 percentage points at 78%. Average base fare was higher by 5% at THB1,990 as compared to THB1,889 achieved in 4Q10.

AirAsia Thailand's achieved a net profit of THB619.4 million in 4Q11, compared to a net profit of THB944.5 million in 4Q10.

The AirAsia Berhad share of the net profit in the quarter amounted to RM30.2 million. However, the share of profit will only be recognized in the income statement of AirAsia Berhad when a further RM30.4m of unrecognized losses have been reversed.

In the full year 2011 AirAsia Thailand recorded revenue of THB15,873.8 million, 20% higher compared to the THB11,979.6 million achieved in FY10. The positive growth in revenue is attributed to higher passenger volume, a higher contribution from ancillary income and improving yields. AirAsia Thailand has achieved passenger growth of 20% as compared to FY10 while the seat load factor was higher by 2 percentage points at 80%. Average base fare was higher by 7% at THB1,930 as compared to THB1,804 achieved in FY10.

AirAsia Thailand's achieved a net profit of THB2,032.8 million in FY11, compared to a net profit of THB2,011.0 million in FY10.

The AirAsia Berhad share of the net profit in the year amounted to RM99.3 million. However, as per the quarter, the share of profit will only be recognized in the income statement of AirAsia Berhad when a further RM30.4m of unrecognized losses have been reversed.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

NOTES TO THE UNAUDITED ACCOUNTS – 31 December 2011

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

Quarter Ended: 31 December	Oct-Dec 2011	Oct-Dec 2010	Change y-o-y
Passengers Carried	1,820,827	1,621,771	12%
Capacity	2,325,240	2,035,260	14%
Seat Load Factor	78%	80%	-2 ppt
RPK (million)	1,895	1,638	16%
ASK (million)	2,433	2,043	19%
Average Fare (THB)	1,990	1,889	5%
Ancillary Income Per Pax (THB)	376	272	38%
Unit Passenger Revenue (THB)	2,366	2,161	9%
Revenue / ASK (THB)	1.77	1.72	3%
Revenue / ASK (US cents)	5.68	5.50	3%
Cost / ASK (THB)	1.53	1.28	19%
Cost / ASK (US cents)	4.90	4.11	19%
Cost / ASK-ex Fuel (THB)	0.81	0.77	5%
Cost / ASK-ex Fuel (US cents)	2.61	2.48	5%
Aircraft (end of period)	22	19	16%
Average Stage Length (km)	1,046	1,004	4%
Number of Flights	12,918	11,307	14%
Fuel Consumed (Barrels)	427,313	359,731	19%
Average Fuel Price (US\$ / Barrel)	131	93	41%

Exchange Rate: USD:THB – 31.18, prior year US cents figures are restated at current exchange rate.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

NOTES TO THE UNAUDITED ACCOUNTS – 31 December 2011

(B) Performance indicator for Thailand operations for current financial year against the previous financial year

Period Ended: 31 December	Jan-Dec 2011	Jan-Dec 2010	Change y-o-y
Passengers Carried	6,863,467	5,704,832	20%
Capacity	8,564,220	7,303,692	17%
Seat Load Factor	80%	78%	2 ppt
RPK (million)	7,389	5,923	25%
ASK (million)	9,199	7,605	21%
Average Fare (THB)	1,930	1,804	7%
Ancillary Income Per Pax (THB)	383	296	29%
Unit Passenger Revenue (THB)	2,313	2,100	10%
Revenue / ASK (THB)	1.73	1.58	10%
Revenue / ASK (US cents)	5.64	5.14	10%
Cost / ASK (THB)	1.51	1.33	14%
Cost / ASK (US cents)	4.95	4.35	14%
Cost / ASK-ex Fuel (THB)	0.82	0.81	1%
Cost / ASK-ex Fuel (US cents)	2.67	2.64	1%
Aircraft (end of period)	22	19	16%
Average Stage Length (km)	1,074	1,032	4%
Number of Flights	47,579	41,823	14%
Fuel Consumed (Barrels)	1,600,941	1,346,476	19%
Average Fuel Price (US\$ / Barrel)	131	96	36%

Exchange Rate: USD:THB – 30.62, prior year US cents figures are restated at current exchange rate.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

NOTES TO THE UNAUDITED ACCOUNTS – 31 December 2011

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

Quarter Ended: 31 December THB'000	Oct-Dec 2011	Oct-Dec 2010
Revenue	4,308,642	3,504,720
Operating expenses:		
- Staff costs	(392,976)	(336,299)
- Depreciation of property, plant and equipment	(17,883)	(19,378)
- Aircraft fuel expenses	(1,742,255)	(1,040,677)
- Maintenance & overhaul	(282,033)	(193,320)
- User charges and other related expenses	(515,360)	(397,372)
- Aircraft operating lease expenses	(722,001)	(605,090)
- Travel and tour operating expenses	-	-
- Other operating expenses	(159,811)	(168,605)
Other (losses)/gains - net	-	-
Other income	110,942	141,249
Operating Profit	587,265	885,228
Finance Income	44,326	108,738
Finance Costs	(10,766)	(47,790)
Profit before tax	620,825	946,176
Taxation	(1,390)	(1,657)
Profit after tax	619,435	944,519
EBITDAR	1,327,149	1,509,696
EBITDAR Margin	31%	43%
EBIT Margin	14%	25%



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

NOTES TO THE UNAUDITED ACCOUNTS – 31 December 2011

(D) Performance of current financial year against the previous financial year for Thailand.

Period Ended: 31 December THB'000	Jan-Dec 2011	Jan-Dec 2010
Revenue	15,873,810	11,979,571
Operating expenses:		
- Staff costs	(1,468,327)	(1,131,698)
- Depreciation of property, plant and equipment	(71,535)	(112,987)
- Aircraft fuel expenses	(6,405,838)	(3,973,966)
- Maintenance, overhaul, user charges and other related expenses	(1,103,082)	(850,605)
- Aircraft operating lease expenses	(1,994,174)	(1,693,856)
- Aircraft operating lease expenses	(2,727,706)	(2,200,591)
- Travel and tour operating expenses	-	-
- Other operating expenses	(555,870)	(471,519)
Other (losses)/gains - net	-	-
Other income	396,050	312,670
Operating Profit	1,943,328	1,857,019
Finance Income	158,359	364,873
Finance Costs	(59,118)	(206,736)
Profit before tax	2,042,569	2,015,156
Taxation	(9,814)	(4,119)
Profit after tax	2,032,755	2,011,037
EBITDAR	4,742,569	4,170,597
EBITDAR Margin	30%	35%
EBIT Margin	12%	16%



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

NOTES TO THE UNAUDITED ACCOUNTS – 31 December 2011

(E) Balance Sheet

Quarter Ended: 31 December THB'000	Dec 2011	Dec 2010
Property, Plant & Equipment	309,060	290,318
Work In Progress	7,476	5,448
Deferred Expenditure	-	-
Inventory	51,233	6,390
Other Debtors & Prepayments	1,624,883	1,240,661
Cash & Short Term Deposits	1,211,044	591,776
Total Assets	3,203,696	2,134,593
Sales In Advance	2,725,188	2,373,445
Other Creditors & Accruals	181,344	834,556
Amounts Owing to Related Party	331,078	1,429,543
Long Term Liabilities	499,163	-
Total Liabilities	3,736,773	4,637,544
Share Capital	400,000	400,000
Share Premium	1,228	1,228
Retained Earnings	(934,306)	(2,904,179)
Total Equity	(533,079)	(2,502,951)

ii) Associate Company - AirAsia Indonesia

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

AirAsia Indonesia recorded revenue of IDR965.6 billion in 4Q11, 28% higher as compared to the IDR757.1 billion achieved in 4Q10. The positive growth in revenue can be attributed to higher passenger volumes and higher base fares which rose by 5% over the same quarter in 2010. Passengers carried by AirAsia Indonesia increased by 25% year on year while the seat load factor fell to 77% from 78% a year before as passenger growth was slightly behind capacity growth.

AirAsia Indonesia's achieved a net profit of IDR15.8 billion in 4Q11, compared to a net profit of IDR166.9 billion in 4Q10.

The AirAsia Berhad share of the net profit in the quarter amounted to RM2.7 million. However, as the Group's interest in AirAsia Indonesia has been reduced to zero any profits



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

NOTES TO THE UNAUDITED ACCOUNTS – 31 December 2011

will only be recognized when a total of RM185.9 million of unrecognized losses have been reversed.

In the full year 2011 AirAsia Indonesia recorded revenue of IDR3,705.3 billion in FY11, 34% higher as compared to the IDR2,756.2 billion achieved in FY10. The positive growth in revenue can be attributed to higher passenger volumes, improved contribution from ancillary income per passenger which increased by 11% and higher base fares which rose by 4% over the same quarter in 2010. Passengers carried by AirAsia Indonesia increased by 28% year on year while the seat load factor was unchanged at 77%.

AirAsia Indonesia's achieved a net profit of IDR62.1 billion in FY11, compared to a net profit of IDR474.4 billion in FY10.

The AirAsia Berhad share of the net profit in FY11 amounted to RM10.6 million. However, as the Group's interest in AirAsia Indonesia has been reduced to zero any profits will only be recognized when a total of RM185.9 million of unrecognized losses have been reversed.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

NOTES TO THE UNAUDITED ACCOUNTS – 31 December 2011

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

Quarter Ended: 31 December	Oct-Dec 2011	Oct-Dec 2010	Change y-o-y
Passengers Carried	1,255,019	1,000,864	25%
Capacity	1,629,304	1,286,648	27%
Seat Load Factor	77%	78%	-1 ppt
RPK (million)	1,650	1,380	20%
ASK (million)	2,134	1,771	21%
Average Fare (IDR)	634,438	606,142	5%
Ancillary Income Per Pax (IDR)	134,978	150,272	-10%
Unit Passenger Revenue (IDR)	769,416	756,414	2%
Revenue / ASK (IDR)	452.54	427.56	6%
Revenue / ASK (US cents)	5.01	4.74	6%
Cost / ASK (IDR)	415.68	413.60	1%
Cost / ASK (US cents)	4.61	4.58	1%
Cost / ASK-ex Fuel (IDR)	211.97	262.30	-19%
Cost / ASK-ex Fuel (US cents)	2.35	2.91	-19%
Aircraft (end of period)	17	18	-6%
Average Stage Length (km)	1,315	1,381	-5%
Number of Flights	9,094	7,382	23%
Fuel Consumed (Barrels)	380,377	300,209	27%
Average Fuel Price (US\$ / Barrel)	127	99	28%

Exchange Rate: USD:IDR – 9,026, prior year US cents figures are restated at current exchange rate.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

NOTES TO THE UNAUDITED ACCOUNTS – 31 December 2011

(B) Performance indicator for Indonesia operations for current financial year against the previous financial year

Period Ended: 31 December	Jan-Dec 2011	Jan-Dec 2010	Change y-o-y
Passengers Carried	5,009,924	3,921,039	28%
Capacity	6,466,852	5,124,508	26%
Seat Load Factor	77%	77%	0 ppt
RPK (million)	6,664	5,190	28%
ASK (million)	8,667	6,737	29%
Average Fare (IDR)	602,941	579,623	4%
Ancillary Income Per Pax (IDR)	136,650	123,308	11%
Unit Passenger Revenue (IDR)	739,591	702,931	5%
Revenue / ASK (IDR)	427.52	409.09	5%
Revenue / ASK (US cents)	4.88	4.67	5%
Cost / ASK (IDR)	410.25	363.43	13%
Cost / ASK (US cents)	4.68	4.15	13%
Cost / ASK-ex Fuel (IDR)	212.84	211.59	1%
Cost / ASK-ex Fuel (US cents)	2.43	2.41	1%
Aircraft (end of period)	17	18	-6%
Average Stage Length (km)	1,345	1,315	2%
Number of Flights	36,653	29,668	24%
Fuel Consumed (Barrels)	1,449,506	1,146,006	26%
Average Fuel Price (US\$ / Barrel)	135	102	32%

Exchange Rate: USD:IDR – 8,767, prior year US cents figures are restated at current exchange rate.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

NOTES TO THE UNAUDITED ACCOUNTS – 31 December 2011

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

Quarter Ended: 31 December IDR million	Oct-Dec 2011	Oct-Dec 2010
Revenue	965,631	757,068
Operating expenses:		
- Staff costs	(95,242)	(84,786)
- Depreciation	(20,047)	(5,764)
- Aircraft fuel expenses	(434,674)	(267,899)
- Aircraft operating lease expense	(146,444)	(140,620)
- Maintenance & overhaul	(90,061)	(163,586)
- User charges and other related expenses	(91,546)	(79,413)
- Travel and tour operating expenses	-	-
- Provision for early return of aircraft	-	-
- Other operating expenses	(31,893)	(19,944)
Other (losses)/gains - net	-	-
Other income	22,926	29,655
Operating Profit	78,650	24,711
Finance Income	3,130	156,481
Finance Costs	(65,993)	(14,258)
Profit before tax	15,787	166,934
Taxation	-	-
Profit after tax	15,787	166,934
EBITDAR	245,141	171,095
EBITDAR Margin	25%	23%
EBIT Margin	8%	3%



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

NOTES TO THE UNAUDITED ACCOUNTS – 31 December 2011

(D) Performance of current financial year against the previous financial year for Indonesia.

Period Ended: 31 December IDR million	Jan-Dec 2011	Jan-Dec 2010
Revenue	3,705,295	2,756,219
Operating expenses:		
- Staff costs	(384,834)	(287,544)
- Depreciation	(35,428)	(18,746)
- Aircraft fuel expenses	(1,711,005)	(1,022,966)
- Aircraft operating lease expense	(627,065)	(490,046)
- Maintenance & overhaul	(326,125)	(269,941)
- User charges and other related expenses	(357,509)	(302,543)
- Travel and tour operating expenses	-	-
- Provision for early return of aircraft	(52,890)	-
- Other operating expenses	(104,622)	(64,717)
Other (losses)/gains - net	-	-
Other income	43,837	12,900
Operating Profit	149,654	312,616
Finance Income	7,140	228,547
Finance Costs	(94,705)	(66,754)
Profit before tax	62,089	474,409
Taxation	-	-
Profit after tax	62,089	474,409
EBITDAR	812,147	821,408
EBITDAR Margin	22%	30%
EBIT Margin	4%	11%



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

NOTES TO THE UNAUDITED ACCOUNTS – 31 December 2011

(E) Balance Sheet

Quarter Ended: 31 December	Dec 2011	Dec 2010
IDR million		
Property, Plant & Equipment	1,711,148	102,976
Work In Progress	228	775
Deferred Expenditure	314	1,609
Inventory	1,618	3,834
Other Debtors & Prepayments	157,432	36,042
Cash & Short Term Deposits	32,191	40,403
Total Assets	1,902,931	185,639
Sales In Advance	498,231	440,251
Other Creditors & Accruals	286,427	250,691
Amounts Owing to Related Party	2,234,377	672,890
Borrowings	138,974	138,974
Total Liabilities	3,158,009	1,502,806
Share Capital	180,000	180,000
Share Premium	-	-
Retained Earnings	(1,435,078)	(1,497,167)
Total Equity	(1,255,078)	(1,317,167)

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

AACOE is a joint venture company which is incorporated in Malaysia and is owned in equal shares by AirAsia Berhad and CAE Inc, a Canadian incorporated aviation training organization. AACOE recorded a net profit of RM8.2m in the quarter of which RM4.1 is equity accounted in the AirAsia Berhad income statement.

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

AAE Travel is a joint venture company which is incorporated in Singapore and is owned in equal shares by AirAsia Berhad and Expedia Inc, a USA incorporated on-line travel agent. AAE Travel recorded a net loss of RM4.4m in the quarter of which RM2.2m is equity accounted in the AirAsia Berhad income statement.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

NOTES TO THE UNAUDITED ACCOUNTS – 31 December 2011

v) Jointly Controlled Entity – Think Big Digital Sdn Bhd ('BIG')

BIG is a joint venture company which is incorporated in Malaysia and is owned in equal shares by AirAsia Berhad and Tune Money Sdn Bhd. In the quarter under review BIG recorded a net loss of RM8.9m. The share of losses is not recognized in the AirAsia Berhad income statement as AirAsia Berhad currently has only RM1 equity invested in BIG.

vi) Associate Company – AirAsia Inc ('AirAsia Philippines')

AirAsia Philippines is an associate company which is incorporated in the Republic of the Philippines and is 40% owned by AirAsia Berhad. AirAsia Philippines recorded a net loss of RM9.0m in the quarter of which RM3.7m is equity accounted in the AirAsia Berhad income statement.

vii) Associate Company – AirAsia Japan Co., Ltd ('AirAsia Japan')

AirAsia Japan is an associate company which is incorporated in Japan and is 49% owned by AirAsia Berhad. In the quarter under review AirAsia invested RM19.4m in AirAsia Japan as an initial capitalization of the company.

23. Variation of results against preceding quarter

The Group achieved a profit after taxation of RM135.7 million for the quarter under review. This is lower by RM16.6 million compared to the RM152.3 million profit after taxation achieved in the immediately preceding quarter ended 30 September 2011.

24. Commentary on prospects

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

In Malaysia, forward loads for the remaining months of the first quarter are in line with the prior year with base fares slightly higher, in accordance with the Company strategy to maintain high load factors with improving yields. Passenger numbers are expected to remain strong for the rest of the quarter and in line with seasonal patterns.

In Thailand, demand has rebounded strongly after the floods. The first quarter is seasonally strong for southern tourist destinations which are all expected to show strong load factors. In northern Thailand, Chiang Mai is hosting the Royal Flora Festival between January and March which is boosting passenger traffic both domestically and regionally especially from Indochina. Fleet size in Thailand will increase with the additional of two A320 in the first



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

NOTES TO THE UNAUDITED ACCOUNTS – 31 December 2011

half of the year which will be used to launch 5 new destinations and to increase frequencies on other strongly performing sectors.

In Indonesia, IAA will introduce new domestic routes from Bandung to Surabaya, Surabaya to Denpasar and Jakarta to Semarang during the first quarter of the year. These new routes form part of the IAA strategy to re-enter the Indonesian domestic market which has high growth potential given the rapidly rising incomes of the Indonesian middle classes. In addition, IAA will increase frequencies on strongly performing routes including Jakarta to Denpasar and Jakarta to Penang.

The Group will take delivery of three A320 aircraft in the first quarter of the year, which will be deployed in Malaysia, Thailand and the Philippines. Two new routes will be operated from Malaysia, to Semarang in Indonesia and Surat Thani in Thailand. Following the granting of the operator's licence the commencement of scheduled services in the Philippines is now expected in March or April 2012.

The outlook for the first quarter of the year should be seen in the context of the current higher prices of oil and aviation fuel. However, barring any unforeseen circumstances, the Directors remain positive for the prospects of the Group for the first quarter and remainder of 2012.

25. Profit forecast

As AirAsia Berhad does not provide profit forecasts the disclosure requirements are not applicable.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

NOTES TO THE UNAUDITED ACCOUNTS – 31 December 2011

26. Analysis of finance income and costs, foreign exchange gains and losses and fair value gains and losses on derivative financial instruments.

All figures in RM'000	Group and Company			
	Quarter Ended 31/12/11	Quarter Ended 31/12/10	Year to Date 31/12/11	Year to Date 31/12/10
Income and Gains				
Interest on amounts due from associates and JV entities	10,584	9,455	42,371	53,925
Interest on deposits	4,669	4,444	17,611	12,773
Foreign exchange gains – net	-	44,296	-	622,149
Fair value gains on derivative financial instruments	66,783	-	97,016	-
	82,036	58,195	156,998	688,847
Costs and Losses				
Foreign exchange losses – net	(137,386)	-	(189,866)	-
Fair value losses on derivative financial instruments	-	(2,997)	-	(272,612)
Bank borrowings	(92,998)	(97,296)	(368,007)	(374,364)
Amortisation of premiums	(2,372)	(1,989)	(8,247)	(7,750)
Hire purchase payables	-	(2)	(3)	(10)
Bank facilities and other charges	(398)	(398)	(1,637)	(2,216)
	(233,154)	(102,682)	(567,760)	(656,952)
Net Income/(Cost)	(151,188)	(44,487)	(410,762)	31,895

27. Exceptional item

There were no exceptional items in the quarter under review.

28. Income tax expense

Current taxation

The current taxation charge of RM4.1 million comprises tax payable on interest income and taxes applicable in foreign branches.

Deferred taxation

The RM198.1 million deferred tax charge arose from an increase of RM15.5 million of deferred tax liabilities and reduction of RM182.6 million of deferred tax assets in the period. The deferred tax liabilities increased as the difference between the net book value and tax written down value of property plant and equipment increased in the period. The deferred tax assets decreased as a result of the utilization of capital allowances granted and balancing charges from the disposal of assets.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

NOTES TO THE UNAUDITED ACCOUNTS – 31 December 2011

29. Unquoted investments and properties

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

30. Quoted investments and properties

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

31. Status of corporate proposals announced

Tune Money Joint Venture

Following the announcement on 20 September 2011 on the above matter, AirAsia wishes to update that the Tune Money Joint Venture company (Think BIG Digital Sdn Bhd) has commenced operations as reported in section 22 of this announcement.

Philippines Joint Venture

Following the announcement on 8 February 2012 on the above matter, AirAsia wishes to update that there has been no change in the status of the Philippines Joint Venture.

Japan Joint Venture

Following the announcement on 3 February 2012 on the above matter, AirAsia wishes to update that there has been no change in the status of the Japan Joint Venture.

Proposed Warrants Exchange Exercise with Malaysian Airline System Berhad

Following the announcements on 4 January 2012 on the above matter, AirAsia wishes to update that there has been no change in the status of the proposed warrants exchange exercise with Malaysia Airline System Berhad.

32. Borrowings and debt securities

	At 31/12/2011 RM'000	At 30/09/2011 RM'000
Current	615,164	597,467
Non-current	7,165,986	7,015,843
Total Debt	7,781,150	7,613,310



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

NOTES TO THE UNAUDITED ACCOUNTS – 31 December 2011

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

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

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

- (a) Assignment of rights under contract with Airbus over each aircraft
- (b) Assignment of insurance and reinsurances of each aircraft
- (c) Assignment of airframe and engine warranties of each aircraft
- (d) Mortgage of the aircraft
- (e) Deregistration Power of Attorney

33. Derivative Financial Instruments:

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

(i) Forward Foreign Exchange Contracts

As at 31 December 2011, the Group has hedged approximately 41% of its dollar liabilities pertaining to its aircraft and engine loans into Malaysian Ringgit ("MYR") by using long dated foreign exchange forward contracts. The calculation includes loans for aircraft deployed to Thai AirAsia and Indonesia AirAsia where AirAsia receives lease payments in USD. However, if the calculation is based on loans pertaining to aircraft being deployed to Malaysia, approximately 61% of the loans are hedged from USD into MYR. The latest weighted average foreign forward exchange rate is at 3.2398 USD:MYR.

(ii) Interest Rate Hedging

The Group has entered into interest rate hedging transactions to hedge against fluctuations in the US\$ Libor on its existing aircraft financing for aircraft delivering from 2005 to 2012. As at 31 December 2011, there were 11 forward start interest rate swaps varying from 2.05% to 2.40% with 12 years tenure for future aircraft loans for aircraft purchases delivering in 2012.

(iii) Fuel Hedging

As at 31 December 2011, the Group has entered into Brent fixed swap which represents up to 18% of the Group's total expected fuel volume for the first half of 2012.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

NOTES TO THE UNAUDITED ACCOUNTS – 31 December 2011

The Group has also entered into Singapore Jet Kerosene fixed swap which represents an additional 9% of the Group's total expected fuel volume for the first half of 2012.

Derivative financial instruments

Type of derivatives	Notional Value as at 31/12/2011	Fair Value as at 31/12/2011 Assets/(Liabilities)
(i) Fuel contract	Barrels (million)	RM (million)
- less than 1 year	1.2	7.7
- 1 year to 3 years	-	-
Total	1.2	7.7
	RM (million)	RM (million)
(ii) Interest rate contracts		
- less than 1 year	-	-
- 1 year to 3 years	-	-
- more than 3 years	4,115.3	(480.7)
Total	4,115.3	(480.7)
(iii) Foreign currency contracts	RM (million)	RM (million)
- less than 1 year	-	-
- 1 year to 3 years	26.6	(0.4)
- more than 3 years	3,713.0	(0.4)
Total	3,739.6	(0.8)

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

34. Material litigation

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

35. Proposed dividend

The Directors do not recommend any dividend for the quarter ended 31 December 2011.



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 December 2011

NOTES TO THE UNAUDITED ACCOUNTS – 31 December 2011

36. Earnings per share

(a) Basic earnings per share

Basic earnings per share of the Group are calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 31/12/11	Preceding Quarter Ended 31/12/10	Current Year to Date 31/12/11	Preceding Year to Date 31/12/10
Net profit for the financial period (RM'000)	135.7	311.1	564.1	1,061.4
Weighted average number of ordinary shares in issue for basic EPS ('000)	2,776,059	2,761,637	2,776,059	2,761,637
Adjusted for share options granted ('000)	5,101	8,644	5,101	8,644
Adjusted weighted average number of ordinary shares ('000)	2,781,160	2,770,281	2,781,160	2,770,281
Basic earnings per share (sen)	4.9	11.3	20.3	38.4
Diluted earnings per share (sen)	4.9	11.2	20.3	38.3

(b) Diluted earnings per share

Diluted earnings per share of the Group are calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period, adjusted for share options granted.

37. Authorisation for issue

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

By order of the Board

JASMINDAR KAUR a/p SARBAN SINGH

(MAICSA 7002687)
COMPANY SECRETARY
22 February 2012