

**Best Ever Operating Quarter:
Revenue up 32% and Operating Profit up by 106%**

AirAsia Berhad “AirAsia” or “the Company”, Asia’s leading low cost carrier is pleased to announce the unaudited results for the fourth quarter ended 31 December 2008 and provide a review of recent notable events and achievements.

Tony Fernandes said:

“AirAsia produced a solid set of results in the fourth quarter with 32% revenue growth to RM838 million driven by robust passenger growth and ancillary income. The core operating profit for the quarter was at RM194 million, more than double the profits achieved in the same period last year despite operating in extreme economic uncertainty and significant cost pressures.

Passenger numbers grew by 21% to 3.3 million which affirms the resiliency of demand for our services. Load factor for the period was at 78%, slightly better than last year’s performance. Capacity addition for the fourth quarter was at 17%, which is lower than the average 32% achieved in the first nine months of the year. We have undertaken proactive steps to ensure our capacity deployment to match with market demands. This prudent approach has enabled us to increase yield (Rev per ASK) by 6% thanks to 7% higher average fare and strong contribution from ancillary income.

Ancillary income delivered 78% growth against the same period last year and the per passenger ancillary spend has increased by 47% to RM22.1 per passenger. Ancillary income now represents 8.8% of total revenue, 2.2 percentage points increase from the same period last year.

Unit cost was at 3.08 US cents per ASK, 10% lower than the same period last year stemming from economies of scale benefits and the fleet now consists of 100% new Airbus A320 aircraft. Fuel price for the quarter was at US\$103.5 per barrel, this is a significant decrease from the peak prices experienced in the third quarter but it is still 3% higher than the same period last year. Unit cost excluding fuel improved by 25% to 1.25 US cents per ASK.

The Group has unwound all the remaining fuel hedges and have unwound some interest rate swaps relating to the aircraft term loans. We believe this is a prudent approach as it shields the Group from the burden of mark to market swings, frees up equity and protect our cashflow. The management has taken a bold decision to unwind as the Company is now enjoying much lower cost, preserves liquidity and begin 2009 with a substantially clean balance sheet. Due to the impact of this charge, the losses after taxation for the period was RM177 million.

For the full year 2008 accounted, revenue grew by 37% driven by 22% passenger growth to 11.8 million passengers and strong contribution from ancillary income. Yield was up by 10% driven by 11% increase in average fare. Unit cost was 9% higher mainly due to 47% increase in fuel price. The operating profit for the year was at RM171 million, 19% lower than the previous year. The losses after taxation in 2008

was RM472 million, after taking into account once off charges, foreign translation losses and deferred taxation.

Thai AirAsia has performed exceptionally well to counter the weakening consumer sentiment as a result of the domestic political disturbances and the temporary closure of Bangkok airport. The Thai operations delivered an operating of THB83 million (RM8.8 million). The Thai operation has outperformed the industry performance considerably and has captured significant market share - Thai now has 40% domestic market share, up from 34% in the beginning of 2008. Passengers are increasingly attracted to our low fares, our impressive safety track record, high quality service complemented by brand new aircraft and world class punctuality.

The Indonesian operation has turned profitable in the quarter under review and has produced an operating profit of IDR7.5 billion (RM2.4 million). The induction of four new Airbus A320 aircraft has helped to reduce cost, increase reliability and promote the popularity of our services. Yield has improved by 12% as compared to last year driven by 61% increase in average fare. Indonesia operation is expected to continue delivering profitable growth as we continue to rejuvenate the fleet with new Airbus A320 aircraft and drive down cost further.”

Outlook

2009 will be filled with challenges as well as exciting opportunities. The prevailing global economic uncertainty is exerting negative pressure to the industry. Many of our competitors have reported passenger traffic decline. Conversely, we continue to enjoy sustained traffic growth as more passengers switch from the legacy carriers to our premium low cost services. We are forecasting for passenger growth of 15%-20% in 2009. The bulk of the new capacity will be injected to international destinations such as Singapore, India, Bangladesh and China.

AirAsia is committed to counter the effects of the weak global economy by conducting aggressive promotional campaigns and enhance our customer service delivery. These efforts will stimulate price sensitive customers and drive passenger traffic growth, maintain high load factors, supports ancillary income and capture market share. We believe the net impact of our strategy to deliver flat yields in 2009.

Unit cost is expected to reduce substantially stemming from lower fuel price, the benefits of more Airbus A320 aircraft in the fleet and economies of scale benefits. Our decision not to hedge fuel is justified as the fuel price is trending downwards. The current spot market fuel price is less than half of what we paid in 2008 (2008 average fuel cost: US\$128 per barrel). Assuming this trend continues until the end of the year, the Group is set to deliver significant profit growth and margin expansion.

All of our affiliates (Thai, Indonesia, AirAsia X) are performing up to management's expectations and will contribute positively to the Group in 2009.

Barring any unforeseen circumstances, the Directors are confident with the prospects of the Group and expect positive development in 2009.

**Summary for the Fourth Quarter (October - December 2008) unaudited
Financial Results**

Quarter Ended: 31 December RM'000	Oct-Dec 2008	Oct-Dec 2007	Δ (%)
Ticket Sales	764,503	591,267	29%
Ancillary Income	73,821	41,526	78%
Revenue	838,324	632,792	32%
Exceptional item gain / (loss)	(425,668)	0	n/a
EBITDAR	356,798	256,829	39%
Operating Profit	193,610	94,208	106%
Profit/(Loss) After Tax	(176,905)	245,723	-172%
EBITDAR Margin	42.6%	40.6%	2.0 ppt
Operating Profit Margin	23.1%	14.9%	8.2 ppt
Profit After Tax Margin	-21.1%	38.8%	n/a

Summary for the Fourth Quarter (October - December 2008) Operating Results

Quarter Ended: 31 December	Oct-Dec 2008	Oct-Dec 2007	Δ (%)
Passengers Carried	3,342,436	2,757,967	21%
ASK (million)	5,006	4,274	17%
RPK (million)	3,800	3,223	18%
Seat Load Factor	78.4%	77.8%	0.6 ppt
Average Fare (RM)	229	214	7%
Rev / ASK (sen)	16.75	14.81	13%
Rev / ASK (US cents)	4.71	4.44	6%
Cost / ASK (sen)	10.95	11.42	-4%
Cost / ASK (US cents)	3.08	3.43	-10%
Cost / ASK-ex fuel (sen)	4.43	5.53	-20%
Cost / ASK-ex fuel (US cents)	1.25	1.66	-25%
Aircraft (average)	41.5	33.7	23%
Aircraft (end of period)	44	39	13%

Summary for the Full Year (January - December) unaudited Financial Results

Full Year Ended: 31 December RM'000	Jan-Dec 2008	Jan-Dec 2007	Δ (%)
Ticket Sales	2,405,661	1,786,812	35%
Ancillary Income	234,812	135,900	73%
Revenue	2,640,472	1,922,712	37%
Exceptional item gain / (loss)	(640,948)	73,988	n/a
EBITDAR	708,233	671,018	6%
Operating Profit	171,066	211,147	-19%
Profit/(Loss) after Tax	(471,738)	699,246	-167%
EBITDAR Margin	26.8%	34.9%	-8.1 ppt
Operating Profit Margin	6.5%	11.0%	-4.5%
Profit After Tax Margin	-17.9%	36.4%	n/a

Summary for the Full Year (January - December) Operating Results

Full Year Ended: 31 December	Jan-Dec 2008	Jan-Dec 2007	Δ (%)
Passengers Carried	11,808,058	9,717,480	22%
ASK (million)	18,717	14,536	29%
RPK (million)	13,485	11,136	21%
Seat Load Factor	75.4%	78.6%	-3.2 ppt
Average Fare (RM)	204	184	11%
Rev / ASK (sen)	14.11	13.23	7%
Rev / ASK (US cents)	4.23	3.85	10%
Cost / ASK (sen)	11.66	10.97	6%
Cost / ASK (US cents)	3.49	3.20	9%
Cost / ASK-ex fuel (sen)	4.24	5.53	-23%
Cost / ASK-ex fuel (US cents)	1.27	1.61	-21%
Aircraft (average)	36.6	29.9	22%
Aircraft (end of period)	44	39	13%

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

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