



AIRASIA BERHAD
(Company No. 284669-W)

(Incorporated in Malaysia with limited liability under the Companies Act, 1965)
FOURTH QUARTER REPORT ENDED 31 DECEMBER 2012

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 2012.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Period ended	Period ended
		31/12/2012 RM'000	31/12/2011 RM'000	31/12/2012 RM'000	31/12/2011 RM'000
Revenue	10	1,408,388	1,278,455	4,995,850	4,495,141
Operating expenses:					
- Staff costs		(166,762)	(130,601)	(580,294)	(484,177)
- Depreciation of property, plant and equipment		(148,968)	(160,078)	(562,176)	(570,909)
- Aircraft fuel expenses		(550,737)	(520,431)	(1,947,947)	(1,759,868)
- Maintenance and overhaul		(28,364)	(27,755)	(117,398)	(86,698)
- User charges and other related expenses		(84,209)	(92,323)	(415,898)	(386,868)
- Aircraft operating lease expenses		(41,575)	(29,549)	(159,512)	(80,655)
- Travel and tour operating expenses		-	-	-	(36,555)
- Other operating expenses		(48,381)	(33,044)	(189,951)	(163,747)
Other (losses)/gains - net	11	12,289	24,041	11,035	(55,501)
Other income	12	78,955	162,566	123,942	292,357
Operating Profit		430,636	471,281	1,157,651	1,162,520
Finance Income	27	20,938	21,349	79,391	66,078
Finance Costs	27	(97,231)	(95,768)	(378,808)	(377,894)
Net operating profit		354,343	396,862	858,234	850,704
Foreign Exchange gain/(loss) on borrowings	27	(20,858)	(70,604)	66,152	(93,472)
Foreign Exchange gain/(loss) on amounts due from associates and jointly-controlled entities		10,347	-	(29,139)	13,457
Gain on disposal and fair value of interest in Thai AirAsia	17	-	-	1,160,370	-
Share of results of jointly controlled entities	23	5,523	1,848	(2,899)	11,980
Share of results of associates	23	13,408	(3,652)	1,328	(5,652)
Profit before tax		362,763	324,454	2,054,046	777,017
Current Taxation	28	(3,114)	(4,080)	(18,865)	(18,533)
Deferred taxation	28	(9,000)	(189,695)	(156,654)	(203,160)
Profit after tax		350,649	130,679	1,878,527	555,324
Attributable to:					
-Equity holders of the company		350,649	130,679	1,878,527	555,324
-Minority interests		-	-	-	-
		350,649	130,679	1,878,527	555,324
Basic earnings per share (sen)		12.6	4.7	67.6	20.0
Diluted earnings per share (sen)		12.6	4.7	67.5	20.0

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		Quarter ended	Quarter ended	Period ended	Period ended
		31/12/2012 RM'000	31/12/2011 RM'000	31/12/2012 RM'000	31/12/2011 RM'000
Profit for the period		350,649	130,679	1,878,527	555,324
Other comprehensive income					
Available-for-sale financial assets		14,400	-	14,400	-
Cash flow hedges	13	42,767	(74,648)	61,215	(88,054)
Foreign currency translation differences		(145)	111	(145)	111
Total comprehensive income for the period		407,671	56,142	1,953,997	467,381
Total comprehensive income attributable to:					
Equity holders of the company		407,671	56,142	1,953,997	467,381
Minority Interest		-	-	-	-



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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	PERIOD ENDED	YEAR ENDED
	31/12/2012 RM'000	31/12/2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,054,046	777,017
Adjustments:		
Property, plant and equipment		
- Depreciation	562,176	570,909
- Write off	-	1,089
- Impairment	-	16,983
- Gain on disposal	9,328	(198,923)
- Gain on disposal and fair value of interest in Thai AirAsia	(1,160,370)	-
Impairment loss on goodwill	-	1,404
Amortisation of other investments	-	25
Unwinding of discount on intercompany receivables	-	(22,656)
Fair value (gains)/losses on derivative financial instruments	95,162	(41,515)
Share of results of jointly-controlled entities	2,899	(11,980)
Share of results of associates	(1,328)	5,652
Net unrealised foreign exchange (gain)/loss	(275,110)	150,234
Interest expense	377,312	368,007
Interest income	(79,391)	(43,422)
	1,584,724	1,572,824
Changes in working capital		
Inventories	(3,993)	(2,177)
Receivables and prepayments	(247,923)	(261,860)
Trade and other payables	262,097	272,573
Intercompany balances	16,929	169,205
Cash generated from operations	1,611,834	1,750,565
Interest paid	(377,312)	(367,707)
Interest received	79,391	43,422
Tax paid	(7,898)	(22,381)
Net cash from operating activities	1,306,015	1,403,899
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment		
- Additions	(1,895,894)	(612,393)
- Proceeds from disposal	124,810	387,960
Investment in a jointly controlled entity	-	(111,674)
Investment in an associate	(16,608)	(44,702)
Purchase of available-for-sale financial asset	(32,756)	-
Deposit on aircraft purchase	(114,896)	(106,662)
Net cash used in investing activities	(1,935,344)	(487,471)
CASH FLOWS FROM FINANCING FACILITIES		
Proceeds from allotment of shares	1,967	5,021
Hire purchase instalments paid	-	(15)
Proceeds from borrowings	1,514,330	508,148
Dividend paid	(138,957)	(76,965)
Repayment of borrowings	(627,239)	(752,224)
Deposits pledged as securities	(1,094)	16,395
Net cash from / (used in) financing activities	749,007	(299,640)
NET INCREASE FOR THE FINANCIAL PERIOD/YEAR	119,678	616,788
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	2,092,616	1,475,828
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD*	2,212,294	2,092,616

* The balance at end of financial period excludes fixed deposits of RM13.488 million (31/12/11: RM12.394 million) pledged with licensed banks 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 2011



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		AS AT	AS AT	AS AT
	Note	31/12/2012 RM'000	31/12/2011 RM'000	01/01/2011 RM'000 MFRS
NON CURRENT ASSETS				
Property, plant and equipment	15	9,786,030	8,586,451	9,318,041
Investment in associates	23	1,204,575	39,079	29
Investment in a jointly controlled entity	23	120,755	123,654	-
AFS Financial Assets		212,908	152,942	152,942
Other investment		-	-	25
Goodwill		7,334	7,334	8,738
Deferred tax assets		359,496	516,100	719,260
Receivables and prepayments		47,109	15,548	23,593
Deposit on aircraft purchase		483,795	112,228	-
Amounts due from an associate		443,505	513,614	117,964
Derivative Financial Instruments	33	36,406	44,811	25,544
		12,701,913	10,111,761	10,366,136
CURRENT ASSETS				
Inventories		23,725	19,730	17,553
Receivables and prepayments		1,362,954	1,109,775	841,122
Deposit on aircraft purchase		-	255,540	248,684
Amounts due from a jointly controlled entity		12,225	4,526	99,802
Amount due from associates		314,108	289,492	162,386
Amount due from a related party		6,356	-	-
Deposits, bank and cash balances		2,225,782	2,105,010	1,504,617
Derivative Financial Instruments	33	-	7,659	-
Current tax recoverable		-	2,216	-
		3,945,150	3,793,948	2,874,164
CURRENT LIABILITIES				
Trade and other payables		1,895,988	1,137,232	912,943
Sales in advance		384,726	389,833	328,549
Derivative Financial Instruments	33	-	38,011	-
Amount due to associate		-	4,444	5,223
Amount due to a related party		17,713	10,560	41,262
Amount due to a JV entity		-	19,761	-
Hire-purchase payables		-	-	15
Borrowings	32	726,246	594,231	553,967
Current tax liabilities		6,779	-	1,632
		3,031,452	2,194,072	1,843,591
NET CURRENT ASSETS				
		913,698	1,599,876	1,030,573
NON CURRENT LIABILITIES				
Borrowings	32	7,718,230	7,186,919	7,302,884
Derivative Financial Instruments	33	544,360	488,321	452,865
		8,262,590	7,675,240	7,755,749
CAPITAL AND RESERVES				
Share capital	7	277,991	277,809	277,344
Share Premium		1,227,935	1,226,150	1,221,594
Foreign exchange reserve		451	596	485
Retained earnings		3,820,117	2,580,930	2,102,571
Other Reserves		26,527	(49,088)	38,966
Shareholders' funds		5,353,021	4,036,397	3,640,960
Net assets per share attributable to ordinary equity holders of the Company (RM)		1.93	1.45	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 2011 and the accompanying explanatory notes attached to the interim financial statements.



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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's	Nominal Value RM'000								
At 1 January 2012	2,778,087	277,809	1,226,150	596	(159,363)	110,275	2,580,930	4,036,397	-	4,036,397
Net Profit for the period	-	-	-	-	-	-	1,878,527	1,878,527	-	1,878,527
Dividends approved	-	-	-	-	-	-	(639,340)	(639,340)	-	(639,340)
Other comprehensive income	-	-	-	(145)	61,215	14,400	-	75,470	-	75,470
Issuance of ordinary shares - Pursuant to the Employees' Share Option Scheme ('ESOS')	1,821	182	1,785	-	-	-	-	1,967	-	1,967
At 31 December 2012	2,779,908	277,991	1,227,935	451	(98,148)	124,675	3,820,117	5,353,021	-	5,353,021
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	-	-	-	-	-	-	555,324	555,324	-	555,324
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	2,580,930	4,036,397	-	4,036,397

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 2011 and the accompanying explanatory notes attached to the interim financial statements.



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KEY OPERATING STATISTICS – 31 December 2012

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

Quarter Ended: 31 December	Oct-Dec 2012	Oct-Dec 2011	Change y-o-y
Passengers Carried	5,205,886	4,854,674	7%
Capacity	6,342,300	5,946,120	7%
Seat Load Factor	82%	82%	0 ppt
RPK (million)	6,059	5,620	8%
ASK (million)	7,357	6,775	9%
Average Fare (RM)	201	196	3%
Ancillary Income Per Pax (RM)*	42	40	5%
Unit Passenger Revenue (RM)	243	236	3%
Revenue / ASK (sen)	19.14	18.87	1%
Revenue / ASK (US cents)	6.28	6.19	1%
Cost / ASK (sen)	13.28	13.40	-1%
Cost / ASK (US cents)	4.36	4.39	-1%
Cost / ASK-ex Fuel (sen)	5.80	5.72	1%
Cost / ASK-ex Fuel (US cents)	1.90	1.88	1%
Aircraft (end of period)	64	57	12%
Average Stage Length (km)	1,160	1,140	2%
Number of Flights	35,235	33,034	7%
Fuel Consumed (Barrels)	1,216,715	1,123,600	8%
Average Fuel Price (US\$ / Barrel)	148	152	-2%

Exchange Rate: RM:USD – 3.0492 - prior year US cents figures are restated at current exchange rate

The calculation of Cost / ASK excludes the offset of the gain/(loss) on the disposal of property, plant and equipment, as disclosed in note 12, in both the current and prior year.

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



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KEY OPERATING STATISTICS – 31 December 2012

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

Period Ended: 31 December	Jan-Dec 2012	Jan-Dec 2011	Change y-o-y
Passengers Carried	19,678,576	17,986,558	9%
Capacity	24,751,800	22,474,620	10%
Seat Load Factor	80%	80%	0 ppt
RPK (million)	22,731	21,037	8%
ASK (million)	28,379	26,074	9%
Average Fare (RM)	187	176	6%
Ancillary Income Per Pax (RM)	40	45	-11%
Unit Passenger Revenue (RM)	227	221	2%
Revenue / ASK (sen)	17.60	17.24	2%
Revenue / ASK (US cents)	5.72	5.60	2%
Cost / ASK (sen)	13.56	13.54	0%
Cost / ASK (US cents)	4.40	4.40	0%
Cost / ASK-ex Fuel (sen)	6.69	6.79	-1%
Cost / ASK-ex Fuel (US cents)	2.17	2.21	-1%
Aircraft (end of period)	64	57	12%
Average Stage Length (km)	1,148	1,162	-1%
Number of Flights	137,510	124,853	10%
Fuel Consumed (Barrels)	4,685,895	4,290,284	9%
Average Fuel Price (US\$ / Barrel)	135	133	1%

Exchange Rate: RM:USD – 3.0791 - prior year US cents figures are restated at current exchange rate

The calculation of Cost / ASK excludes the offset of the gain/(loss) on the disposal of property, plant and equipment, as disclosed in note 12, in both the current and prior year.

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



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NOTES TO THE UNAUDITED ACCOUNTS – 31 DECEMBER 2012

1. Basis of preparation

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

In accordance with MFRS1 an opening MFRS statement of financial position has been presented at the date of transition to MFRS’s. There are no differences between the opening MFRS statement of financial and the statement of financial position presented under FRS’s at 31 December 2010.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2011.

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 2011

In current financial year, the Group is adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards (“MFRS”). In adopting the new framework, the Group is applying MFRS 1 “First-time adoption of MFRS”. MFRS 1 provides for certain optional exemption and certain mandatory exception for first-time MFRS adopters.

Details of standards, amendments to published standards and interpretations to existing standards that are applicable to the Group with effect from 1 January 2012 or later are provided in note 2 to the audited financial statements of the Group for the financial year ended 31 December 2011.

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 2011 in their report dated 27 April 2012.



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NOTES TO THE UNAUDITED ACCOUNTS – 31 DECEMBER 2012

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 maintained at 82% in the quarter under review unchanged from the same period last year. Compared against the immediate preceding quarter (third quarter July - September 2012), the seat load factor was 5 percentage points higher than the third quarter of 2012. 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 2012, the total issued and paid-up share capital of the Company increased from RM277,987,858 to RM277,990,658 from the issuance of 28,000 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 cancellation, repurchases, resale and repayment of debt and equity securities for the period ended 31 December 2012.

8. Dividend paid

A final tax exempt (single tier) dividend in respect of the financial year ended 31 December 2011, of 5.0 sen per ordinary share of 10.0 sen each amounting to RM138,957,079 was paid on 20 July 2012.

9. Segment reporting

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



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NOTES TO THE UNAUDITED ACCOUNTS – 31 DECEMBER 2012

10. Revenue

	Quarter ended 31/12/2012 RM million	Quarter ended 31/12/2011 RM million
Passenger seat sales	922.3	894.5
Baggage fees	108.6	93.5
Aircraft operating lease income	141.7	128.1
Surcharges and fees	128.1	62.4
Other revenue	107.7	100.0
	<u>1,408.4</u>	<u>1,278.5</u>

Other revenue includes assigned seat, freight, cancellation, documentation and other fees and the on-board sale of meals and merchandise.

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 2012 as compared to 30 September 2012, and are detailed below:

	Quarter ended 31/12/2012 RM million	Quarter ended 31/12/2011 RM million
Gain from fuel contracts	5.1	25.2
Gain/(loss) from foreign currency contracts	0.7	(0.7)
Gain/(loss) from interest rate contracts	6.5	(0.5)
	<u>12.3</u>	<u>24.0</u>

The above gains and losses arise from the movement in exchange rates (principally RM:US\$), interest rates and crude oil 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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12. Other Income

	Quarter ended 31/12/2012 RM million	Quarter ended 31/12/2011 RM million
(Loss)/gain on disposal of property, plant and equipment	(0.5)	100.6
Others	79.5	62.0
	<u>79.0</u>	<u>162.6</u>

Other income ('others') includes brand licence fees, commission income and advertising income.

13. Other Comprehensive Income

Cash flow hedges represent fair value changes due to movement in MTM position on effective hedging contracts at 31 December 2012 as compared to 30 September 2012 as follows:

	Quarter ended 31/12/2012 RM million	Quarter ended 31/12/2011 RM million
Fair value (loss)/gain in the period	35.7	(7.9)
Amount transferred to income statement	7.1	(66.7)
	<u>42.8</u>	<u>(74.6)</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.



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14. 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 31/12/2012 RM million	As at 31/12/2011 RM million
Total retained profit of AirAsia Berhad and its subsidiaries		
Realised	1,656,124	1,781,491
Unrealised	2,175,402	809,277
	<u>3,831,526</u>	<u>2,590,768</u>
Total share of accumulated losses from associates		
Realised	(8,436)	(9,764)
Unrealised	-	-
	<u>(8,436)</u>	<u>(9,764)</u>
Total share of accumulated profit/(losses) from jointly controlled entities		
Realised	(2,973)	(74)
Unrealised	-	-
	<u>(2,973)</u>	<u>(74)</u>
Total group retained profit as per consolidated accounts	<u>3,820,117</u>	<u>2,580,930</u>

15. Property, plant and equipment

(a) acquisition and disposals

During the quarter ended 31 December 2012, the Group acquired property, plant and equipment with a cost of RM933.6 million (quarter ended 31 December 2011: RM247.2 million).

During the quarter ended 31 December 2012, proceeds from disposal of property, plant and equipment totaled RM0.4 million (quarter ended 31 December 2011: RM559.1 million).

(b) revaluation

There was no revaluation of property, plant and equipment for the quarter ended 31 December 2012 (quarter ended 31 December 2011: RM Nil).



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(c) impairment

There was no impairment of property, plant and equipment for the quarter ended 31 December 2012 (quarter ended 31 December 2011: RM Nil).

16. Post balance sheet events

On 20 February 2013, Tune Ins Holdings Berhad had its initial public offering and is now listed on the Main Market of Bursa Securities at the initial price of RM1.35 per Public Issue Share. In accordance with MFRS 110 "Events after the Reporting Period", this was a non-adjusting event after the balance sheet date, 31 December 2012. The financial effects of the change in the fair value of the AFS Financial Asset in accordance with MFRS 139 will be reflected at the next reporting period.

There were no other material events after the period end that have not been reflected in the financial statements for the financial period ended 31 December 2012 as at the date of this report.

17. Changes in composition of the Group

There were no changes in the composition of the group during the quarter under review.

18. Contingent assets

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

19. 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 2011.

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

Capital commitments for property, plant and equipment:

	<u>Group and Company</u>	
	<u>31/12/2012</u>	<u>31/12/2011</u>
	RM'000	RM'000
Approved and contracted for	51,144,087	40,815,202
Approved but not contracted for	13,756,500	16,841,539
	-----	-----
	64,900,587	57,656,741
	=====	=====



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21. 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	An associate 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
AirAsia Japan Co. Ltd	An associate of the Company
Asian Aviation Centre of Excellence Sdn Bhd	A jointly controlled entity of the Company

These following items have been included in the Income Statement

	Quarter ended 31/12/2012 RM million	Quarter ended 31/12/2011 RM million
Thai AirAsia		
Lease rental income on aircraft	78,780	71,933
Indonesia AirAsia		
Lease rental income on aircraft	49,245	50,902
Maintenance and overhaul charges	-	3,193
Philippines AirAsia		
Lease rental income on aircraft	6,678	5,218
Japan AirAsia		
Lease rental income on aircraft	7,021	-
AirAsia X Berhad		
Services charged to AirAsia X Berhad	1,581	4,211
Asian Aviation Centre of Excellence Sdn Bhd		
Training costs charged to AirAsia Berhad	(8,473)	-



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22. Review of performance

Performance of current quarter against the same quarter last year for Malaysia

Quarter Ended: 31 December RM'000	Oct-Dec 2012	Oct-Dec 2011
Revenue	1,408,388	1,278,455
Operating expenses:		
- Staff costs	(166,762)	(130,601)
- Depreciation of property, plant and equipment	(148,968)	(160,078)
- Aircraft fuel expenses	(550,737)	(520,431)
- Maintenance and overhaul	(28,364)	(27,755)
- User charges and other related expenses	(84,209)	(92,323)
- Aircraft operating lease expenses	(41,575)	(29,549)
- Travel and tour operating expenses	-	-
- Other operating expenses	(48,381)	(33,044)
Other (losses)/gains - net	12,289	24,041
Other income	78,955	162,566
Operating Profit	430,636	471,281
Finance Income	20,938	21,349
Finance Costs	(97,231)	(95,768)
Net operating profit	354,343	396,862
Foreign Exchange gain/(loss) on borrowings	(20,858)	(70,604)
Foreign Exchange gain/(loss) on amounts due from associates and jointly-controlled entities	10,347	-
Gain on disposal and fair value of interest in Thai AirAsia	-	-
Share of results of jointly controlled entities	5,523	1,848
Share of results of associates	13,408	(3,652)
Profit before tax	362,763	324,454
Current Taxation	(3,114)	(4,080)
Deferred taxation	(9,000)	(189,695)
Profit after tax	350,649	130,679
EBITDAR	621,179	660,908
EBITDAR Margin	44%	52%
EBIT Margin	31%	37%



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The Group recorded revenue of RM1,408.4 million for the quarter ended 31 December 2012 (“4Q12”), 10% higher than the revenue of RM1,278.5 million recorded in the quarter ended 31 December 2011 (“4Q11”). The revenue growth was supported by 7% growth in passenger volume while the average fare was 3% higher at RM201 as compared to RM196 achieved in 4Q11. Ancillary income per passenger year-on-year increased by 5% to RM42 from RM40. The seat load factor was maintained at 82% unchanged from the same period last year.

The profit before tax for the period was RM362.8 million compared to RM324.5 million in the same quarter of 2011 while the profit after tax for the period was RM350.6 million compared to RM130.7 million in the same quarter of 2011.



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Performance of current financial year against the previous financial year for Malaysia

Period Ended: 31 December RM'000	Jan-Dec 2012	Jan-Dec 2011
Revenue	4,995,850	4,495,141
Operating expenses:		
- Staff costs	(580,294)	(484,177)
- Depreciation of property, plant and equipment	(562,176)	(570,909)
- Aircraft fuel expenses	(1,947,947)	(1,759,868)
- Maintenance and overhaul	(117,398)	(86,698)
- User charges and other related expenses	(415,898)	(386,868)
- Aircraft operating lease expenses	(159,512)	(80,655)
- Travel and tour operating expenses	-	(36,555)
- Other operating expenses	(189,951)	(163,747)
Other (losses)/gains - net	11,035	(55,501)
Other income	123,942	292,357
Operating Profit	1,157,651	1,162,520
Finance Income	79,391	66,078
Finance Costs	(378,808)	(377,894)
Core Net Income	858,234	850,704
Foreign Exchange gains/(losses) on borrowings	66,152	(93,472)
Foreign Exchange gain/(loss) on amounts due from associates and jointly-controlled entities	(29,139)	13,457
Gain on disposal and fair value of interest in Thai AirAsia	1,160,370	-
Share of results of jointly controlled entities	(2,899)	11,980
Share of results of associates	1,328	(5,652)
Profit before tax	2,054,046	777,017
Current Taxation	(18,865)	(18,533)
Deferred taxation	(156,654)	(203,160)
Profit after tax	1,878,527	555,324
EBITDAR	1,879,339	1,814,084
EBITDAR Margin	38%	40%
EBIT Margin	23%	26%



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The Group recorded revenue of RM4,995.9 million for the financial year ended 31 December 2012 (“FY12”), 11% higher than the revenue of RM4,495.1 million recorded in the financial year ended 31 December 2011 (“FY11”). The revenue growth was supported by 9% growth in passenger volume while the average fare was 6% higher at RM187 as compared to RM176 achieved in FY11. Ancillary income per passenger year-on-year showed a decrease by 11% in FY12. The seat load factor was maintained at 80% unchanged from the same period last year.

The profit after tax for the period was RM1,878.5 million compared to RM555.3 million in FY11. The profit after tax for the period includes RM120.1 million gain on the disposal of the 4% equity interest and a fair value gain on the remaining 45% equity interest in Thai AirAsia of RM1,040.3 million which is presented in the income statement as a ‘Gain on disposal and fair value of interest in Thai AirAsia’.

Cashflow commentary for current quarter against immediately preceding quarter

Net Cash Flow (RM'000)	Oct-Dec 2012	Jul-Sep 2012
Cash from Operations	604,147	248,075
Cash from Investing Activities	(1,065,617)	(354,084)
Cash from Financing Activities	483,987	143,782
Net Cash Flow	22,517	37,773

The Group’s cash from operations was RM604.1 million, compared to RM248.1 million in the immediate preceding quarter ended September 2012. Net cash flow in the quarter amounted to RM22.5 million inflow, as cash flows from operating and financing activities exceeded investing cash flows.

Balance sheet commentary for current quarter

Balance Sheet RM million	December 2012	September 2012
Total Debt	8,444	7,811
Cash	2,226	2,202
Net Debt	6,218	5,609
Net Gearing	1.17	1.03

The Group’s total debt as of end of December 2012 was RM8.4 billion. The Group’s net debt after offsetting the cash balances amounted to RM6.2 billion. This translates to a net gearing ratio of 1.17 times, 14% higher than the immediately preceding quarter.



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23. Jointly Controlled Entities and Associate Companies

i) Associate Company - Thai AirAsia

Thai AirAsia is an associate company owned 45% by AirAsia Berhad. As such it is accounted for using the equity method, as permitted by the Malaysian Accounting Standards Board MFRS128, Investments in Associates.

Thai AirAsia recorded revenue of THB5,621.6 million in 4Q12, 28% higher compared to the THB4,376.3 million achieved in 4Q11. The positive growth in revenue is attributed to 25% higher passenger volume achieved in 4Q12 as compared to 4Q11 coupled with a 4% increase in unit passenger revenue. Thai AirAsia achieved a seat load factor of 82% which is 4 percentage points higher than 4Q11. Average base fare increased by 4% from THB2,001 in 3Q11 to THB2,110 in 4Q12.

Thai AirAsia achieved a net profit of THB740.1 million in 4Q12, compared to a net profit of THB606.7 million in 4Q11.

AirAsia Berhad has recognized RM33.4 million as equity share in the Thai AirAsia net profit for 4Q12.

In the full year 2012, Thai AirAsia recorded revenue of THB19,348.9 million, 20% higher compared to the THB16,157.6 million achieved in FY11. The positive growth in revenue is attributed to higher passenger volume, higher average fare and improving yields. Thai AirAsia has achieved passenger growth of 21% as compared to FY11 while the seat load factor was higher by 2 percentage points at 82%.

Thai AirAsia achieved a net profit of THB1,806.6 million in FY12 as compared to a net profit of THB2,020.1 million in FY11.



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

Quarter Ended: 31 December	Oct - Dec 2012	Oct - Dec 2011	Change y-o-y
Passengers Carried	2,272,368	1,820,827	25%
Capacity	2,777,760	2,325,240	19%
Seat Load Factor	82%	78%	4 ppt
RPK (million)	2,321	1,895	22%
ASK (million)	2,801	2,433	15%
Average Fare (THB)	2,110	2,001	5%
Ancillary Income Per Pax (THB)	364	376	-3%
Unit Passenger Revenue (THB)	2,474	2,376	4%
Revenue / ASK (THB)	2.01	1.80	12%
Revenue / ASK (US cents)	6.54	5.87	12%
Cost / ASK (THB)	1.68	1.56	7%
Cost / ASK (US cents)	5.47	5.10	7%
Cost / ASK-ex Fuel (THB)	0.89	0.85	5%
Cost / ASK-ex Fuel (US cents)	2.91	2.76	5%
Aircraft (end of period)	27	21	29%
Average Stage Length (km)	1,009	1,046	-4%
Number of Flights	15,432	12,918	19%
Fuel Consumed (Barrels)	505,880	427,313	18%
Average Fuel Price (US\$ / Barrel)	142	133	7%

Exchange Rate: USD:THB – 30.66 - 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



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

Period Ended: 31 December	Jan-Dec 2012	Jan-Dec 2011	Change y-o-y
Passengers Carried	8,300,892	6,863,467	21%
Capacity	10,092,060	8,564,220	18%
Seat Load Factor	82%	80%	2 ppt
RPK (million)	8,618	7,389	17%
ASK (million)	10,499	9,199	14%
Average Fare (THB)	1,977	1,942	2%
Ancillary Income Per Pax (THB)	354	383	-7%
Unit Passenger Revenue (THB)	2,331	2,325	0%
Revenue / ASK (THB)	1.84	1.76	5%
Revenue / ASK (US cents)	5.94	5.67	5%
Cost / ASK (THB)	1.65	1.55	7%
Cost / ASK (US cents)	5.33	4.99	7%
Cost / ASK-ex Fuel (THB)	0.90	0.85	6%
Cost / ASK-ex Fuel (US cents)	2.91	2.74	6%
Aircraft (end of period)	27	21	29%
Average Stage Length (km)	1,040	1,074	-3%
Number of Flights	56,067	47,579	18%
Fuel Consumed (Barrels)	1,874,220	1,600,941	17%
Average Fuel Price (US\$ / Barrel)	135	129	5%

Exchange Rate: USD:THB – 31.00 - 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



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Performance of current quarter against the same quarter last year for Thailand

Quarter Ended: 31 December THB'000	Oct - Dec 2012	Oct - Dec 2011
Revenue	5,621,608	4,376,262
Operating expenses:		
- Staff costs	(573,678)	(369,222)
- Depreciation of property, plant and equipment	(49,307)	(17,883)
- Aircraft fuel expenses	(2,198,929)	(1,742,255)
- Maintenance & overhaul	(414,064)	(282,033)
- User charges and other related expenses	(579,279)	(564,493)
- Aircraft operating lease expenses	(781,842)	(722,001)
- Travel and tour operating expenses	-	-
- Other operating expenses	(191,227)	(133,870)
Other (losses)/gains - net	-	-
Other income	90,856	30,064
Operating Profit	924,138	574,569
Finance Income	47,101	22,002
Finance Costs	(18,707)	11,557
Profit before tax	952,532	608,128
Taxation	(212,404)	(1,390)
Profit after tax	740,128	606,738
EBITDAR	1,755,287	1,314,453
EBITDAR Margin	31%	30%
EBIT Margin	16%	13%



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Performance of current financial year against the previous financial year for Thailand

Period Ended: 31 December THB'000	Jan-Dec 2012	Jan-Dec 2011
Revenue	19,348,930	16,157,598
Operating expenses:		
- Staff costs	(1,879,217)	(1,444,573)
- Depreciation of property, plant and equipment	(106,251)	(71,535)
- Aircraft fuel expenses	(7,861,165)	(6,405,838)
- Maintenance, overhaul, user charges and other related expenses	(1,478,776)	(1,103,082)
- Aircraft operating lease expenses	(2,470,431)	(2,197,084)
- Aircraft operating lease expenses	(3,120,306)	(2,727,706)
- Travel and tour operating expenses	-	-
- Other operating expenses	(783,804)	(592,319)
Other (losses)/gains - net	-	-
Other income	365,829	315,172
Operating Profit	2,014,809	1,930,633
Finance Income	156,282	456,776
Finance Costs	(38,046)	(357,535)
Profit before tax	2,133,045	2,029,874
Taxation	(326,433)	(9,814)
Profit after tax	1,806,612	2,020,060
EBITDAR	5,241,366	4,729,874
EBITDAR Margin	27%	29%
EBIT Margin	10%	12%



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Balance Sheet

Quarter Ended: 31 December THB'000	Dec 2012	Dec 2011
Property, Plant & Equipment	2,912,548	309,719
Work In Progress	22,813	7,476
Deferred Expenditure	465,965	
Inventory	58,345	51,233
Other Debtors & Prepayments	1,401,578	1,982,138
Investment in subsidiaries	8,769	
Cash & Short Term Deposits	6,144,567	1,439,281
Total Assets	11,014,585	3,789,846
Sales In Advance	3,682,192	2,716,364
Other Creditors & Accruals	1,006,485	662,427
Amounts Owing to Related Party	107,862	361,092
Long Term Liabilities	2,376,584	595,938
Total Liabilities	7,173,123	4,335,822
Share Capital	435,556	400,000
Share Premium	2,628,786	1,228
Retained Earnings	777,120	(947,203)
Total Equity	3,841,462	(545,975)

ii) Associate Company - Indonesia AirAsia

Indonesia AirAsia 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 MFRS128, Investments in Associates. The Group's interest in Indonesia AirAsia 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.

Indonesia AirAsia recorded revenue of IDR 1,261.9 billion in 4Q12, 31% higher as compared to the IDR 965.6 billion achieved in 4Q11. The positive growth in revenue can be attributed to higher passenger volumes which increased by 29% year-on-year and a 1% increase in the year-on-year unit passenger revenue. Passengers carried by Indonesia AirAsia increased as capacity rose 31% year-on-year while the seat load factor dropped 1ppt to 76%.

Indonesia AirAsia achieved an operating profit of IDR121.5 billion in 4Q12, compared to an operating profit of IDR78.7 billion in 4Q11.



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In the full year 2012, Indonesia AirAsia recorded revenue of IDR4,360.1 billion, 18% higher as compared to the IDR3,705.3 billion achieved in FY11. The positive growth in revenue can be attributed to higher passenger volumes and higher average fares which rose 2% over FY12. Passengers carried by Indonesia AirAsia increased by 17% year on year while the seat load factor remained unchanged at 77%.

Indonesia AirAsia achieved a net profit of IDR142.1 billion in FY12 compared to a net profit of IDR62.1 billion in FY11.

The AirAsia Berhad share of the net profit in FY12 amounted to RM22.8 million. However, as the Group's interest in Indonesia AirAsia has been reduced to zero any profits will only be recognized when a total of RM163.2 million of unrecognized losses have been reversed.



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

Quarter Ended: 31 December	Oct - Dec 2012	Oct - Dec 2011	Change y-o-y
Passengers Carried	1,613,423	1,255,019	29%
Capacity	2,134,440	1,629,304	31%
Seat Load Factor	76%	77%	-1 ppt
RPK (million)	1,830	1,650	11%
ASK (million)	2,440	2,134	14%
Average Fare (IDR)	644,133	634,436	2%
Ancillary Income Per Pax (IDR)	137,979	136,544	1%
Unit Passenger Revenue (IDR)	782,112	770,979	1%
Revenue / ASK (IDR)	517.25	452.54	14%
Revenue / ASK (US cents)	5.38	4.70	14%
Cost / ASK (IDR)	467.44	415.68	12%
Cost / ASK (US cents)	4.86	4.32	12%
Cost / ASK-ex Fuel (IDR)	236.50	211.97	12%
Cost / ASK-ex Fuel (US cents)	2.46	2.20	12%
Aircraft (end of period)	22	17	29%
Average Stage Length (km)	1,212	1,315	-8%
Number of Flights	11,858	9,094	30%
Fuel Consumed (Barrels)	430,876	380,377	13%
Average Fuel Price (US\$ / Barrel)	136	127	7%

Exchange Rate: USD:IDR – 9,619 - 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



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

Period Ended: 31 December	Jan - Dec 2012	Jan - Dec 2011	Change y-o-y
Passengers Carried	5,847,110	5,009,924	17%
Capacity	7,585,560	6,466,852	17%
Seat Load Factor	77%	77%	0 ppt
RPK (million)	7,012	6,664	5%
ASK (million)	9,152	8,667	6%
Average Fare (IDR)	612,681	602,940	2%
Ancillary Income Per Pax (IDR)	133,009	137,043	-3%
Unit Passenger Revenue (IDR)	745,690	739,983	1%
Revenue / ASK (IDR)	476.39	427.52	11%
Revenue / ASK (US cents)	5.08	4.56	11%
Cost / ASK (IDR)	437.84	410.25	7%
Cost / ASK (US cents)	4.67	4.37	7%
Cost / ASK-ex Fuel (IDR)	216.83	212.84	2%
Cost / ASK-ex Fuel (US cents)	2.31	2.27	2%
Aircraft (end of period)	22	17	29%
Average Stage Length (km)	1,233	1,345	-8%
Number of Flights	42,142	36,653	15%
Fuel Consumed (Barrels)	1,554,966	1,449,506	7%
Average Fuel Price (US\$ / Barrel)	139	135	3%

Exchange Rate: USD:IDR – 9,382 - 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



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Performance of current quarter against the same quarter last year for Indonesia

Quarter Ended: 31 December IDR million	Oct - Dec 2012	Oct - Dec 2011
Revenue	1,261,877	965,631
Operating expenses:		
- Staff costs	(126,033)	(95,242)
- Depreciation	(23,348)	(20,047)
- Aircraft fuel expenses	(563,393)	(434,674)
- Aircraft operating lease expense	(155,525)	(146,444)
- Maintenance & overhaul	(95,693)	(90,061)
- User charges and other related expenses	(135,075)	(91,546)
- Travel and tour operating expenses	-	-
- Provision for early return of aircraft	15,402	-
- Other operating expenses	(66,167)	(31,893)
Other (losses)/gains - net	-	-
Other income	9,475	22,926
Operating Profit	121,520	78,650
Finance Income	750	3,130
Finance Costs	(47,936)	(65,993)
Profit before tax	74,334	15,787
Taxation	-	-
Profit after tax	74,334	15,787
EBITDAR	300,393	245,141
EBITDAR Margin	24%	25%
EBIT Margin	10%	8%



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Performance of current financial year against the previous financial year for Indonesia

Period Ended: 31 December IDR million	Jan - Dec 2012	Jan - Dec 2011
Revenue	4,360,134	3,705,295
Operating expenses:		
- Staff costs	(430,411)	(384,834)
- Depreciation	(91,999)	(35,428)
- Aircraft fuel expenses	(2,022,755)	(1,711,005)
- Aircraft operating lease expense	(543,715)	(627,065)
- Maintenance & overhaul	(325,447)	(326,125)
- User charges and other related expenses	(468,152)	(357,509)
- Travel and tour operating expenses	-	-
- Provision for early return of aircraft	(61)	(52,890)
- Other operating expenses	(175,308)	(104,622)
Other (losses)/gains - net	-	-
Other income	50,608	43,837
Operating Profit	352,894	149,654
Finance Income	2,447	7,140
Finance Costs	(213,221)	(94,705)
Profit before tax	142,120	62,089
Taxation	-	-
Profit after tax	142,120	62,089
EBITDAR	988,608	812,147
EBITDAR Margin	23%	22%
EBIT Margin	8%	4%



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Balance Sheet

Quarter Ended: 31 December IDR million	Dec 2012	Dec 2011
Property, Plant & Equipment	1,666,201	1,711,148
Work In Progress	228	228
Deferred Expenditure	-	314
Inventory	2,068	1,618
Other Debtors & Prepayments	439,089	157,432
Maintenance Reserves	89,640	-
Cash & Short Term Deposits	91,618	32,191
Total Assets	2,288,844	1,902,931
Sales In Advance	569,770	498,231
Other Creditors & Accruals	690,998	286,427
Amounts Owing to Related Party	269,356	2,234,377
Borrowings	1,871,247	138,974
Total Liabilities	3,401,371	3,158,009
Share Capital	180,000	180,000
Share Premium	-	-
Retained Earnings	(1,292,527)	(1,435,078)
Total Equity	(1,112,527)	(1,255,078)

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 RM4.7 million in the quarter of which RM2.4 million is equity accounted in the AirAsia Berhad income statement. In the full year, AACOE recorded a net profit of RM17.8 million of which RM8.9 million 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 profit of RM6.3 million in the quarter of which RM3.1 million is equity accounted in the AirAsia Berhad income statement. In the full year, AAE Travel recorded a net loss of RM23.8 million of which RM11.9 million is equity accounted in the AirAsia Berhad income statement.



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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. BIG recorded a net profit of RM0.3 million in the quarter under review and a net loss of RM10.8 million in the full year of which RM nil is equity accounted in the AirAsia Berhad income statement. As the Group's interest in BIG has been reduced to zero, in accordance with MFRS128, any profits will only be recognized when a total of RM19.7 million of unrecognized losses have been reversed.

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 RM22.7 million in the quarter under review and a net loss of RM93.2 million in the full year of which RM7.4 million is equity accounted in the AirAsia Berhad income statement for the full year. As the Group's interest in AirAsia Philippines has been reduced to zero, in accordance with MFRS128, any profits will only be recognized when a total of RM37.2 million of unrecognized losses have been reversed.

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. AirAsia Japan recorded a net loss of RM39.9 million in the quarter of which RM19.4 million is equity accounted in the AirAsia Berhad income statement. In the full year, AirAsia Japan recorded a net loss of RM96.9 million of which RM47.2 million is equity accounted in the AirAsia Berhad income statement. As the Group's interest in AirAsia Japan has been reduced to zero, in accordance with MFRS128, any profits will only be recognized when a total of RM47.5 million of unrecognized losses have been reversed.

24. Variation of results against preceding quarter

The Group achieved a profit after taxation of RM350.6 million for the quarter under review. This is RM192.8 million higher compared to the RM157.8 million profit after taxation achieved in the immediately preceding quarter ended 30 September 2012.



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25. 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. Forward loads in the Philippines and Japan are also strong as the operations continue to build scale. Load factors achieved in the month of January were slightly below the prior year in Malaysia, Thailand and Indonesia, a direct result of the timing of the Chinese New Year holiday, with average fares also slightly lower in all three countries. Conversely, February is expected to be a strong month in terms of both load and fare.

The Group will take delivery of four A320 aircraft in the first quarter of the year, which will be deployed in Malaysia (2), Japan (1) and Thailand (1).

In Malaysia, forward loads for the remaining months of the first quarter are higher than in the prior year with base fares also higher. Passenger numbers are expected to be particularly strong in February due to the Chinese New Year holiday. Forward loads and average fares in Thailand are better than in the prior year, while in Indonesia fares are higher but load factors slightly lower compared to the previous year as a consequence of new route launches. In the Philippines and Japan loads and fares are in line with expectations and better than previous quarters.

In Thailand, demand for tourism and travel remains seasonally strong in the first quarter of the year. TAA will increase services to Mandalay to daily in the first quarter of 2013, as well as adding frequency on other existing routes.

Indonesia AirAsia will launch 5 new routes from a new hub at Makassar in the first quarter to increase penetration into the eastern part of Indonesia. Makassar will also be connected to Kuala Lumpur and Kota Kinabalu in Malaysia, and a new service will be launched to Singapore from Semarang.

Philippines AirAsia will increase frequency from Clark to Taipei to 7 times a week from 4 times in the first quarter, while marketing and promotional campaigns are expected to drive improvements in load factors. In addition, the local airport authority will commence direct airconditioned shuttle bus services from Manila to Clark airport terminal, thereby improving connectivity from the city centre.

In Japan, it is expected that the commencement of the agent sales will boost load factors in the first quarter of the year. Japan AirAsia also plans to launch a second hub in Nagoya, Chubu International Airport in the first quarter of the year. New routes operated from Nagoya will boost aircraft utilization of the aircrafts and reduce the unit costs as it is open 24 hours per day.



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The outlook for the first quarter of the year should be seen in the context of the current prices of oil and aviation fuel which remain high. However, barring any unforeseen circumstances, the Directors remain positive for the prospects of the Group for the first quarter and the remainder of 2013.

26. Profit forecast

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

27. Finance income/(costs)

All figures in RM'000	Group and Company			
	Quarter Ended 31/12/12	Quarter Ended 31/12/11	Year to Date 31/12/12	Year to Date 31/12/11
Finance income				
Interest on amounts due from associates and JV entities	12,803	16,680	51,174	48,467
Interest on deposits	4,672	942	15,051	3,877
Other interest income	3,463	3,727	13,166	13,734
	20,938	21,349	79,391	66,078
Finance costs				
Bank borrowings	(94,971)	(92,997)	(369,417)	(368,007)
Amortisation of premiums for interest rate caps	(1,965)	(2,372)	(7,895)	(8,247)
Hire purchase payables	-	-	-	(3)
Bank facilities and other charges	(295)	(399)	(1,496)	(1,637)
	(97,231)	(95,768)	(378,808)	(377,894)
Net cost	(76,293)	(74,419)	(299,417)	(311,816)
Foreign exchange gains/(losses)				
Borrowings				
- realized	(12,337)	(17,453)	(33,029)	(2,520)
- unrealized	(1,403)	(119,934)	205,524	(187,968)
- fair value movement recycled from cash flow hedge reserve	(7,118)	66,783	(106,343)	97,016
	(20,858)	(70,604)	66,152	(93,472)



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28. Income tax expense

Current taxation

The current taxation charge of RM3.1 million comprises tax payable on interest income.

Deferred taxation

An additional RM9.0 million deferred tax charge arose in the current financial period as a result of the increase in deferred tax liabilities arising from the increase in the difference between the net book value and tax written down value of property, plant and equipment. The reduction of the deferred tax asset is a result of the utilization of capital allowances granted.

29. Unquoted investments and properties

On 11 October 2012, AirAsia Berhad exercised its right under the Call Option Agreement with Tune Ins Holdings Berhad (formerly known as Tune Ins Holdings Sdn Bhd) (“TIH”) and Tune Money Sdn Bhd, dated 20 April 2012, to purchase 121,677,000 ordinary shares of RM0.10 each in TIH, for a consideration of RM16.0 million, which represented 20% of the issued and paid up share capital of 608,385,080 shares.

There was no other purchase or disposal 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

Call option between AirAsia, Tune Ins Holdings Berhad and Tune Money Sdn Bhd

Following the announcement on 11 October 2012 on the above matter, AirAsia wishes to announce that AirAsia has exercised its right under the Call Option Agreement with Tune Ins Holdings Berhad (formerly known as Tune Ins Holdings Sdn Bhd) (“TIH”) and Tune Money Sdn Bhd, dated 20 April 2012, to purchase 121,677,000 ordinary shares of RM0.10 each in TIH, for a consideration of RM16.0 million, which represented 20% of the issued and paid up share capital of 608,385,080 shares.



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32. Borrowings and debt securities

	At 31/12/2012 RM'000	At 30/9/2012 RM'000
Current	726,246	1,080,389
Non-current	7,718,230	6,731,180
Total Debt	8,444,476	7,811,569

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



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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 2012, the Group has hedged approximately 37% of its dollar liabilities of 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 of aircraft deployed to Malaysia, approximately 59% of the loans are hedged from USD into MYR. The latest weighted average of USDMYR forward exchange rate is 3.2245.

(ii) Interest Rate Hedging

The Group has entered into interest rate hedging transactions to hedge against fluctuations in the US\$ Libor on its existing and future aircraft financing for aircraft delivering from 2005 to 2013. As at 31 December 2012, there are 7 forward start US\$ varying from 1.99% to 2.00%, with 12 years tenure for future aircraft loans for aircraft purchases delivering in 2013.

(iii) Fuel Hedging

As at 31 December 2012, the Group has no outstanding fuel hedging transactions.



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33. Derivative financial instruments (continued)

Type of derivatives	Notional Value as at 31/12/2012	Fair Value as at 31/12/2012 Assets/(Liabilities)
(i) Fuel contract	Barrels (million)	RM (million)
- less than 1 year	-	-
- 1 year to 3 years	-	-
Total	-	-
	RM (million)	RM (million)
(ii) Interest rate contracts		
- less than 1 year	-	-
- 1 year to 3 years	-	-
- more than 3 years	4,445.7	(492.0)
Total	4,445.7	(492.0)
	RM (million)	RM (million)
(iii) Foreign currency contracts		
- less than 1 year	-	-
- 1 year to 3 years	16.6	(0.8)
- more than 3 years	3,616.6	(15.2)
Total	3,633.2	(16.0)

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.



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34. Material litigation

As at 26 February 2013, there was no material litigation against the Group.

35. Proposed dividend

The Board has declared and approved a single tier interim 'special' dividend of 18.0 sen per ordinary share on 2,779,906,580 ordinary shares for the year ended 31 December 2012, amounting to a dividend payable of RM500,383,184. The dividend will be paid on 12 April 2013 to shareholders whose name appear in the Record of Depositors at the close of business on 13 March 2013.

In addition to this, the Board recommends a final tax exempt (single tier) dividend in respect of the financial year ended 31 December 2012 of 6.0 sen per share. The final dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting ("AGM").

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 31/12/12	Preceding Year Quarter Ended 31/12/11	Current Year to Date 31/12/12	Preceding Year to Date 31/12/11
Net profit for the financial period (RM'000)	350,649	130,679	1,878,527	555,324
Weighted average number of ordinary shares in issue for basic EPS ('000)	2,779,056	2,776,059	2,779,056	2,776,059
Adjusted for share options granted ('000)	3,135	5,095	3,135	5,095
Adjusted weighted average number of ordinary shares ('000)	2,782,191	2,781,154	2,782,191	2,781,154
Basic earnings per share (sen)	12.6	4.7	67.6	20.0
Diluted earnings per share (sen)	12.6	4.7	67.5	20.0



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(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
26 February 2013