AIRASIA BERHAD

(Company No. 284669-W)

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

FOURTH QUARTER REPORT ENDED 30 JUNE 2007

ANNOUNCEMENT

The Board of Directors of AirAsia Berhad ("AirAsia" or "the Company") is pleased to announce the following unaudited consolidated results of AirAsia and its subsidiaries (collectively known as "the Group") for the fourth quarter ended 30 June 2007.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT QUARTER ENDED	PRECEDING YEAR CORRESPONDING QUARTER ENDED AS RESTATED	CURRENT YEAR ENDED	PRECEDING YEAR CORRESPONDING YEAR ENDED AS RESTATED
	Note	30/06/2007 RM'000	30/06/2006 RM'000	30/06/2007 RM'000	30/06/2006 RM'000
Revenue		432,154	313,725	1,603,261	1,058,107
Cost of Sales		(318,207)	(236,970)	(1,160,648)	(798,092)
Gross profit from operations		113,947	76,755	442,613	260,015
Other operating expenses		(4,609)	(18,305)	(74,962)	(74,133)
Other operating income	5	76,574	2,268	86,565	5,561
Profit from operations		185,912	60,718	454,216	191,443
Finance (costs) / Income (Net)	21	(19,903)	(12,790)	3,108	(21,686)
Depreciation and amortisation		(35,644)	(26,485)	(175,366)	(83,009)
Share of results of jointly controlled entity		-	(7,550)	-	(574)
Share of results of associates		-	-	(3,910)	-
Profit before taxation		130,365	13,893	278,048	86,174
Cuurent taxation	22	(1,416)	(827)	(5,118)	(2,175)
Deferred taxation	22	56,101	117,703	225,127	117,703
Profit after taxation		185,050	130,769	498,057	201,702
Attributable to:					
-Equity holders of the company		185,050	130,916	498,045	201,690
-Minority interests		-	(147)	12	12
		185,050	130,769	498,057	201,702
Basic earnings per share (sen)		7.9	5.6	21.2	8.6
Diluted earnings per share (sen)		7.8	5.5	20.9	8.5

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial statements.

Now Everyone Can Fly

AIRASIA BERHAD

(Company No. 284669-W)

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

FOURTH QUARTER REPORT ENDED 30 JUNE 2007

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2007

	Note	UNAUDITED AS AT END OF CURRENT QUARTER 30/06/2007 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 30/06/06 (restated) RM'000
NON CURRENT ASSETS			
Property, plant & equipment		2,959,816	1,261,993
Investment in a jointly controlled entity		-	-
Investment in associates		29	29
Other investments		67	78
Goodwill		8,738	8,738
Deferred expenditure		480	1,278
Deferred tax asset		329,216	104,090
Long term prepayments		46,004	35,110
		3,344,350	1,411,316
CURRENT ASSETS			
Inventories (at cost)		9,512	10,578
Other investments		34,136	30,696
Trade and other receivables		308,950	276,838
Deposit on aircraft purchase		317,296	268,634
Amount due from a jointly controlled entity		92,182	83,131
Amount due from associates		77,432	67,561
Deposits, bank and cash balances		595,243	425,641
		1,434,751	1,163,079
CURRENT LIABILITIES			
Trade and other payables		557,796	371,620
Borrowings (secured)	26	251,097	265,360
Hire-purchase payables		64	153
Current tax liabilities		4,575	1,295
		813,532	638,428
NET CURRENT ASSETS		621,219	524,651
NON CURRENT LIABILITIES			
Borrowings (secured)	26	2,303,488	787,276
Hire-purchase payables		201	288
		2,303,689	787,564
		1,661,880	**1,148,403**
CAPITAL AND RESERVES			
Share capital		236,077	234,649
Reserves		1,425,764	913,727
Shareholders' funds		1,661,841	1,148,376
Minority interests		39	27
		1,661,880	**1,148,403**
Net assets per share attributable to ordinary equity holders of the Company (RM)		**0.70**	**0.49**

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 30 June 2006 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 30 JUNE 2007

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	CURRENT PERIOD ENDED 30/06/2007	PRECEDING YEAR ENDED 30/06/2006
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	278,048	86,174
Adjustments:		
Share of results of a jointly controlled entity	-	574
Share of results of associates	3,910	-
Interest expense	(105,413)	21,686
Property, plant and equipment	-	-
- Depreciation	175,366	83,009
- Loss on disposal	-	-
Amortisation of deferred expenditure	799	919
Interest income	(100,209)	(12,148)
	252,501	180,214
Changes in working capital		
Inventories	1,066	(5,898)
Trade and other receivables	(32,114)	(23,557)
Trade and other payables	186,188	125,323
Intercompany balances	(9,051)	3,559
	398,590	279,641
Cash generated from operations		
Interest paid	105,413	(21,686)
Interest received	100,209	12,148
Tax paid	(1,838)	(1,678)
Net cash from operating activities	602,374	268,425
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Additions	(1,886,553)	(1,112,491)
- Proceeds from disposal	13,364	-
Deposit on aircraft purchase	(48,662)	(86,220)
Long term prepayments	(10,894)	-
Purchase of investments	(3,440)	(22,979)
Net cashflow on acquisition of subsidiary	-	(1,433)
Advance to associates	(13,781)	(12,305)
Net cash used in investing activities	(1,949,966)	(1,235,428)
CASH FLOWS FROM FINANCING FACILITIES		
Proceeds from allotment of shares	15,420	12,372
Share issue costs	-	(1,644)
Hire purchase instalments paid	(176)	(9)
Term loan received	1,701,488	1,170,932
Revolving credit loan received	101,818	-
Repayment of borrowings	(301,357)	(118,296)
Fixed deposits pledged as securities	(8,162)	4,007
Net cash from financing activities	1,509,031	1,067,362
NET INCREASE FOR THE FINANCIAL YEAR	161,439	100,359
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	412,907	312,548
***CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR**	574,346	412,907

* The balance at end of financial year excludes fixed deposits of RM20.896 million (30/06/06: RM16.7 million) pledged with licensed bank as securities for banking facilities granted to the Company

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 30 June 2006 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 30 JUNE 2007

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Company							
	Issued and fully paid ordinary shares of RM0.10 each							
	Number of shares '000	Nominal Value RM'000	Foreign Exchange Currency Reserves RM'000	Share Premium RM'000	Retained Earnings RM'000	Total RM'000	Minority Interest RM'000	TOTAL EQUITY RM'000
12 months ended 30/06/07								
At 1 July 2006 (As previously stated)	2,346,487	234,649	592	708,185	109,165	1,052,591	27	1,052,618
Change in accounting policy	-	-	-	-	(46,834)	(46,834)	-	(46,834)
Early adoption of FRS 112	-	-	-	-	142,619	142,619	-	142,619
At 1 July 2006 (As restated)	2,346,487	234,649	592	708,185	204,950	1,148,376	27	1,148,403
Net Profit	-	-	-	-	498,045	498,045	12	498,057
Issuance of ordinary shares								
- Pursuant to the Employees'								
Share Option Scheme ('ESOS')	14,279	1,428	-	13,992	-	15,420	-	15,420
At 30 June 2007	2,360,766	236,077	592	722,177	702,995	1,661,841	39	1,661,880
12 months ended 30/06/06								
At 1 July 2005 (As previously stated)	2,335,030	233,503	-	698,602	20,751	952,856	15	952,871
Change in accounting policy	-	-	-	-	(17,491)	(17,491)	-	(17,491)
At 1 July 2005 (As restated)	2,335,030	233,503	-	698,602	3,260	935,365	15	935,380
Currency translation difference	-	-	592	-	-	592	-	592
Net Profit (As restated)	-	-	-	-	201,690	201,690	12	201,702
Total recognised income for the period	-	-	592	-	201,690	202,282	12	202,294
Issuance of ordinary shares								
- Pursuant to the Employees'								
Share Option Scheme ('ESOS')	11,457	1,146	-	11,227	-	12,373	-	12,373
Listing expenses	-	-	-	(1,644)	-	(1,644)	-	(1,644)
At 30 Jun 2006	2,346,487	234,649	592	708,185	204,950	1,148,376	27	1,148,403

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2006 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 30 JUNE 2007

KEY OPERATING STATISTICS – 30 JUNE 2007

PERFORMANCE INDICATORS	ACTUAL Q4 FY2007	ACTUAL Q3 FY2007
Passengers carried	2,359,553	2,160,360
RPK (million)	2,745	2,461
ASK (million)	3,402	3,215
Average fares (RM)*	170	171
Passenger load factor (%)	81%	77%
Revenue per ASK (sen)	12.70	12.32
Cost per ASK (sen)	11.12	10.85
Cost per ASK (sen) non fuel	5.73	5.80
Sectors flown	17,659	17,490
Average number of operating aircraft	28.62	27.84

* Average Fare includes Fuel Surcharge, Admin Fees and Insurance Surcharge

UNAUDITED NOTES TO THE ACCOUNTS – 30 JUNE 2007

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 30 June 2006. The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 30 June 2006, except for the accounting policy changes arising from the adoption of the following new/revised FRS that are effective for the Company's financial period beginning 1 July 2006. Details of these changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with FRS 134: "Interim Financial Reporting", requires management and the Directors to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2006 annual financial statements. The interim consolidated financial report and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with FRSs.

The financial information relating to the financial year ended 30 June 2006 that is included in the interim consolidated financial report as being previously reported information does not constitute the Group's statutory financial statements for that financial year but is derived from those financial statements, other than those that have been restated as a result of the changes in accounting policies. The statutory financial statements for the year ended 30 June 2006 are available from the Company's registered office.

2. Summary of significant accounting policies

2(a) Changes in accounting policies

The Malaysian Accounting Standards Board ("MASB") had issued a total of 21 new/revised FRSs, of which 18 are applicable to financial statements for annual periods beginning on or after 1 January 2006.

As required under FRS 108, the following describes the new Standards and Interpretations which have been issued by the MASB:

(i) Standards, amendments to published standards and Interpretation Committee ('IC') interpretations that are effective

The new accounting standards, amendments to published standards and IC interpretations to existing standards effective for the Group's financial years beginning on 30 June 2007 are as follows:

FRS 1	First –Time Adoption of Financial Reporting Standards
FRS 2	Share-based Payments
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

Amendment to FRS 119_{2004} Employee Benefits - Employee Benefits - Actuarial Gain, Loss, Group Plans and Disclosures - in relation to the 'asset ceiling' test

(i) Standards, amendments to published standards and Interpretation Committee ('IC') interpretations that are effective (continued)

IC 107	Introduction to Euro
IC 110	Government Assistance – No specific relation to Operating Activities
IC 112	Consolidation – Special Purpose Entities
IC 113	Jointly Controlled entities – Non-Monetary Contributions by Ventures
IC 115	Operating Leases – Incentives
IC 121	Income Taxes – Recovery of Revalued Non-Depreciable Assets
IC 125	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
IC 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IC 129	Disclosure – Service Concession Arrangements
IC 131	Revenue – Better Transactions Involving Advertising Services
IC 132	Intangible Assets – Web Site Costs

All changes in the accounting policies have been made in accordance with the transitional provisions in the respective standards, amendments to the published standards and IC interpretations.

(ii) Standards, amendments to published standards and IC interpretations that are not yet effective and have not been early adopted

The new standards, amendments to published standards and interpretations that are mandatory for the Group's financial periods beginning on 1 July 2007, but which the Group has not early adopted, are as follows:

- FRS 124 Related Party Disclosures (effective for accounting periods beginning on or after 1 October 2006). This standard will affect the identification of related parties and some other related party disclosures. The Group will apply this standard from financial periods beginning 1 July 2007. The Group has not disclosed the financial impact of the application of this Standard following the transitional provision which provides exemption from early disclosure of the financial impact prior to its effective date.

- FRS 139 Financial Instruments: Recognition and Measurement (effective date yet to be determined by Malaysian Accounting Standards Board). This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Group will apply this standard when effective.

The MASB also issued the following revised Standards, amendment to Standards and IC Interpretations which are only effective for annual periods on or after 1 July 2007:

FRS 111	Construction contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance

Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates – Net Investment in Foreign Operation

FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
IC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC 2	Members' Shares in Co-operative Entities and Similar Instruments
IC 5	Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC 7	Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies
IC 8	Scope of FRS 2

Aside from the revision of FRS 112 (as detailed in 2 (b) (vii) the above standards, amendments to published standards and IC interpretations to existing standards are not anticipated to have significant impact to the financial statements of the Group.

(iii) Standards that are yet to be effective and not relevant or material for the Group's operation

- FRS 6 Exploration for and Evaluation of Mineral Resources (effective for accounting periods beginning on or after 1 January 2007). FRS 6 is not relevant to the Group's operations as the Group does not carry out exploration for an evaluation of mineral resources.

- FRS 117 Leases (effective for accounting periods beginning on or after 1 October 2006). This standard requires the classification of leasehold land as prepaid lease payments. FRS 117 is not relevant to the Group as the Group does not have any leasehold land.

(iii) Standards that are yet to be effective and not relevant or material for the Group's operation (continued)

- Amendment to FRS1192004 Employee Benefits – Actuarial Gains and Losses, Plans and Disclosures (effective for accounting periods beginning on or after 1 January 2007). This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements.

2 (b) Enumerated below are the changes to the accounting policies, presentation and disclosures to the financial statements of the Group result from the adoption of the relevant revised FRSs.

(i) FRS 3, FRS 136 and FRS 138

The adoption of FRS 3, FRS 136 and FRS 138 has resulted in changes in accounting policy for goodwill. The accounting policy for goodwill is now extended to cover the following:

(i) Recognition of contingent liabilities and intangible assets as part of allocation of the cost of acquisition in determining goodwill arising from acquisition;

(ii) Recognition of the excess in fair value of the net identifiable assets acquired over the cost of acquisition immediately to the income statement;

(iii) Allocation of goodwill to cash generating units for the purpose of impairment testing. Each cash-generating unit represents the lowest level within the Group at which goodwill is monitored for internal management purposes and which are expected to benefit from the synergies of the combination;

(iv) Impairment of goodwill is charged to the Consolidated Income Statement as and when it arises and reversal is not allowed;

(v) The accounting for goodwill and fair value adjustment arising from the acquisition of a foreign entity are treated as assets and liabilities of the acquiring entity and are recorded at the exchange rate at the date of acquisition. This change is in accordance with the transitional provision of FRS 121.

The above changes in accounting policy have been applied prospectively for business combinations with agreements dated on or after 30 June 2006.

(i) FRS 3, FRS 136 and FRS 138 (continued)

The Group has reassessed the useful lives of its intangible assets in accordance with the transitional provisions of FRS 138. No material adjustment resulted from this assessment.

(ii) FRS 101: Presentation of Financial Statements and FRS 127: Consolidated and Separate Financial Statements – Minority interests

FRS 101 has no financial impact on the Group but has affected the presentation of minority interest and certain disclosures. In the consolidated balance sheet, minority interest is now presented within equity, separately from parent shareholders' equity. Profit or loss in the consolidated income statement as well as total income and expenses for the year recognised directly in equity are now allocated between minority interest and equity holders of the parent.

Under FRS 101, the Group's share of results of jointly controlled entity and of associates are now shown net of tax.

The presentation of the comparative financial statements of the Group has been restated to conform with current period's presentation.

(iii) FRS 116: Property, Plant and Equipment

The adoption of FRS 116 has resulted in extension of the accounting policy on property, plant and equipment as follows:

(i) The cost of property, plant and equipment includes costs of dismantling, removal and restoration, the obligation incurred as a consequence of installing the assets;

(ii) The assets' residual values and useful life are reviewed and adjusted as appropriate at least at each financial year-end;

(iii) Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The Group has applied the aforesaid and no material adjustment resulted from this assessment.

(iv) FRS 121: The Effects of Changes in Foreign Exchange Rates

The adoption of FRS 121 has no material effect on the Group's policies. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance of the revised standard. All of the Group's entities have the same functional currency as their measurement currency.

The Group has applied the accounting for goodwill and any fair value adjustment arising on the acquisition of a foreign entity as assets and liabilities of the foreign entity prospectively in accordance with the transitional provision of FRS 121.

(v) FRS 128: Investments in Associates

FRS 128 states that interest in an associate is defined as "the carrying amount of the investment in the associate under the equity method together with any long-term interests that, in substance, form part of the investor's net investment in the associate".

In the previous quarters, the Group had equity accounted for additional share of losses in the associated company in Indonesia amounting to RM31.3 million. This change in accounting policy has been applied retrospectively with restatement made to the comparatives.

The Group has now reassessed the amounts due from the associate and concluded that all balances are trade in nature and repayable within the next twelve months. On this basis, the share of losses of the investment in associate was equity accounted for by the Group and limited to the Group's investment in the ordinary share capital of the associate.

(vi) Repair and maintenance expenditure

Aircraft maintenance and overhaul costs of the leased aircraft were previously expensed as incurred. The Group has now changed the accounting policy for maintenance and overhaul costs for leased aircrafts by accruing these costs upfront on the basis of hours flown. The change is consistent with current industry practices based on a comparison with the practices of a number of airlines.

This change constitutes a change in accounting policy which has been applied in accordance with FRS108 "Accounting Policies, Changes in Accounting Estimates and Errors", ie applied retrospectively by recording a prior year adjustment for the accrual of repairs and maintenance expenses calculated in respect of hours already flown for prior periods. The effect of this change is illustrated in note 2(c).

UNAUDITED NOTES TO THE ACCOUNTS – 30 JUNE 2007

(vii) FRS 112 : Income Taxes

On 15 June 2007, MASB issued FRS112 'Income Taxes' to revise the existing FRS112 $_{2004}$ 'Income Taxes'. The revised FRS will be effective for financial statements covering periods beginning on or after 1 July 2007.

With the removal of paragraph 36 in FRS112 $_{2004}$ which explicitly prohibits the recognition of deferred tax on reinvestment allowance or other allowances in excess of capital allowance, entities can now account for these items either as tax credits or investment tax credits.

As at 30 June 2007, the total investment tax allowance available to AirAsia amounted to RM1,628.8 million. The Group has assessed the nature of the allowance and concluded that it constitutes an investment tax credit.

The Group has now early adopted the revised standard and this change constitutes a change in accounting policy which will be applied in accordance with FRS108 "Accounting Policies, Changes in Accounting Estimates and Errors", ie applied retrospectively by recording a prior year adjustment. The effect of this change is illustrated in Note 2 (c).

(viii) Reclassification of revenue components

Fuel surcharge, passenger liability insurance and admin fees was previously classified as part of cost of sales. The Group has now reclassified these surcharges as part of revenue. The impact of the reclassification to the revenue component for the previous financial year and preceding year corresponding quarter is RM208.1 million and RM75.6 million respectively.

UNAUDITED NOTES TO THE ACCOUNTS – 30 JUNE 2007

2(c) Comparatives figures

The effects of the changes in presentation and accounting policies as mentioned in sub-note (b) above are illustrated below:

RM ('000)	Retained profits	Capital and other reserves	Total	Minority interests	Total equity
At 1 July 2006 (As previously stated)	109,165	943,426	1,052,591	27	1,052,618
Change in accounting policy – repair and maintenance expenditure Note 2(b)(vi)	(46,834)	-	(46,834)	-	(46,834)
Effect of early adoption of FRS112 Note 2(b)(vii)	142,619	-	142,619	-	142,619
As restated	204,950	943,426	1,148,376	27	1,148,403

Effect of changes in accounting policies (increase/(decrease))

RM ('000)	Retained profits	Capital and other reserves	Total	Minority interests	Total equity
At 1 July 2005 (As previously stated)	20,751	932,105	952,856	15	952,871
Change in accounting policy - repair and maintenance expenditure Note 2(b)(vi)	(17,491)	-	(17,491)	-	(17,491)
As restated	3,260	932,105	935,365	15	935,380

UNAUDITED NOTES TO THE ACCOUNTS – 30 JUNE 2007

3. Auditors' report on preceding annual financial statements

The auditors have expressed an unqualified opinion on the Group's statutory financial statements for the year ended 30 June 2006 in their report dated 30 October 2006.

4. Seasonality of operations

AirAsia is basically involved in the provision of air transportation services and thus, is subject to the seasonal demand for air travel. The passenger load factor has increased from 77% in the previous quarter to 81% in the current quarter under review. This pattern is in line with the expectation of the Group.

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

The Group had disposed of 19 interest rate swaps on 12 June 2007 resulting in a gain from the sales of these swaps of RM73 million which is included in other operating income. As of the end of the financial year 30 June 2007, the Group has a total of 41 interest rate swaps.

There were no other unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial period-to-date, except for the changes in accounting policies as disclosed in Note 2.

6. Changes in estimates

Other than described in Note 2(b)(iii), 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 the twelve month period ended 30 June 2007, the issued and paid-up capital of the Company increased from 2,346,488,080 to 2,360,766,080 ordinary shares by the issuance of 14,279,000 ordinary shares of RM0.10 each pursuant to the exercise of ESOS at the option price of RM1.08. Other than the above, there was no issuance, cancellation, repurchases, resale and repayment of debt and equity securities for the period ended 30 June 2007.

8. Dividend paid

There were no dividends paid in the quarter ended 30 June 2007.

UNAUDITED NOTES TO THE ACCOUNTS – 30 JUNE 2007

9. Segment reporting

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

10. Property, plant and equipment

(a) acquisition and disposals

During the fourth quarter ended 30 June 2007, the Group acquired plant and equipment with a cost of RM2,396 million (fourth quarter ended 30 June 2006: RM1051 million). The Group also disposed Boeing 737-300 rotables for RM15.9 million (2006: Nil) to GE Group.

(b) valuation

There was no revaluation of property, plant and equipment for the financial year ended 30 June 2007.

11. Post balance sheet events

There were no material events after the period end that has not been reflected in the financial statements for the financial period ended 30 June 2007.

12. Changes in composition of the Group

The Company incorporated a wholly owned subsidiary i.e AirAsia (B) Sdn. Bhd ("AASB") in Negara Brunei Darussalam on 10 July 2006 with an authorised capital of BND$100,000.00 and an initial paid up capital is BND$600.00.

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

13. Contingent assets

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

14. Changes in Contingent liabilities Since the Last Annual Balance Sheet Date

In the previous financial year, the Group had disclosed the potential penalty payable in respect of late payment of certain withholding tax estimated to be RM10.4 million. The Company had applied for the waiver of this penalty and were of the opinion that the waiver application will receive due consideration from the government. During the financial year, the penalty waiver was finalised and settled for RM1 million

Aside from the above, there were no material changes in contingent liabilities since the latest audited financial statements of the Group for the financial year ended 30 June 2006

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

Capital commitments for property, plant and equipment:

	Group and Company	
	30.06.07	30.06.06
	RM'000	RM'000
Contracted for	18,405,482	6,805,533
Authorised but not contracted for	98,664	99,928
	18,504,146	6,905,461

16. 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
Fly Asian Xpress Sdn Bhd ("FAX")	Common shareholders and directors

	Group	
	Twelve months ended 30 June 2007 RM'000	Twelve months ended 30 June 2006 RM'000
Thai AirAsia		
- Sublease rental income on aircrafts	33,099	20,517
- Lease rental income on aircrafts	18,009	19,682
- Maintenance and overhaul charges	29,564	39,319
PT Indonesia AirAsia		
- Sublease rental income on aircrafts	15,722	11,538
- Lease rental income on aircrafts	13,336	10,521
- Maintenance and overhaul charges	18,034	24,990

17. Review of performance

(A) Performance of current quarter against same quarter last year

Quarter Ended: 30 June RM '000	Q4 2007	Q4 2006 (restated)	Q407 vs. Q406
Revenue	**432,154**	**313,725**	**38%**
EBITDAR	164,856	73,199	125%
Pretax profit	130,365	13,893	838%
Net Income (including deferred tax)	185,050	130,769	42%
EBITDAR Margin	38.1%	23.3%	14.8 ppt
Pretax profit Margin	30.2%	4.4%	25.7 ppt
Net Income Margin	42.8%	41.7%	1.1 ppt
Passengers Carried	2,359,553	1,623,130	45%
Average Fare (RM)	170	184	-8%
Load Factor	80.7%	82.9%	-2 ppt

The Group recorded revenue of RM432 million for the quarter ended 30 June 2007 ("4Q07"), 38% higher than the revenue of RM314 million recorded in the quarter ended 30 June 2006 ("4Q06"). The Group's profit before tax improved by 838% to RM130 million as compared to the restated profit before tax of RM14 million achieved in 4Q06. The corresponding quarter's profit before tax was restated as explained in Note 2 (c) above.

The positive growth in results was attributed to higher passenger volume achieved and higher contribution from ancillary income. Passenger volume grew by 45% in 4Q07 as compared to 4Q06. Load factor was lower by two percentage points to 81% and average fare was lower by 8% at RM170 as compared to RM184 achieved in 4Q06. The lower average fare and load factor achieved reflects the introduction of additional frequencies (inclusive of international flights) from Kuala Lumpur and Kota Kinabalu bases. In addition, the flight stage length of the Group in the quarter under review was 4% shorter than in 4Q06. Shorter flights will naturally render lower average fare; this pattern is in line with the normal business practices and is within the expectation of the Group.

Other operating income included the gains on disposal of 19 interest rate swaps for RM73 million as a result of profit taking activities in the current quarter as disclosed in Note 5. The interest rate futures market spiked during the period due to geopolitical factors and increased demand for treasuries. The management was in the view that the market value for interest rate swaps was attractive and decided to monetize 19 interest rate swaps. The Group has 41 remaining interest rate swaps.

(B) Performance of current financial year against last financial year

12-months Ended: 30 June RM '000	FY2007	FY2006 (restated)	FY2007 vs. FY2006
Revenue	**1,603,261**	**1,058,107**	**52%**
EBITDAR	490,026	253,926	93%
Pretax profit	278,048	86,174	223%
Net Income (including deferred tax)	498,057	201,702	147%
EBITDAR Margin	30.6%	24.0%	6.6 ppt
Pretax profit Margin	17.3%	8.1%	9.2 ppt
Net Income Margin	31.1%	19.1%	12.0 ppt
Passengers Carried	8,737,939	5,719,411	53%
Average Fare (RM)	171	174	-2%
Load Factor	79.6%	77.5%	2.1 ppt

The Group recorded revenue of RM1,603 million for the financial year ended 30 June 2007 ("FY2007"), 52% higher than the revenue of RM1,058 million recorded in the financial year ended 30 June 2006 ("FY2006"). The Group's profit before tax improved by 223% to RM278 million as compared to the restated profit before tax of RM86 achieved in FY2006. The corresponding quarter's profit before tax was restated as explained in Note 2 (c) above.

The positive growth in results was attributed to higher passenger volume achieved and higher contribution from ancillary income. Passenger volume grew by 53% in FY2007 as compared to FY2006. Load factor was higher by 2 percentage points to 80% and average fare was lower by 2% at RM171 as compared to RM174 achieved in FY2006. The lower average fare is a result of a 6% shorter stage length. Shorter flight will naturally render lower average fare; this pattern is in line with the normal business practices and is within the expectation of the Group.

The Group recorded profit before tax margins of 17.3% FY2007, 9.2 percentage points higher than the profit before tax margin of 8.1% recorded in FY2006. Profit margins have expanded strongly due to the stronger revenue contribution as cost increased at a slower rate as compared to revenue growth.

UNAUDITED NOTES TO THE ACCOUNTS – 30 JUNE 2007

18. Variation of results against preceding quarter

The Group achieved a profit before tax of RM130 million for the quarter under review. This is higher by RM84.5 million compared to that of the immediately preceding third quarter ended 31 March 2007. The revenue recorded in the quarter under review has helped reduce the impact of higher depreciation, amortization charge and finance costs attributed to the new Airbus A320 aircraft in our current fleet. The disposal of 19 interest rate swaps has also contributed positively to the results. Up to 30 June 2007, the AirAsia Group has already taken delivery of 21 new Airbus A320 aircraft in total.

19. Commentary on prospects

The Group's financial performance is largely driven by the demand for air travel and our ability to add capacity. The demand for air travel is expected to be driven by people's desire for leisure travel, corporate activities and the affordability of air tickets compared to the alternative mode of transportation. The impact of the continued positive economic growth across the region are expected to spill over to the air travel industry as this is a stimulus for corporate travel and the rising economic wealth makes air travel more affordable.

The Group will continue to add more capacity in the current quarter, the capacity addition will be used to introduce several new destinations and increase frequency on existing routes. Based on current forward booking trend, the underlying demand remains strong. The induction of more Airbus A320 aircraft into our fleet has continued to contribute significant operating cost savings and higher reliability.

Barring any unforeseen circumstances, based on the factors mentioned above and assuming fuel prices remains at current levels, the Directors are confident of the prospects of the Group and expect pretax profits to achieve positive growth for the financial year ending 30 June 2008. However, the Directors are cognizant of the demand seasonality of the business and caution that the first quarter will be weak due to the Ramadan fasting month.

20. Profit forecast

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

UNAUDITED NOTES TO THE ACCOUNTS – 30 JUNE 2007

21. Finance (Cost)/Income (Net)

	Group 2007 RM'000
Finance costs	
Interest costs	
-Bank borrowings	(104,784)
-Hire-purchase payables	(23)
Bank facilities and other charges	(607)
	(105,414)
Finance income	
Interest on deposits	27,012
Total foreign exchange gain	81,509
	3,108

22. Income tax expense

	INDIVIDUAL QUARTER		FULL FINANCIAL YEAR	
	Current Year Quarter Ended	Preceding Year Quarter Ended	Financial Year Ended	Financial Year Ended
	30/06/07 RM'000	30/06/06 RM'000	30/06/07 RM'000	30/06/06 RM'000
Group				
Current tax	1,416	827	5,118	2,175
Deferred tax	(56,101)	(117,703)	(225,127)	(117,703)
	(54,685)	(116,876)	(220,009)	(115,528)

The current taxation charge is in respect of interest income, which is assessed separately. The recognition of deferred tax asset is explained in 2(b)(vii).

23. Unquoted investments and properties

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

24. Quoted investments

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

25. Status of corporate proposals announced

The company entered into a Brand License Agreement with Fly Asian Xpress Sdn Bhd ("FAX") on 20 July 2007. FAX secured the right to operate scheduled air services under the trade name and livery of AirAsia in respect of its budget long haul air services ("the Budget Long Haul Services").

FAX is proposing that in respect of the Budget Long Haul Services, the brand name to be employed shall be AIRASIA X. Under the Agreement, AirAsia grants to FAX a non-exclusive and non-assignable licence to use the AirAsia brand for the purpose of the Budget Long Haul Services as well as for FAX's marketing, communication and advertising medium.

Under the Agreement, FAX agrees not to operate scheduled flights covering sectors which are within a four (4) hour flight range from a common point or hub which AirAsia (including its subsidiaries and associated companies operating under the AirAsia brand) operates. AirAsia also agrees not to undertake scheduled flights of above a four (4) hour flight range from a common point or hub which FAX operates.

The term of the Agreement is for an initial period of five (5) years which may be extended for up to five (5) successive terms of five (5) years.

In consideration of AirAsia granting to FAX the licence, FAX has agreed to pay AirAsia a licensing fee. In order to enable FAX to endure the initial start up challenges of the Budget Long Haul Services, AirAsia has agreed to waive the payment of the licensing fee for FAX's first operating year. Thereafter FAX agrees to pay a fee of RM680,000.00 per annum or 0.5% of FAX's gross revenue, whichever is greater.

UNAUDITED NOTES TO THE ACCOUNTS – 30 JUNE 2007

26. Borrowings and debt securities

	At 30 June 2007 RM'000	At 30 June 2006 RM'000
Current		
Secured	251,097	265,360
Non-current		
Secured	2,303,488	787,276

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

The maturity period of non-current borrowing is 14 years and below. The entire borrowings are denominated in US Dollar.

As at the balance sheet date, the weighted average effective interest rate of the borrowings is at 5.5% per annum (2006: 5.01% per annum).

These term loans are secured by the following:

(a) Assignment of rights under contract with Airbus over each aircraft

(b) Assignment of insurance of each aircraft

(c) Assignment of airframe and engine warranties of each aircraft

UNAUDITED NOTES TO THE ACCOUNTS – 30 JUNE 2007

27. Off balance sheet financial instruments

The fair value of derivative financial instruments is the present value of their future cash flows and is derived from the valuations, calculated by the Group's bankers.

(i) Forward foreign exchange contracts

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

The Group has entered into several long dated par forward foreign exchange contracts for settlement at fixed Ringgit rates over a period of 12 years in respect of a number of its aircraft purchase loans. As at 30 June 2007, the Company has hedged 19 aircraft loans from USD into Ringgit.

(ii) Interest Rate Swaps

The Group entered into capped, interest rate swaps to hedge against fluctuations in the US-LIBOR on an expected total of USD2.2 billion in term loans on its existing and future aircraft financing for deliveries between 5 December 2005 to 1 February 2009. The effect of this transaction obliges it to pay fixed interest rate of between 4.74% and 4.90% instead of being subjected to the floating US-LIBOR for the entire loan amount over the entire tenor.

As of the end of the financial year 30 June 2007, the Group has a total of 32 interest rate swaps.

(iii) Fuel Hedging

The Company bought caps to fully hedge its upside risk until 30 June 2007. It is currently about 35% hedged in a Sing Jet Kerosene, call spread until December 2007 and sold WTI puts at USD 52.50 / barrel for the same period.

From January until June 2008, the Company bought WTI put spreads from USD 70 until USD 55 (quarterly extendibles) and sold puts at USD 48.

In financial years 2009 and 2010, the Company bought WTI put spreads from USD 69 until USD 55 (quarterly extendibles) and sold puts at USD 40, 42 and 35 / barrel respectively.
The Company also sold calls (quarterly extendibles) at the average price of USD 82.60/ barrel from January 2008 – June 2010 with in Knock-in at USD 90 / barrel.

WTI was at USD 70.98 on 29th June 2007.

UNAUDITED NOTES TO THE ACCOUNTS – 30 JUNE 2007

28. Material litigation

As at 30 August 2007, there was no material litigation against the Group.

29. Proposed dividend

The Directors do not recommend any dividend for the quarter ended 30 June 2007.

30. Earnings per share

(a) Basic earnings per share

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30/06/07	**Preceding Year Corresponding Quarter Ended 30/06/06**	**Current Year Ended 30/06/07**	**Preceding Year Corresponding Year Ended 30/06/06**
Net profit for the financial period (RM'000)	185,050	130,769	498,057	201,702
Weighted average number of ordinary shares in issue for basic EPS ('000)	2,352,517	2,340,743	2,352,517	2,340,743
Adjusted for share options granted ('000)	26,360	27,729	26,360	27,729
Adjusted weighted average number of ordinary shares ('000)	2,378,877	2,368,472	2,378,877	2,368,472
Basic earnings per share (sen)	7.9	5.6	21.2	8.6
Diluted earnings per share (sen)	7.8	5.5	20.9	8.5

(b) Diluted earnings per share

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

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

31. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board on 30 August 2007.

By order of the Board

JASMINDAR KAUR a/p SARBAN SINGH

(MAICSA 7002687)
COMPANY SECRETARY
30 August 2007