

*AirAsia.com*

AirAsia Berhad (284669-W)  
Annual Report 2009



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## Commitment To Excellence



If it takes a village to raise a child, as the aphorism goes, then it takes a dedicated team to build a company that soars above the mundane and the prosaic.

At AirAsia, hard work, creativity, passion and, above all, a commitment to excellence are traits that constitute the corporation's very own DNA. The goal is simple, the mission challenging and the vision clear: Exceed expectations - expectations of our guests, expectations of our suppliers, expectations of our shareholders and expectations of all our other stakeholders. And do so every day, day after day, so that it becomes an instinctive and intrinsic part of our daily practices at this airline we call our own.

Our culture revolves around five core values: Safety. Passion. Integrity. Caring. Fun. They provide the frame within which the staff, the individual pixels, work as a team and come together to form the complete picture of the company that we present to the world.

That's the singular reason why AirAsia was chosen as the World's Best Low-Cost Airline for 2009 by more than 16.2 million travellers in a survey conducted by the respected



**World's Best  
Low-Cost Airline  
2009**



**Airline of the  
Year 2009**

London-based aviation consultancy Skytrax. It's why the Centre for Asia-Pacific Aviation for Excellence picked AirAsia as its Airline of the Year 2009. And it's why our guests keep coming back to fly with us and spreading the word about AirAsia, as demonstrated by the yearly increase in passengers flown.

And it's why we will soar even higher in the weeks, months and years ahead. We can't help it - it's in our DNA!

Dato' Abdul Aziz bin Abu Bakar

Dato' Sri Dr Tony Fernandes

Dato' Kamarudin bin Meranun

Dato' Leong Khée Seong

Conor Mc Carthy

Dato' Fam Lee Ee

Datuk Alias bin Ali

Dato' Mohamed Khadar bin Merican

# Corporate Information

## Board Of Directors

**Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar**  
Non-Executive Chairman

**Dato' Sri Dr Anthony Francis Fernandes**  
(commonly known as **Dato' Sri Dr Tony Fernandes**)  
Group Chief Executive Officer

**Dato' Kamarudin bin Meranun**  
Deputy Group Chief Executive Officer

**Dato' Leong Sonny @ Leong Khee Seong**  
Independent Non-Executive Director

**Conor Mc Carthy**  
Non-Executive Director

**Dato' Fam Lee Ee**  
Independent Non-Executive Director

**Datuk Alias bin Ali**  
Independent Non-Executive Director

**Dato' Mohamed Khadar bin Merican**  
Independent Non-Executive Director

## Audit Committee

Dato' Leong Sonny @ Leong Khee Seong  
Dato' Fam Lee Ee  
Datuk Alias bin Ali  
Dato' Mohamed Khadar bin Merican

## Remuneration Committee

Datuk Alias bin Ali  
Dato' Leong Sonny @ Leong Khee Seong  
Dato' Fam Lee Ee

## Nomination Committee

Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar  
Datuk Alias bin Ali  
Dato' Fam Lee Ee

## Safety Review Board

Conor Mc Carthy  
Dato' Mohamed Khadar bin Merican

## Company Secretary

Jasmindar Kaur A/P Sarban Singh (Maicsa 7002687)

## Auditors

PricewaterhouseCoopers  
Level 10, 1 Sentral, Jalan Travers  
Kuala Lumpur Sentral, P. O. Box 10192  
50706 Kuala Lumpur, Malaysia  
Tel: 603-2173 1188 Fax: 603-2173 1288

## Registered Office

**AirAsia Berhad** (Company No. 284669-W)  
25-5, Block H, Jalan PJU 1/37  
Dataran Prima, 47301 Petaling Jaya  
Selangor Darul Ehsan, Malaysia  
Tel: 603-7880 9318 Fax: 603-7880 6318  
E-mail: investorrelations@airasia.com  
Website: www.airasia.com

## Head Office

LCC Terminal, Jalan KLIA S3  
Southern Support Zone, KLIA  
64000 Sepang  
Selangor Darul Ehsan, Malaysia  
Tel: 603-8660 4333 Fax: 603-8775 1100

## Share Registrar

Symphony Share Registrars Sdn Bhd  
Level 6, Symphony House  
Block D13, Pusat Dagangan Dana 1  
Jalan PJU 1A/46, 47301 Petaling Jaya  
Selangor Darul Ehsan, Malaysia  
Tel: 603-7841 8000 Fax: 603-7841 8008

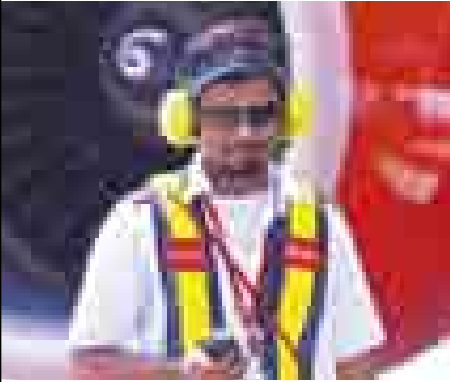
## Solicitors

Messrs Logan Sabapathy & Co.

## Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad  
(Listed since 22 November 2004)  
(Stock code: 5099)

## Corporate Profile



AirAsia is a name synonymous with low fares, quality service and dependability. With over 130 routes linking three continents, AirAsia is truly Asia's largest low cost carrier with the widest route connectivity and largest customer base.



**Best Asian  
Low-Cost Carrier  
2009**

With the unmistakable tagline, 'Now Everyone Can Fly', AirAsia has made flying affordable for more than 90 million guests.

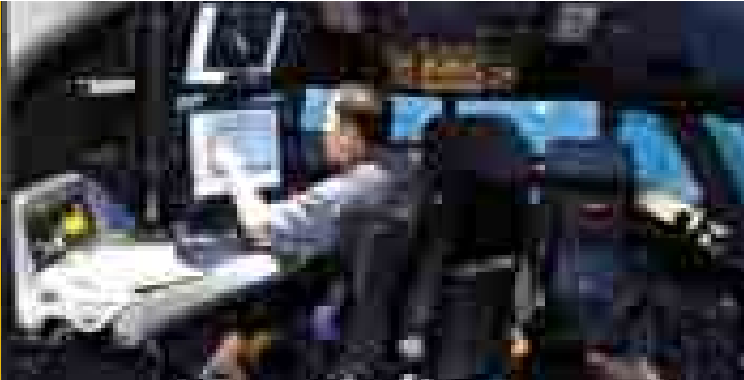
### The AirAsia Story: From Dream to Reality

It started with a simple goal: How to free air travel from the clutches of the elite and make it so affordable that "Now Everyone Can Fly." Together with partners Dato' Pahamin Rejab (former chairman of AirAsia), Dato' Kamarudin Meranun, and Dato' Aziz Bakar, Dato' Sri Dr Tony Fernandes founded Tune Air Sdn Bhd in 2001 and immediately set about the mission to democratise air travel. Together they bought the then loss making AirAsia from its Malaysian owner HICOM Holdings Berhad (now known as DRB-HICOM Berhad), for a token RM1 (USD 0.25 cents), and agreed to assume the debts of the company. Driven by Dato' Sri Dr Tony Fernandes and with help of his partners, AirAsia was able to repay the debts it inherited from HICOM Holdings Berhad.

AirAsia was resurrected, re-branded and re-launched as a low-cost carrier and began its new life with two planes (both ageing Boeing B737 aircraft), five destinations (Kota Bahru, Kota Kinabalu, Kuching, Labuan, Langkawi and Penang) and a staff of 250. Just over eight years later, the AirAsia Group (including its Thai and Indonesian affiliates) operates a fleet of 90 aircraft and flies to more than 60 destinations from hubs in Malaysia, Thailand and Indonesia. AirAsia operates more than 3,500 flights a week, colouring the blue skies over Asia a bright red with their striking livery. The Group employs close to 7,500 staff and in its short history, has ferried more than 90 million guests.

Asia's largest low-cost carrier is now proud to be a truly ASEAN (Association of South East Asian Nations) carrier, linking communities, cultures and cities across this diverse region with its "sky bridges" that enable affordable and convenient travel, stimulate regional and local economies and help realise the ASEAN dream of integration.

Serving the underserved has helped make AirAsia popular with the masses. Its RM3.2 billion valuation on Bursa Malaysia has made it a sought-after stock with investors. Its status as a global brand makes it a shining star in the Malaysian corporate firmament. The flat management and open floor workplace make it an employer of choice for its hardworking, dedicated, talented and creative staff.



The Company and Group CEO Dato' Sri Dr Tony Fernandes have won numerous local, regional and international awards – and not just within the airline industry. AirAsia's culture of innovation – be it in its operations, financing or marketing – and its dedication to exemplary service, have earned plaudits from organisations and institutions far and wide. AirAsia is proud of all these awards, but the ones it truly cherishes are the daily compliments it receives from its guests for providing a low-fare, high-quality service that breaks barriers, sets new records and, simply, allows everyone to fly.

### The Foundation of Our Business

AirAsia's success has taken flight through the continued confidence of our guests who prefer a no-frills, hassle-free, low fare and convenient option in air travel. The key to delivering low fares is to consistently keep costs low. Attaining low costs requires high efficiency in every part of the business and maintaining simplicity. Therefore every system process must incorporate best industry practices. We make this possible through the implementation of the following key strategies:

- **Safety First** – Safety is the single most important criterion in every aspect of the operations, an area that AirAsia will never compromise on. AirAsia complies with the conditions set by regulators in all the countries where the airline operates. In addition, AirAsia partners with the world's most renowned maintenance providers to ensure that its fleet is always in the best condition.
- **High Aircraft Utilisation** – AirAsia's high frequency flights have made it more convenient for guests to travel as the airline implements a quick turnaround of 25 minutes, which is the fastest in the region. This has resulted in high aircraft utilisation, lower costs and greater airline and staff productivity.

- **Low Fare, No Frills** – AirAsia targets guests who are prepared to do away with frills such as meals, frequent flyer miles or airport lounges in exchange for fares lower than those currently offered without compromising on quality and service. Guests have the choice of buying exclusively prepared meals, snacks and drinks from our in-flight service at an affordable price.
- **Streamlined Operations** – Making the process as simple as possible is the key to AirAsia's success. We are working towards a single aircraft fleet; this greatly reduces duplicating manpower requirements as well as stocking of maintenance parts.
- **Lean Distribution System** – AirAsia offers a wide and innovative range of distribution channels to make booking and travelling easier for its guests. AirAsia's ticketless service provides a low cost alternative to issuing printed tickets.
- **Point to Point Network** – The LCC model adopts the simple point-to-point network. All AirAsia flights are short haul (four-hour flight radius or less) while our sister airline AirAsia X focuses more on the medium to long haul flights (more than four-hour flight radius). The underlying business is to fly a person from point A to B.

### Our Commitment

AirAsia has committed with a firm order of 175 Airbus A320 aircraft with an option of 50, thus securing our growth pipeline up till 2015. We are committed to being a truly ASEAN airline that operates an extensive route network, fosters economic prosperity, stimulates tourism and promotes stronger cultural integration.

## Five-Year Financial Highlights

(RM million, unless otherwise stated)	For the year ended June		For the 6 months ended 31 December	For the year ended 31 December	
	2006	2007 Restated	2007 Restated	2008 Restated	2009
Revenue	1,071	1,603	1,094	2,855	3,133
Operating expenses	997	1,341	875	3,207	2,220
Operating profit/(loss)	74	262	219	(352)	913
Associates contributions	(0.5)	(3.9)	-	-	-
Profit/(loss) before tax	86	278	277	(869)	622
Tax	116	220	149	373	(116)
<b>Net profit/(loss)</b>	<b>202</b>	<b>498</b>	<b>426</b>	<b>(496)</b>	<b>506</b>
<b>BALANCE SHEET</b>					
Deposits, cash and bank balances	426	595	425	154	746
Total assets	2,574	4,779	6,430	9,406	11,398
Net debt	627	1,959	3,272	6,453	6,862
Shareholders' equity	1,148	1,662	2,099	1,606	2,621
<b>CASH FLOW STATEMENTS</b>					
Cash flow from operating activities	282	595	256	(416)	784
Cash flow from investing activities	(1,249)	(1,943)	(1,581)	(2,602)	(1,777)
Cash flow from financing activities	1,067	1,509	1,141	2,749	1,591
<b>Net Cash Flow</b>	<b>100</b>	<b>161</b>	<b>(184)</b>	<b>(269)</b>	<b>598</b>
<b>CONSOLIDATED FINANCIAL PERFORMANCE (%)</b>					
Return on total assets	7.8	10.4	6.6	-	4.4
Return on shareholders' equity	17.6	30.0	20.3	-	19.3
Return on capital employed	4.2	7.2	4.1	-	9.6
Operating profit margin	6.9	16.3	20.0	-	29.1
Net profit margin	18.8	31.1	38.9	-	16.2
<b>CONSOLIDATED OPERATING STATISTICS</b>					
Passengers carried	5,719,411	8,737,939	5,197,567	11,808,058	14,253,244
Capacity	7,378,075	11,140,764	6,621,276	15,660,228	19,016,280
Load factor (%)	78	78	78	75	75
RPK (million)	6,702	9,863	5,930	14,439	16,890
ASK (million)	8,646	12,391	7,919	19,217	22,159
Aircraft utilisation (hours per day)	12.0	12.0	11.9	11.8	12.0
Average fare (RM)	174	171	195	204	168
Revenue per ASK (sen)	12.4	12.9	13.8	13.9	12.7
Cost per ASK (sen)	11.5	10.8	11.0	11.4	8.6
Cost per ASK - excluding fuel (sen)	6.6	5.2	5.4	4.2	4.4
Revenue per ASK (USc)	3.35	3.65	4.06	4.22	3.63
Cost per ASK (USc)	3.12	3.06	3.25	3.49	2.95
Cost per ASK - excluding fuel (USc)	1.79	1.46	1.60	1.27	1.74
Number of stages	48,339	68,195	38,507	89,118	105,646
Average stage length (km)	1,163	1,088	1,183	1,207	1,166
Average fleet size (Malaysia)	20.5	27.1	31.6	36.6	43.1
Size of fleet at year end (Malaysia)	26	34	39	44	48
Size of fleet at year end (Group)	42	54	65	78	84
Number of employees at year end	2,224	2,924	3,474	3,799	4,593
Percentage sales via internet (%)	60	65	65	70	76

Refer to page 154 for glossary.

Note: Applicable USD/MYR rates are based on average for the respective financial periods.



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People are not made of numbers. They are made of ambitions and challenges, passions and partnerships, talent and tenacity. We strive to see beyond the financial targets and understand what success means to our clients, to deliver what really matters. Credit Suisse, working to help its clients thrive since 1856.

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# AirAsia Group

As at 31 December 2009



## AirAsia Berhad

<b>100%</b>	AA International Ltd	
<b>100%</b>	Airspace Communications Sdn Bhd	
<b>100%</b>	AirAsia (Mauritius) Ltd	
<b>100%</b>	AirAsia Go Holiday Sdn Bhd	
<b>100%</b>	AirAsia Corporate Services Limited	
<b>100%</b>	Aras Sejagat Sdn Bhd	
<b>100%</b>	Crunchtime Culinary Services Sdn Bhd	
<b>100%</b>	AirAsia (B) Sdn Bhd	
<b>100%</b>	Asia Air Limited	
<b>50%</b>	Asian Contact Centres Sdn Bhd	
<b>39.9%</b>	AirAsia Philippines Inc	
		<b>100%</b>
		AA Capital Ltd
		<b>100%</b>
		AirAsia (Hong Kong) Ltd
		<b>49%</b>
		AirAsia Go Holiday Co. Ltd
		<b>49%</b>
		AirAsia Pte Ltd
		<b>49%</b>
		PT Indonesia AirAsia
		<b>49%</b>
		Thai AirAsia Co. Ltd



Despite a turbulent period, the Group revenue for the year jumped 9.71% to RM3.1 billion and the Group recorded an attributable profit of RM506 million.

Operating profit margin at  
**29.1%**

**STRONG**  
deposits, cash and bank  
balances of RM746 million

*AirAsia.com*

## Board of Directors



Dato' Abdel Aziz @  
Abdul Aziz bin Abu Bakar

Dato' Sri Dr Tony Fernandes

Dato' Kamarudin  
bin Meranun

Dato' Leong Khee Seong



Conor Mc Carthy

Dato' Fam Lee Ee

Datuk Alias bin Ali

Dato' Mohamed Khadar  
bin Merican

## Directors' Profiles



**DATO' ABDEL AZIZ @ ABDUL AZIZ BIN ABU BAKAR**, Malaysian, aged 57, was appointed as Non-Executive Director of the Company on 20 April 2005 and on 16 June 2008, he was re-designated to Non-Executive Chairman. He is also the Chairman of the Nomination Committee. Prior to this, he served as an Alternate Director of the Company to Dato' Pahamin Ab. Rajab since 11 October 2004. He also served earlier as a Director of the Company from 12 December 2001 to 11 October 2004. He is currently the Non-Executive Chairman of VDSL Network Sdn Bhd.

He is also the Chairman of PAIMM (Academy of Malaysian Music Industry Association) and PRISM (Performance and Artists Rights Malaysia Sdn. Bhd.), performers of recorded music collection society. From 1981 to 1983 he was Executive Director of Showmasters (M) Sdn Bhd, an artiste management and concert promotion company. He subsequently joined BMG Music and was General Manager from 1989 to 1997 and, Managing Director from 1997 to 1999. He received a Diploma in Agriculture from Universiti Pertanian Malaysia in 1975, his BSc in Agriculture Business from Louisiana State University, USA in 1978, and an MBA from the University of Dallas, USA in 1980.



**Airline of the  
Year 2009**

**DATO' SRI DR TONY FERNANDES**, Malaysian, aged 46, was appointed Group Chief Executive Officer of the Company in December 2001. He is also a member of the Employee Share Option Committee of the Board.

He was Financial Controller at Virgin Communications London (1987 - 1989), and moved on to be Senior Financial Analyst at Warner Music International London (1989 - 1992), Managing Director at Warner Music Malaysia (1992 - 1996), Regional Managing Director, ASEAN (1996 - 1999) and Vice President, ASEAN at Warner Music South East Asia (1999 - 2001).

He was admitted as an Associate Member of the Association of Chartered Certified Accountants in 1991, and became a Fellow Member in 1996.

In 1999, DYMM Sultan Selangor Sultan Salahuddin Abdul Aziz Shah bestowed him the title 'Setia Mahkota Selangor', for his contributions to the Malaysian music industry. He was the recipient of the 'Recording Industry Person of the Year 1997' by the Recording Industry Association of Malaysia.

With AirAsia, he received accolades from international press and industry observers such as 'Airline Business Strategy Award 2005 and Low Cost Leadership' by Airline Business and 'Asia Pacific Aviation Executive' by the Centre for Asia Pacific Aviation (CAPA) for the year 2004 and 2005.

In July 2005, he was conferred the Darjah Datuk Paduka Tuanku Ja'afar (DPTJ) which carries the title Dato' by the Negeri Sembilan's DYMM Yang DiPertuan Besar Tuanku Ja'afar Tuanku Abdul, for his services rendered to the betterment of the nation and community. In 2006 and 2007, he bagged 'The Brand Laureate' Brand Personality for his exemplary performance, dedication and contribution towards the aviation industry in Malaysia.

In 2007, he was bestowed the Darjah Sultan Ahmad Shah Pahang (DSAP) which carries the title Dato' by the Pahang's DYMM Sultan Haji Ahmad Shah ibni Almarhum Sultan Sir Abu Bakar Riayatuddin Al-Muadzam Shah for his services rendered to the betterment of the nation and community. In 2008, he was again honoured by the Sultan with the Darjah Kebesaran Sultan Ahmad Shah Pahang Yang Amat Di Mulia which carries the title Dato' Sri.



The 'CAPA Legend Award 2009 (Aviation Hall of Fame)' recognised his influential actions for directly shaping the way the aviation industry has evolved. The 'Orient Aviation Person of the Year 2009' awarded by Orient Aviation and the 'Airline CEO of the Year 2009' awarded by Jane's Transport Finance was for his success in leading and growing AirAsia into the world's best low-cost airline and Asia's largest.

He received an Honorary Doctorate of Business Innovation from Universiti Teknologi Malaysia (UTM) in March 2010 for his role in changing the face of aviation and benefitting travellers and economies locally and in the region. He was honoured with the title of 'Officier of the Legion d' Honneur' by the government of France in April 2010, for outstanding contributions to the French aviation industry. It is the highest rank of honour that the government of France can award to a non-French citizen.

**Orient**  
**aviation**  
Person of the Year Award 2009

## Directors' Profiles



**DATO' KAMARUDIN BIN MERANUN**, Malaysian, aged 49, was appointed Director of the Company on 12 December 2001. In January 2004, he was appointed Executive Director and on 8 December 2005, he was re-designated to Group Deputy Chief Executive Officer. He is also the Chairman of the Employee Share Option Scheme Committee of the Board.

Prior to joining the Company, he worked in Arab-Malaysian Merchant Bank from 1988 to 1993 as a Portfolio Manager, managing both institutional and high net-worth individual clients' investment funds. In 1994, he was appointed Executive Director of Innosabah Capital Management Sdn Bhd, a subsidiary of Innosabah Securities Sdn Bhd. He subsequently acquired the shares of the joint venture partner of Innosabah Capital Management Sdn Bhd, which was later renamed Intrinsic Capital Management Sdn Bhd.

Dato' Kamarudin received a Diploma in Actuarial Science from University Technology MARA (UiTM) and was named the "Best Actuarial Student" by the Life Insurance Institute of Malaysia in 1983. He received a B.Sc. degree with Distinction (Magna Cum Laude) majoring in Finance in 1986, and an MBA in 1987 from Central Michigan University.

**DATO' LEONG KHEE SEONG**, Malaysian, aged 71, was appointed Independent Non-Executive Director of the Company on 8 October 2004. He is Chairman of the Audit Committee and a member of the Remuneration Committee of the Board. He was Deputy Minister of Primary Industries from 1974 to 1978, Minister of Primary Industries from 1978 to 1986 and a Member of Parliament from 1974 to 1990.

Prior to this, he was a substantial shareholder of his family's private limited companies, which were principally involved in general trading. He was the Chairman of the General Agreement on Tariffs and Trade's Negotiating Committee on Tropical Products (1986 to 1990) and was the Chairman of the Group of 14 on ASEAN Economic Cooperation and Integration (1986 to 1987).

Dato' Leong graduated with a degree in Chemical Engineering in 1964 from University of New South Wales, Australia. He is an Independent Non-Executive Director of TSH Resources Berhad.



**Best Islamic Loan Deal 2009**



**CONOR MC CARTHY**, Irish, aged 48, was appointed Non-Executive Director of the Company on 21 June 2004. He heads the Safety Review Board of the Company. He is Managing Director of PlaneConsult, a leading aviation business solutions provider which he set up in 2000 which specialises in advising and establishing Low Cost Carriers.

Prior to establishing PlaneConsult, Conor was the Director of Group Operations at Ryanair from 1996 to 2000. Before joining Ryanair, he was the CEO of Aer Lingus Commuter. Prior to that, he was General Manager/SVP for Aer Lingus in the Marketing and Strategic Planning divisions.

Conor spent 18 years with Aer Lingus in all areas of the airline business from Engineering, Operations and Maintenance to Commercial Planning, Marketing and Route Economics to Finance, Strategic Management, Fleet Planning and General Management. He is a qualified Avionics Engineer and holds a First Class Honours degree in Engineering from Trinity College Dublin.

**DATO' FAM LEE EE**, Malaysian, aged 49, was appointed Independent Non-Executive Director of the Company on 8 October 2004. He is also a member of the Audit, Remuneration and Nomination Committees of the Board.

Dato' Fam received his BA (Hons) from the University of Malaya in 1986 and an LLB (Hons) from the University of Liverpool, England in 1989. He obtained his Certificate of Legal Practice in 1990 and has been practising law since 1991 and currently is the senior partner at Messrs YF Chun, Fam & Yeo. He also serves as a Director of M-Mode Berhad.

**Jane's** **TRANSPORT**  
**FINANCE**

**Aircraft Debt Deal of  
the Year - Asia 2009**



## Directors' Profiles



**DATUK ALIAS BIN ALI**, Malaysian, aged 62, was appointed Independent Non-Executive Director of the Company on 23 September 2005. He is also the Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees of the Board.

Prior to this, he had a long and distinguished career with the Government which began soon after his graduation from the University of Malaya in 1970. He started as an Administration Trainee Officer in the Statistics Department and subsequently joined the Prime Minister's Department as Administration Development Officer. Whilst still with the department, he completed his Master in Business Management and assumed the position of Head of Department (Consultancy) at the National Institute of Public Administration (INTAN) in 1975.

Over the next 15 years with the Government, he held various senior positions in several Ministries and Department including Deputy Director of Training (Operations) in the Public Services Department, Under Secretary (Establishment and Services) in the Ministry of Works and Director of Industrial Development Division in the Ministry of Trade and Industry. He moved back to the Prime Minister's Department in 1990 as Cabinet Under Secretary. In June 2000, he was appointed Secretary General of the Ministry of Health, a post he held until his retirement in March 2004.

Datuk Alias received a Master in Business Management from the Asian Institute of Management, Philippines in 1975 and a Bachelor of Economics (Honours) from the University of Malaya in 1970. He is also presently a Director of FIMA Corporation Berhad, CCM Duopharma Biotech Bhd. and Melati Ehsan Holdings Bhd.



**DATO' MOHAMED KHADAR BIN MERICAN**, Malaysian, aged 54, was appointed Independent Non-Executive Director of the Company on 10 September 2007. He is also a member of the Safety Review Board and Audit Committee of the Board.

He has had more than 20 years' experience in financial and general management. He has been an auditor and a management consultant with an international accounting firm, before joining a financial services group in 1986. Between 1988 and April, 2003, Dato' Khadar held several senior management positions in Pemas International Holdings Berhad (now known as Tradewinds Corporation Berhad), a company listed on the Main Market of Bursa Malaysia Securities Berhad, including as President and Chief Operating Officer.

Dato' Mohamed Khadar is a member of both the Institute of Chartered Accountants in England and Wales and the Malaysian Institute of Accountants. He is also presently a Director of Rashid Hussain Berhad, RHB Capital Berhad, RHB Investment Bank Berhad (formerly known as RHB Sakura Merchant Bankers Berhad) and ASTRO All Asia Networks PLC.

### Notes

**Family Relationship** - None of the Directors had any family relationship with any director and/or major shareholder of AirAsia.

**Conflict of Interest** - None of the Directors has any conflict of interest with AirAsia Group.

**Conviction for Offences** - None of the Directors has been convicted for offences within the past 10 years other than traffic offences, if any.

**Attendance at Board Meetings** - The attendance of the Directors at Board of Directors' Meeting is disclosed in the Statement of Corporate Governance.



Ancillary Income per Passenger spent is

**RM29**

**76%** sales from  
**INTERNET**

We have strong BRAND recognition through our association with globally recognised organisations such as AT&T Williams F1, British MotoGP and Professional Game Match Officials (PGMOL).



Brand of the  
Year 2009

## Senior Management

### **Dato' Sri Dr Tony Fernandes**

**Group Chief Executive Officer**

Details of Dato' Sri Dr Tony Fernandes are disclosed in the Directors' Profile on page 13 of this Annual Report.



### **Dato' Kamarudin Meranun**

**Deputy Group Chief Executive Officer**

Details of Dato' Kamarudin Meranun are disclosed in the Directors' Profile on page 14 of this Annual Report.



### **Tassapon Bijleveld Chief Executive Officer – Thai AirAsia**

Tassapon joined Thai AirAsia in 2003 as Chief Executive Officer and is entrusted with the responsibility of overseeing all aspects of the airline's operations as well as driving growth in Thailand. Tassapon has more than 12 years' experience in the consumer products industry, having worked in various countries in Southeast Asia and Indochina for two Fortune 500 companies – Adams (Thailand) Co. Ltd. (a division of Warner Lambert) and Monsanto (Thailand) Co. Ltd. Prior to joining AirAsia he was Managing Director of Warner Music (Thailand) Co. Ltd. for five years.



### **Dharmadi Chief Executive Officer – Indonesia AirAsia**

Dharmadi joined Indonesia AirAsia in 2007 as Chief Executive Officer. He has more than 32 years' working experience in Garuda Indonesia Airlines holding several managerial positions such as Manager Flight Crew Training, Training Centre Director, Senior Vice President Procurement, and Executive Vice President Operations. He also served as a Captain Pilot B747-400 Flight Crew in Asiana Airline, Korea from 2005-2007. He is a Bachelor of Technical Engineering Education, Indonesia, and a Master of Management (International Marketing Management) of PPM Business School, Indonesia.



### **Bo Lingam Chief Operating Officer**

Bo has worked extensively in the publication and music industry at various production houses. He joined AirAsia in 2001 as Ground Operations Manager. Prior to his current appointment as Regional Head of Operations, Bo held several other key roles at AirAsia including as Regional Director-Guest Services and Senior Manager-Purchasing and Supplies before he was seconded to Thai AirAsia to oversee and assist in the initial set-up of Thai AirAsia operations in Bangkok.



### **Rozman Omar** Regional Head – Finance

Rozman Omar FCCA has been Regional Head, Finance since 2006. He was part of the team that spearheaded the flotation of AirAsia Berhad on Bursa Malaysia, and was one of the key personnel involved in the formation of AirAsia's joint ventures in Thailand and Indonesia. On completion of the Company's flotation in November 2004, he was made the Chief Financial Officer of PT Indonesia AirAsia. He has over 22 years of corporate finance experience with various financial institutions. He was General Manager, Corporate Finance at Arab-Malaysian Merchant Bank Berhad from 1994 to 1996, and Managing Director of Innosabah Corporate Services Sdn Bhd until 1999 before working with InCAM Consulting Sdn. Bhd. until 2003.



### **Kathleen Tan** Regional Head – Commercial

Kathleen joined AirAsia Bhd in August 2004, assuming the role of Regional Head of Commercial for AirAsia Group in 2005. She is involved in AirAsia's network and hub planning strategy and in developing a strong, global AirAsia brand to accelerate the Group's network growth in new markets. Her current portfolio includes revenue management, marketing, sales and distribution, and development of AirAsia's products, services and ancillary revenue. Kathleen brought with her a wealth of prior brand and marketing management experience mainly in the music and fashion industry.



### **Ashok Kumar** Regional Head – Strategy, Airport and Planning

Ashok Kumar has been Regional Head of Strategy, Airport and Planning of AirAsia since January 2005. Prior to that, Ashok was Regional Director, Government and Business Relations. His current portfolio includes negotiating airport charges; developing, scheduling and planning of routes; fleet management and obtaining regulatory approvals. He has had 40 years experience in the airline industry, having worked at Malaysia-Singapore Airlines as Management Trainee/Marketing Executive from 1970 to 1972 and Malaysia Airlines from 1972 to 2003, where he held various key positions, including Assistant General Manager, Operations Planning, before joining the Company in 2003 as Senior Manager, Commercial Planning and Strategy. Ashok received a Bachelor of Applied Economics (Hons) degree from the University of Malaya in 1970.



### **Moses Devanayagam** Regional Head – Regional Integration and Operations

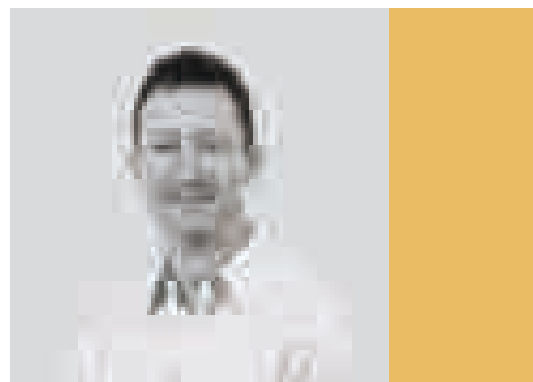
Moses has 39 years of experience in the aviation industry having worked at Malaysia-Singapore Airlines from 1971 to 1972 as an Apprentice and MAS from 1972 to 2007 where he held various key positions, including Assistant General Manager, Ground Handling Operations (Local and Overseas) and Senior Manager, Warranty & Contracts before joining AirAsia X as Head of Operations. His current portfolio at AirAsia includes ground handling and operations.



## Senior Management

### **Andrew Littledale** Group Financial Controller

Andrew has had nearly 22 years' experience in the banking and industry sectors having worked in various countries such as Chile, Egypt and the United Kingdom. Prior to joining AirAsia, he was the Chief Financial Officer for AirAsia X since its inception in 2007. Andrew's other appointments include Group Reporting Manager of Cookson plc, Group Management Accountant of FKI plc in London and Group Financial Accountant with Blue Circle Industries plc, London. He holds a Bachelors degree in Zoology from the University of London and is an ACMA qualified accountant. Andrew is also a holder of a JAA Private Pilot's License.



### **Aireen Omar** Regional Head – Corporate Finance & Treasury

Aireen joined AirAsia in 2006 and is currently in charge of corporate finance, treasury, investor relations and fuel procurement. She started her career with Deutsche Bank Securities in New York. She moved back to Malaysia in 2001 to join the Maybank Group where she originated, structured and executed debt securities, including Islamic securities, worth over RM8 billion. In 2003, she joined Bumiwerks Capital Management where she executed asset securitisation, structured finance and project finance securities, including the issue of Malaysia's first residential mortgage-backed securities. Aireen graduated with a B.Sc in Economics from London School of Economics and Political Science and an MA in Economics from New York University.



### **Captain Chin Nyok San** Regional Head – Business Development

Captain Chin Nyok San was one of the pioneers of AirAsia, then under HICOM Holdings Berhad. Captain Chin has been the Head of Business Development since January 2005. His current portfolio includes joint venture and business development. His team established the Thai-AirAsia aircraft operating certificate as well as reactivating Indonesia AirAsia's aircraft operating certificate and revitalising the business unit. He has over 30 years of experience in the airline industry. He is a licensed pilot for multiple types of aircraft, a training Captain, an authorised examiner, and has also served as flight operations manager.



### **Captain Adrian Jenkins** Regional Head – Flight Operations

Captain Adrian joined AirAsia in 1996 when the airline was under HICOM Holdings Berhad. Prior to his appointment as Regional Head for Flight Operations in September 2006, he served AirAsia in various positions including as an Instructor and Company Check Airman, Assistant Chief Pilot – Training and Standards and Assistant Chief Pilot – Operations. He also helped in the setting up of Thai AirAsia's flight operations and pilot training. His current portfolio includes operations, training standard, flight crew and network management.





### **Dato' Abdul Nasser Abu Kassim**

#### **Regional Head – Government & Middle East Business Development**

Dato' Nasser served as Regional Director, In-flight Services, Charter and Cargo for AirAsia before focusing his efforts as Regional Head, Cargo on the cargo business unit. Appointed to his current position in July 2009, his portfolio includes business development for the government and the Middle East. His prior appointments at AirAsia included that of Country Director of Indonesia AirAsia and Executive Director, Business Development managing AirAsia's Haj operations, cargo, charter and in-flight services. Dato' Nasser had an illustrious 18-year career at Warner Music Malaysia Sdn Bhd where he held various key positions. As one of the pioneers in the Malaysian music industry, he managed some of the biggest selling artists in Malaysia and was responsible for marketing these talents across Asia.



### **Lau Kin Choy Regional Head – Innovation, Commercial & Technology**

Lau Kin Choy has been Regional Head, Information Technology & E-Commerce since July 2004 and was previously Chief Information Officer from August 2002. His current portfolio includes airline system, IT operations, intranet, networking, data relationship management, web team, new media, interactive and publishing. Prior to joining the Company, Lau was the General Manager of WEB Distribution Services Sdn Bhd, a joint venture music distribution and logistic center for Warner Music, EMI Malaysia and BMG Music, from 1998 to 2002. Lau was a finalist for Pikom's 2006 CIO Recognition Award.



### **Azhari Dahlan Regional Head – Engineering**

Azhari Dahlan has been Regional Director of Engineering since September 2004 overseeing the Group's airline engineering functions in Malaysia, Indonesia and Thailand. Prior to that, Azhari was Manager, Planning and Logistics. His current portfolio includes maintenance and engineering technical services, contract and warranty, quality assurance, project unit, data management and engineering purchasing. He started his career with Malaysia Airlines as Licensed Aircraft Engineer then became Aircraft Check Foreman and later Production Inspector. Subsequently, he was with Transmile Air as a Licensed Aircraft Engineer and later as Quality Assurance Engineer. Azhari is a Licensed Aircraft Engineer by profession, and has undergone training at Leonard Isitt Training School, Christchurch, New Zealand and Malaysia Airlines Technical Training School, Subang, Selangor.



### **Captain Thevamanohar Subramaniam**

#### **Regional Head – Corporate Safety, Security & Risk Management**

Captain Thevamanohar joined AirAsia in 2008 from Malaysia Airlines where he had served for 17 years. Upon joining AirAsia, because of his vast experience as a commander of the Airbus A330 aircraft since 2001, he was made Chief Pilot, Flight Safety and Standards for AirAsia X, in which capacity he helped implement the AirAsia X Safety Management System (SMS). In 2009, he was appointed Regional Head of Corporate Safety, Security and Risk Management for AirAsia, and is now responsible for the overall coordination and implementation of the SMS across the Group. He is also a qualified instructor and an examiner on the Airbus A330 aircraft and more recently the Airbus A340 aircraft.

## Senior Management

### **V. Raman Narayanan** Regional Head – Communications

Raman joined AirAsia as Regional Head, Communications in 2009. An award-winning journalist, he began his career with The New Straits Times in 1973 before moving to The Star in 1977. He was named 'Reporter of the Year' in the inaugural Malaysian Press Institute's awards in 1982. In 1988, he left for the United States, joining The Atlanta Journal-Constitution, where he served as Opinion Page Editor. During his tenure, the AJC won several national awards for the section. In 1999, he became an editor at CNN International. In 2002, he moved back to the AJC as International Editor and returned to Malaysia in 2007, serving as a media consultant to AirAsia. His current portfolio includes communications, media, public relations, parliament relations, branding and sponsorship.



### **Evelyn Koh** Regional Head – Legal

Evelyn came on board AirAsia as General Counsel at the end of 2006. Her legal career spans over 22 years of legal private practice including acting as in-house Legal Counsel for Carlsberg, Channel 9 and Uniphone Telecommunications, where she also served all companies within the Sapura Group. Her experience covers a diversity of businesses and industries which include manufacturing, property investment, telecommunications, IT, education, automotive, broadcast and multimedia. Evelyn holds a Bachelor of Arts (Honours) degree in Law from the University of London, UK and is currently the Regional Head, Legal of AirAsia Berhad.



### **Adzhar Ibrahim** Regional Head – People

Adzhar has 23 years of working experience as head of human resources/people function in various companies involved in many sectors, such as semiconductor, healthcare, telecommunications, banking and a huge local conglomerate. He also has many experiences in start-ups, and was part of the start-up management team for Maxis. Prior to joining AirAsia as Regional Head People in January 2010, he was with DiGi Telecommunications Sdn Bhd. His current portfolio includes general affairs and administration, compensation and benefit, corporate culture, talent management, training and staffing.



### **Mohamad Azlan Jaafar** Regional Head – Internal Audit

Azlan is an associate of the Institute of Chartered Accountants in Australia and a Certified Internal Auditor of USA. He has 12 years' experience in audit and advisory and worked in the big four international audit firms in Australia and Malaysia before joining listed companies in Malaysia in the airline and telecommunications fields. Azlan holds a Bachelor of Commerce degree, with a major in Accounting and Finance, from the University of New South Wales, Australia. His current portfolio includes reporting to Audit Committee, internal audit, investigation, operation and process.





**Shireen Chia Yin Ting Regional Head – Catering & In-Flight Services**

Shireen is part of the pioneer team responsible for turning around the airline in 2001 and has also been involved in the Thai and Indonesian joint ventures. She is now responsible for the overall management of the Group’s catering division inclusive of in-flight procurement, meals and merchandise. She has 13 years of working experience, having started in the accounting sector with PricewaterhouseCoopers prior to taking up the challenge in the catering division of the aviation industry. She is a Fellow of the Association of Chartered Certified Accountants, a member of the Malaysian Institute of Accountants, and holds a Bachelor of Accounts (Honours) in Accounting and Finance. She also has a Certificate in Bread & Confectionary.



**Sathis Manoharen Regional Head – Cargo**

Prior to joining AirAsia, Sathis spent ten years in the Oil & Gas industry. He worked for Accenture primarily in Oil & Gas management consulting projects. He was engaged in consulting projects with Halliburton in Singapore, Shell in Brunei, Petronas in Malaysia and China National Offshore Oil Corporation (CNOOC) in Beijing. He started his career with Foster Wheeler on a Combined Cycle Gas Turbine (CCGT) Plant project. He then worked for ConocoPhillips. He is also a Certified Six Sigma Black Belt. He obtained the Six Sigma Black Belt from the ConocoPhillips Six Sigma training programme in the United Kingdom. He holds a B.Sc degree from Universiti Sains Malaysia. His current portfolio includes cargo and AirAsia Courier.



**Tan Hock Soon Head – AirAsia Megastore**

Tan joined AirAsia in 2005 as Regional Director, Distribution and was instrumental in establishing AirAsia franchise outlets. He later became Head of GoHoliday and successfully developed it to become the biggest online travel portal in South East Asia. Tan is currently assigned to start a new online shopping portal - AirAsia Megastore that is scheduled to be launched in June 2010. Prior to joining AirAsia, he held various positions at Procter & Gamble, he was Area Sales Manager at Cusson UK International and he served at Warner Music Malaysia as a Sales Director.

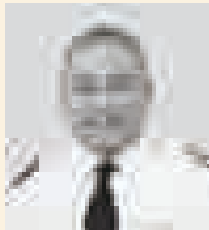


**Johan Aris Ibrahim Head – Financial Services & Loyalty**

Johan has wide experience in consumer marketing in various industries specialising in customer loyalty management. He started his career with Shell Malaysia and was involved in the setting up of the Bonuslink Loyalty program. He subsequently joined a start up and pioneered the RealRewards Loyalty program. He then moved to Maybank and was instrumental in purchasing the AMEX franchise in Malaysia and establishing the TreatsPoints program for Maybank. His current portfolio includes financial services, new payments channel and loyalty programme. He holds an Actuarial Science degree from the London School of Economics and Political Science.



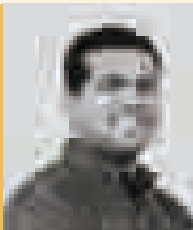
## Malaysia



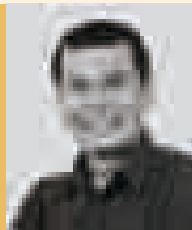
**Capt. Dato' Fareh  
Ishraf Mazputra**  
Director – Flight  
Operation



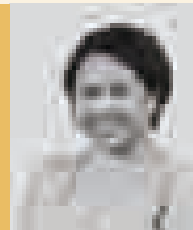
**William Low**  
Regional Head –  
Branding



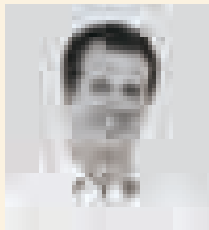
**V. Loganathan  
s/o Velaitham**  
Regional Head –  
Customer  
Experience



**Khairul Ariffin  
Ibrahim**  
Regional Head –  
Corporate Quality



**Rafizah Amran**  
Head – Ancillary  
Income



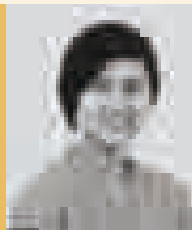
**Seamus Moriarty**  
Head –  
Route Revenue



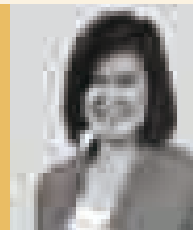
**Rayner Teo**  
Head –  
Distribution



**Darren Goh**  
Head –  
AirAsiaGo.com

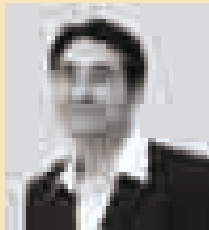


**Kim Chua**  
Head – People



**Mimi Phua**  
Head – New Media

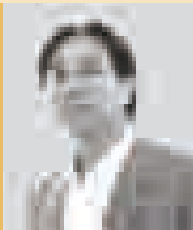
## Thailand



**Pornanan  
Gerdprasert**  
Chief Financial  
Officer



**Bovornovadep  
Devakula**  
Director – Business  
Development



**Preechaya  
Rasametanin**  
Director –  
Engineering

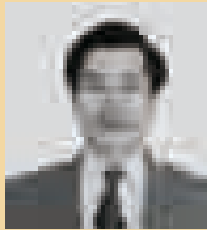


**Tanapat  
Ngamplang**  
Director –  
Operations



**Santisuk  
Klongchaiya**  
Director –  
Commercial

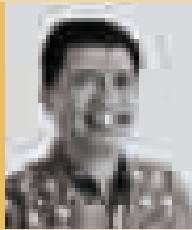
## Indonesia



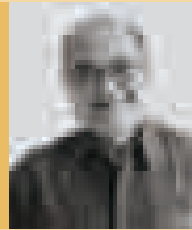
**Titus Iskandar**  
Chief Financial  
Officer



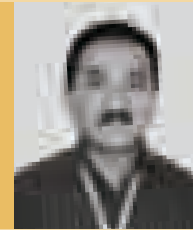
**H. Jafrie Arief**  
Director – Strategy,  
Airport & Planning



**Perbowoadi**  
Director –  
Maintenance &  
Engineering



**Widijastoro  
Nugroho**  
Director –  
Commercial



**Poedjiono**  
Director – Flight  
Operation



**Capt. Sonny  
M Sasono**  
Director – Safety  
and Security

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## Chairman's Statement



My friends,

What a year it has been. We hardly had time to catch a breath as we coped – successfully, I must add – with the challenges of a global economic slowdown and the threat of the A(H1N1) pandemic. In true AirAsia fashion, we not only rose to the challenges but transcended them by exceeding all expectations.

In 2009, the Group ferried more than 22 million passengers to and from at least 60 destinations and expanded our route network to over 130 routes. During the year, we also established additional hubs in Penang, Bandung, Phuket and Surabaya – making a total of nine hubs in the region (Kuala Lumpur, Kota Kinabalu, Bangkok, Bali and Jakarta being the others). AirAsia is now the only airline in the region that operates out of Malaysia, Thailand and Indonesia.

Let me emphasise the point: AirAsia is now a recognised ASEAN brand. It has become one through its operational bases, through the diversity of its 7,500-strong staff and through its commitment to the region. Our 'sky bridges' link communities and capitals throughout ASEAN, helping to integrate the vibrant and diverse nations of Malaysia, Thailand, Indonesia, the Philippines, Brunei,



**World's Best  
Low-Cost Airline  
2009**

**AirAsia is now a recognised ASEAN brand. It has become one through its operational bases, through the diversity of its 7,500-strong staff and through its commitment to the region.**



Cambodia, Singapore, Laos, Vietnam and Myanmar in ways big and small.

Our continued growth in 2009 came, as I mentioned earlier, against the backdrop of a global economic slowdown and all the associated challenges such as managing our fuel strategies, the competitive environment and value creation of our affiliates. It is also important to highlight that, despite attempts by some interested parties to obstruct our growth, we secured several vital unique routes from governments across the region and beyond. We anticipate the recovering global economy will add travel and increase airline's revenue.

Going forward, our strategy remains unchanged. The progress made over the past years means that we have a strong capital position from which we can continue to grow the business. We believe that our excellent regional passenger base, based on high levels of service quality and committed customer relationships, leaves us well positioned to continue to deliver cost savings to the Group whilst increasing profitability.

Please allow me to reiterate that our focus on achieving cost savings and profitability will in no manner dilute our commitment to maintain the highest safety standards for our guests. Much of the training involved in ensuring such high standards is now conducted at our own AirAsia Academy.

In sum, AirAsia will continue to be a great airline for our guests to fly; a great place for our people to work; and a great investment for our shareholders. Underlying these aims, we also want to be valued by the communities where we operate through high ethical standards, respect for our

stakeholders, community involvement and a commitment to corporate responsibility.

The Board is extremely proud of the Group's achievements. None of this would have been possible without the commitment, passion, hard work and creativity of our people. They are the foundation of our success and our growth. They have always strived to provide the highest quality of service and always place the interests of our guests first.

I especially would like to take this opportunity to personally thank my fellow board members for their contributions in 2009 in fostering a culture throughout the organisation that values exemplary standards of integrity, teamwork, accountability and respect for others.

To our Group Chief Executive Officer Dato' Sri Dr Tony Fernandes and Group Deputy Chief Executive Officer Dato' Kamarudin Meranun, our thanks for providing outstanding leadership to the Group. Both of them have driven financial and operational success within a strong culture of teamwork and integrity. Their efforts spurred the Group to greater heights, and will ensure our continued success in future years.

On behalf of the Board of Directors and the management, I pledge that there will be no complacency in our focus on always exceeding the expectations of our guests and our stakeholders.

**Dato' Abdul Aziz bin Abu Bakar**  
Non-Executive Chairman

## Group CEO's Report



I am proud to announce that our continued success is founded on the hard work and dedication of our creative and innovative staff. We have almost 7,500 brains committed to ensuring our growth and the care of our guests.



**Legend Aviation Hall  
of Fame 2009**

Dear Shareholders and friends,

It was a year that witnessed a wrenching change in the business landscape, including the aviation industry, and required courage and strong discipline within our Group to weather the storm. I am proud to announce that AirAsia not only navigated the turbulence successfully, we exceeded all expectations with regards to our targets for revenue, passenger loads and route expansion.

### Highlights

In 2009, the world desperately sought to cope with the A(H1N1) influenza pandemic. The experts predicted that the fear of flying would keep passengers away in droves. The year also witnessed a global economic slowdown whose after-effects continue to be of concern despite the optimism over 'green shoots' and the recovery of national economies thanks to the IV drip of fiscal stimulus by governments the world over.

For AirAsia, however, it was business as usual. We managed to produce an astounding 148% increase in our core operating profit to RM447 million. We ferried around 22 million passengers, more than our 2008 numbers. Demand for our air travel service not only remains intact, but is growing.

We also succeeded in expanding our routes in 2009, connecting the dots to provide our guests with the flexibility to access our entire network. Our other strong focus on driving our ancillary business paid handsome returns, doubling the growth from 2008 with the introduction of new lines of ancillary products.

I also would like to highlight that despite tight credit lines we were able to secure financing at competitive pricing for all our aircraft deliveries for 2009 and 2010. In so doing we garnered several awards, especially for the Islamic French Single Investor Ijarah aircraft financing structure which was recognised for its creativity and for being the first of its kind in the global aviation industry. This also served to promote Malaysia as a global Islamic financing hub. Further to that, we successfully completed an equity placement exercise raising RM505.4 million in cash, our first foray into the market since our IPO in 2004. These are very considerable achievements given the economic and financial environment at that time. They demonstrate the confidence of financial institutions and investors in AirAsia and an affirmation of their trust in our company.

Let me also be very clear that our continued success is founded on the hard work and dedication of our creative and innovative staff. We have almost 7,500 brains committed to ensuring our growth and the care of our guests. It is they, collectively, rather than any single person, who help our company exceed expectations and make us a valued and trusted brand.

### Growing Route Network

One of the key strengths of our business is our determination to continuously expand our route network and frequency of flights. This provides the ability for our guests to take full advantage of our connectivity. In 2009, we welcomed cities in Australia, Bangladesh, Sri Lanka and Taiwan to our family of destinations. And it does not stop there. As I mentioned last year, India will be a key focus in 2010. Apart from Tiruchipillai, we have added Kolkata, Kochi and Trivandrum to our network. The Group will tap into six new India routes in 2010 - Chennai, Bangalore, Hyderabad, Mumbai, New Delhi and Amritsar.

Then there's the amazing story of our Bali-Perth route. We achieved a load factor close to 100% on our inaugural flight! Within two weeks, we increased the frequency for Bali-Perth to twice a day. This is a good sign for our Indonesia affiliate, especially with the new addition of Bandung and Surabaya as hubs. Further to that, we added Phuket and Penang to our regional list of hubs for the Group. We expect our affiliates in Thailand and Indonesia to continue to show improvement in their cash flow in 2010 especially with the



We have also demonstrated our determination to promote ASEAN by working either on our own or with regional governments to raise the profile of ASEAN's tourist attractions.

**Jane's** TRANSPORT  
FINANCE

Airline CEO of the Year 2009

## Group CEO's Report

It's not just the skies that AirAsia is conquering. We are also making waves in cyberspace. AirAsia has been earning plaudits for its innovative, imaginative and expanding foray into new media and social networking.



deliveries of new Airbus A320 aircraft and the phasing out of their Boeing B737 aircraft.

The continued growth in our sister company AirAsia X has expanded our reach beyond ASEAN and provided seamless connectivity to points in Europe, China and India. AirAsia and AirAsia X operate synergistically, with both feeding guests into the other's network. Around 40% of guests on AirAsia X flights are being fed into our network, which shows how vital they are to our vision to be the world's best low fare airline.

### The ASEAN Airline

Even while making inroads into markets in China and India, AirAsia has become recognised as THE ASEAN airline. We have achieved this by providing unrivalled route connectivity for our guests. AirAsia not only connects all ASEAN capitals but has launched direct, unique and high-frequency flights linking ASEAN towns and cities such as Kuala Lumpur-Vientiane, Kuala Lumpur-Bandung, Phuket-Ho Chi Minh City and Bali-Bangkok.

We have also demonstrated our determination to promote ASEAN - which has a population close to 600 million and an annual GDP of around USD1.5 trillion - by working either on our own or with regional governments to raise the profile of ASEAN's tourist attractions.

Another way in which we promote ASEAN integration is by hiring staff from all round the region. We have even come up with an 'ASEAN greeting' with which our cabin crew welcome guests on board our aircraft. And we have painted one of our aircraft with an ASEAN livery to honour the 'Truly ASEAN' values, identity and ideals that we uphold.

### Branding, Innovation and Partnership

I take the risk of sounding like a broken record in saying this, but once again in 2009, AirAsia achieved global fame for another of our campaigns. In November 2009, we launched our "1 Million Free Seats" campaign - and promptly set a new world record with the number of seats that were snapped up within the first 24-hour period - 402,222 seats. Then, our host reservation provider informed us that we had smashed our own record when another 489,000 seats were snapped up in the subsequent 24-hour period. The response demonstrated the power of our brand, and the attraction of AirAsia as a value airline.



Air BP. Proud to fuel  
AirAsia's *amazing*  
growth in India.



*Air Asia*

congratulations!

Air BP is one of the world's  
leading suppliers of aviation fuels.

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## Group CEO's Report



One of our key objectives in 2009 was to expand our ancillary business by utilising and riding on our readily available infrastructure such as strong on-line sales and distribution channels.



**Laureate Award - Commercial Air  
Transport Category 2009**

Other brand campaigns in 2009 included 'Have you flown AirAsia?' that was launched in October and themed to position AirAsia as a high quality, low fare airline. The campaign served to strengthen public perception of our exciting, innovative and unique brand.

It's not just the skies that AirAsia is conquering. We are also making waves in cyberspace. AirAsia has been earning plaudits for its innovative, imaginative and expanding foray into new media and social networking. Our main website, [www.airasia.com](http://www.airasia.com), attracts more than 20 million unique visitors per month; our blog is ranked the second most popular in the world for an airline; the Facebook account has attracted a fan base of more than 100,000 within just nine months of being launched. In addition, my own blog and Twitter following also attract a substantial number of fans. These interactive platforms enable AirAsia, and me, to establish and strengthen our personal connections with our guests.

### Ancillary Business

One of our key objectives in 2009 was to expand our ancillary business by utilising and riding on our readily available infrastructure such as strong on-line sales and distribution channels. I am delighted to announce that we achieved a 34% growth from 2008 in our ancillary income and we expect to further grow this business. Our main ancillary driver is Baggage Supersize, excess baggage and cargo where we expect around 50% growth in 2010. We also launched AirAsia-CIMB Savers Account and AirAsia Courier to add to our already big ancillary drivers such as AirAsiaGo.com, AirAsia Insure, AirAsia Café, Pick a Seat, AirAsia Megastore, in-flight merchandise and much more.

### Industry Overview

It is believed that the recession, credit crisis and A(H1N1) influenza have cost carriers approximately two-and-a-half years of growth in passenger markets. Airline passenger traffic - a measure of passengers flown multiplied by distance travelled - suffered its greatest ever fall in 2009. According to the International Air Transport Association (IATA) which represents 230 carriers, traffic dropped 3.5% overall, with declines exceeding 5% in Europe, North America and the Asia-Pacific region.

In 2010, the airline industry will face an enormous challenge. While yields, or revenues per passenger, have begun to improve since airlines slashed capacity, IATA statistics show they are still 5% to 10% below 2008 levels. This suggests that airlines are struggling to raise fares even though



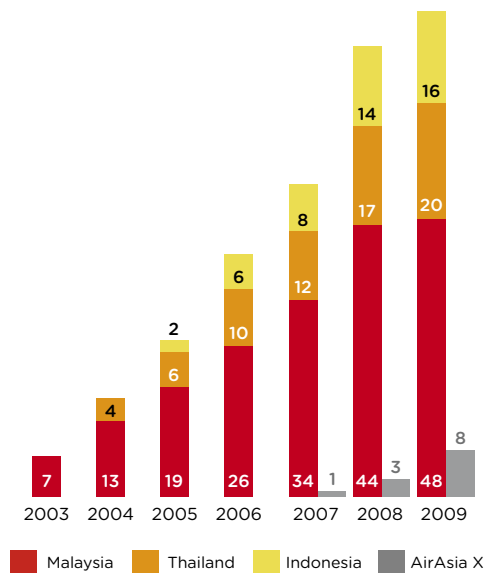
demand has begun to pick up. Profitability will be even slower to recover. It is predicted that 2010 will be year of cost controls and capacity caps among most legacy carriers and small low cost carriers.

IATA, of course, is comprised largely of legacy carriers, and its research and forecasts mainly reflect the interests and concerns of such carriers. So, while IATA predicted doom and gloom for airlines in 2009 and expressed concerns about recovery in 2010, these pronouncements come with the caveat that they are filtered through the prism of legacy carriers.

AirAsia, by contrast, actually saw an increase in passenger travel in 2009, as even large corporations trimmed their travel budgets by switching to our value airline. We also did not see any decline in our top line revenue. This is largely owing to the fact that we focus with laser-like precision on keeping costs down - which is why AirAsia is the world's lowest-cost operator. This gives us an enormous edge in the marketplace. Legacy carriers, in particular, will not be able to continue to slash fares when competing with us because of their much higher operating costs.

Keeping costs low, and if possible cutting them even further, is a key priority given both our growing fleet and the uncertainty over fuel prices. To date, we operate 70 Airbus A320 aircraft and 14 Boeing B737 aircraft. The Group plans to phase out its 14 Boeing B737 aircraft by the end of 2010 and to replace them with brand new and higher capacity Airbus A320 aircraft. Having a single, standard aircraft model throughout the whole fleet reduces inventory costs, delivers greater productivity, and increases fuel efficiency. Having a newer and more efficient fleet will further enhance our ability to deliver a quality product and service to our guests, thus also enhancing our brand.

Keeping costs low, and if possible cutting them even further, is a key priority given both our growing fleet and the uncertainty over fuel prices.



**Number of Aircraft for AirAsia Group and AirAsiaX**

Group CEO's Report



Total No. of Flights		On Time Performance*
13,857	Jan	87%
12,585	Feb	86%
14,266	Mar	81%
14,250	Apr	81%
14,630	May	85%
14,044	Jun	80%
14,985	Jul	79%
15,654	Aug	83%
14,609	Sep	86%
15,291	Oct	81%
15,537	Nov	80%
16,017	Dec	80%

2009

\* Source: Geneva  
 On Time Performance is defined as departure from the designated bay no more than 15 minutes from the scheduled departure time. This is in accordance with industry standards.

With our unmatched network connectivity, frequency and full-fledged Airbus operation along with our low cost operations and low-fare model, we will enjoy a substantial edge over our competitors.

Going Forward

2010 is the year of ASEAN for AirAsia as a Group. We have the replacement of our aging Boeing B737 aircraft with the Airbus A320 aircraft in Thailand and Indonesia. This will lead to an all Airbus fleet throughout the Group by the end of 2010 which provides us with an opportunity to stamp our dominance as the ASEAN airline. With our unmatched network connectivity, frequency and full-fledged Airbus operation along with our low cost operations and low-fare model, we will enjoy a substantial edge over our competitors. No airline, be it legacy or LCC, can match our reach in ASEAN.

Plus one of the benefits of having a young fleet is reliability. We achieved our average On Time Performance of 82% in 2009 and will continuously ensure that our airline meets the required turnaround time in order to maintain our punctuality.

In conclusion, let me emphasise again that our continued success stems from the dedication of our staff. Our staff are committed to delivering long term value to our guests and to our other stakeholders. It is my pleasure to be part of a team that constantly rewrites aviation history.

To my respected Chairman and the Board of Directors, thank you for your faith in us and your support for our endeavours. To our stakeholders, thank you for believing in us and for partnering us on our exciting journey.

Dato' Sri Dr Tony Fernandes  
 Group Chief Executive Officer



Travel Personality  
 of the Year 2009



***WINNING AWARDS IS GREAT,  
BUT LET'S STAY FOCUSED.***



**BEST ISLAMIC LOAN DEAL, 2009** from The Asset in June 2009, Kuala Lumpur

**THE MOST OUTSTANDING ISLAMIC FINANCIAL PRODUCT, 2009** in the KLIFF Islamic Finance Awards, November 2009, Kuala Lumpur

**BNP PARIBAS NAJMAH AS THE "BEST ISLAMIC LEASING HOUSE 2009"** from Euromoney Islamic Finance in Feb 2009, London

**Financing of seven A320 aircraft under Islamic French Single Investor Ijarah for AirAsia**



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**Hornbill Tourism  
Award 2009  
Air Transportation  
Category**



## The Truly ASEAN Airline



China. India. The mantra is now decades old: To profit in Asia, head to the lands that contain within their borders the continent's two giants. And so they went, corporations by the thousands. Except AirAsia.

From its inception as a low-cost carrier in December 2001, AirAsia has demonstrated that it has no hesitation striking out on its own – even if that meant defying the conventional wisdom. So, while others were rushing to China and India, AirAsia focused on its own back yard – ASEAN.

The region that encompasses the 10-member grouping of the Association of Southeast Asian Nations holds a population that's almost 600-million strong – and growing. The GDP of ASEAN economies measures an impressive USD 1.5 trillion.

### Selected basic ASEAN indicators for 2009 (as of 15 Mar 2010)

Country	Total population <sup>(1)</sup> (Million)	Annual population growth <sup>(1)</sup> (%)	GDP <sup>(2)</sup> at current prices (US\$ Million)	GDP per capita at current prices (US\$) <sup>(2)</sup>
Brunei	0.41	2.1	14,146.7	34,827.0
Cambodia	14.96	2.1	10,757.3	719.2
Indonesia	231.37	1.2	543,896.9	2,350.8
Laos	5.92	2.8	5,736.4	968.6
Malaysia	28.31	2.1	191,618.4	6,769.5
Myanmar	59.53	1.8	26,523.0	445.5
Philippines	92.22	2.0	160,883.9	1,744.4
Singapore	4.99	3.1	177,568.7	35,602.0
Thailand	66.90	0.6	264,130.2	3,948.0
Vietnam	87.23	1.2	96,969.1	1,111.7
<b>ASEAN</b>	<b>591.84</b>		<b>1,492,230.6</b>	<b>2,521.3<sup>(3)</sup></b>

Source: ASEAN Finance and Macro-economic Surveillance Unit Database. [www.aseansec.org](http://www.aseansec.org)  
 (1) Refers to mid-year total population based on country projections, 2009 is preliminary figures  
 (2) 2009 annual figures for Cambodia, Laos and Myanmar are taken from the IMF WEO Database October 2009.  
 (3) GDP per capita is computed as GDP/number of population.

## While others were rushing to China and India, AirAsia focused on its own back yard – ASEAN

The area is vast, the cultures diverse, the economies vibrant and the travel links – well, that's where AirAsia spotted the opportunity.

ASEAN's member nations – and their peoples – are separated by large bodies of water. AirAsia's vision was to link the communities and cultures and cities through its "sky bridges" – routes that provided the connectivity and which, allied with AirAsia's low fares and frequency of flights, are fast changing the face and future of ASEAN.

By aggressively promoting travel and interaction within the region, AirAsia nourishes economic growth. Tourist spending helps fill the coffers of national governments. Cottage industries thrive as low fares and route connectivity break down national barriers and lower the costs of distribution and travel. The best medical care or educational institutions are placed within easy reach, helping nurture the bodies and minds of a burgeoning population. Families are strengthened as get-togethers become more common. An ASEAN ethos is inculcated, thanks to the knitting together of diverse cultures into a colourful regional tapestry.

Within AirAsia itself, the 7,500-strong staff includes all the nationalities of ASEAN. They beaver away in a workplace that is a microcosm of the region itself. And their togetherness, respect, and shared values shape an airline whose identity is bound up with that of its regional home – ASEAN.



**#5 Trade Finance Provider  
Asia Pacific**

2010	Trade Finance
------	---------------



**Deal of the Year  
Loans – Asia**

2010	DCM
------	-----

**ASIAMONEY**


**Best Investment Grade Bond  
Deal of the Year  
Export-Import Bank of Korea**

2009	DCM
------	-----

**ASIAMONEY**

**Best Syndicated Loan**

2009	DCM
------	-----



**Deal of the Year  
– Alpha Centurion**

2009	Equities
------	----------

**ASIAMONEY**


**Best Korea Deal**

2009	DCM
------	-----



**Best Philippines Deal**

2009	M&A
------	-----



**Best Secondary Offering**

2009	ECM
------	-----



**Best Debt House  
Australia**

2009	DCM
------	-----



**Rising Star  
Equity Derivatives House**

2009	Equities
------	----------



**Best Deal in Singapore**

2009	DCM
------	-----




**Singapore Capital Markets  
Deal of the Year**

2009	DCM
------	-----



**Best Derivatives House  
Australia & China  
Best Foreign Derivatives House  
Malaysia**

2009	Derivatives
------	-------------



**Most Innovative Deal**

2009	DCM
------	-----

**ASIAMONEY**

**#4 Best for Overall  
FX Services  
as voted by Corporates**

2009	FX
------	----



**Best Islamic Product**

2008	Equities
------	----------

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**Global Banking & Markets**



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## Thailand – The Sky's the Limit

In 2009, we ferried some five million guests – 19% up on the year before – despite the political turmoil and civilian unrest... This demonstrates our resilience in the face of adversity and bodes well for future passenger growth.

In the six short years since our inception, Thai AirAsia has become Thailand's largest low cost carrier with a market share of 67.81% by passengers and of 67.80% by aircraft movement. We have ferried over 19 million guests to various destinations across the region and beyond, and in 2009 alone expanded our route network from 19 to 26 destinations.

Our main hub is Bangkok which serves 13 international destinations. In November 2009, we established Phuket as a new regional hub catering to tourist arrivals in southern Thailand. We now have two Airbus A320 aircraft based in Phuket, with daily flights to Hong Kong, Jakarta, Ho Chi Minh City, Chiang Mai and Udon Thani, which is a gateway to Vientiane.

In 2009, we ferried some five million guests – 19% up on the year before – despite the political turmoil and civilian unrest that caused airport closures in Bangkok, Phuket and Hat Yai. This demonstrates our resilience in the face of adversity and bodes well for future passenger growth.

Our revenue rose 5% in spite of the removal of the fuel surcharge, administration fee and insurance surcharge. As well as a considerable increase in average fares, we achieved a commendable load factor of 76% (79% domestic and 74% international).

In 2010, we plan to increase capacity by taking delivery of eight new Airbus A320 aircraft to become by the year end a fully-fledged Airbus carrier with a fleet size of 20 aircraft. We also expect to register a healthy cashflow position and to pursue expansion plans focusing chiefly on India, initially targeting New Delhi and Kolkata.

**Tassapon Bijleveld** – Chief Executive Officer, Thai AirAsia



*AirAsia.com*

**KBank** 

*Congratulations*



“

**Congratulations to Asia's most renowned  
low cost airline on its tremendous success**

”



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## Indonesia – Bright Horizons



2009 was a very challenging year for Indonesia AirAsia. Great efforts were successfully made to refocus the business from mostly domestic to mostly international routes.

We currently operate four hubs in Indonesia, namely Jakarta, Bandung, Surabaya and Bali. As the main hub, Jakarta connects Indonesian passengers to many cities across ASEAN. We also added direct flights to Ho Chi Minh City,



The realignment of network capacity to focus on international routes and establishing further two new hubs hence improving network coverage and serving new market segments.

Penang and Singapore to our previous international routes to Kuala Lumpur, Kota Kinabalu and Bangkok.

In another initiative, since Singapore is Indonesia's favourite city destination for business, holidays, health and education, we introduced direct flights to Singapore from Jakarta, Bandung, Yogyakarta and Bali.

Our Bali hub continued to grow, catering mainly to inbound tourist and conference traffic. In 2009, direct domestic flights to Bali from Jakarta and Bandung carried some 390,000 passengers. Bali has always been a popular destination for Australians and in 2009 we launched two daily flights to Bali from Perth. This route has received an excellent response from both sides, appealing strongly to Australians and significantly increasing tourism to Bali. In future, we plan to further increase flights from Australia. Bali also has direct AirAsia flights from Bangkok and Kuala Lumpur, as well as three flights a day from Singapore.

Bandung started as a strong inbound destination from Malaysia. Now, with its population of eight million, it has become a major hub with direct flights to Kuala Lumpur, Singapore, Bali and Surabaya serving 350,000 passengers in 2009.

Striking the right balance between inbound and outbound routes is the key to increasing yield and load factor, while shifting from domestic to international routes has delivered a huge growth in our average fare.

Going forward, we regard Medan as a potential future hub with many domestic connections and possible international destinations.

**Dharmadi** – Chief Executive Officer, Indonesia AirAsia



MALAYSIA'S MOST  
VALUABLE BRANDS

Hall of Fame 2009

Awarded to  
Dato' Sri Dr Tony Fernandes

**EFFICIENT**

new self-service check-in options  
via web, kiosk and mobile

Our goal is to communicate with our guests by boosting our online experience with creative innovations to give them more control over each stage of their journey.

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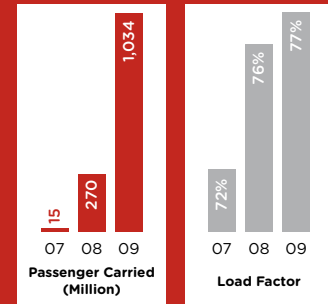
**CONVENIENCE**

to our guests without  
sacrificing efficiency

*AirAsia.com*



## AirAsia X – Breaking The Mould



2009 was a watershed for AirAsia X Sdn Bhd. In the toughest year in the history of global aviation, with the global economic crisis compounded by the AH1N1 outbreak, we achieved our first full year of profitability. Our success was anchored on our ground-breaking world's lowest unit cost position of US2.7 cents per seat-kilometre. This vindicates the founders of AirAsia X who believed in the potential of the low-cost, long-haul model despite facing tremendous scepticism.

Most aviation industry veterans wrote-off this model because historically such attempts have failed, and they assumed long-haul services would add complexity and cost, and would not have significant levers to differentiate them from the established legacy full-service global airlines. They did not count on the innovativeness of a team of Malaysians to construct a completely new business model for long-haul aviation instead of just adjusting the existing model. Our business model has since garnered numerous industry awards, including Asia Pacific's Best New Airline in 2008 and the shared Airline of the Year award in 2009.

Airports and governments around the world now vie to entice AirAsia X to fly to their markets after seeing the huge growth in new passenger traffic generated by our model – from stimulating 41% growth at Melbourne and 66% growth at Perth, to opening new routes to the Gold Coast, Hangzhou and Chengdu. We have proved that even the long-haul market is price-elastic, with a big under-served potential customer base that responds well to fares 40% to 50% lower than those offered by legacy airlines.

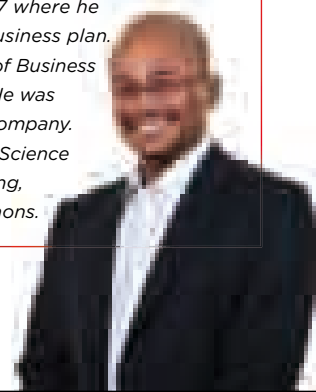
Tapping this new market sustainably requires us to operate at a 60% lower operating cost than the established carriers. We achieve this primarily in two ways: by selecting the A330-300 aircraft with its high-density configuration that provides 30% more seats; and by operating at a 35% higher aircraft utilisation rate enabled by rapid turnaround times. Investing in new aircraft with efficient engine technology and leveraging

the cockpit commonality of our Airbus A320 aircraft has also allowed us to capture significant benefits of scale.

The relationship with AirAsia is a proven success formula. The brand licensing agreement allows us to use the globally recognised AirAsia brand, and a shared services agreement means we benefit mutually from shared pilots, cabin crew, guest services staff, website, IT platform, marketing and distribution. The combined short-haul and long-haul networks feed each other, with passengers using the Kuala Lumpur hub to connect to a wide range of routes. Via AirAsia X trunk routes, AirAsia attracts guests from markets like Australia, North Asia and Europe who come to Southeast Asia and travel around on AirAsia's short-haul network, creating a major competitive advantage over other low-cost carriers that are limited by only having short-haul services.

Going forward, AirAsia X is poised to continue its high growth trajectory, increasing its fleet size from eight long-haul aircraft (six A330 aircraft and two A340 aircraft) to 11 by the end of 2010, and up to 25 by 2015. Five of its present fleet are new A330 aircraft purchased through financing raised on its own balance sheet strength and cashflow. In 2010, AirAsia X intends to maintain its focus on core markets in Australia, Greater China and India, and start to open up new markets in Korea and Japan.

**Azran Osman-Rani** – Chief Executive Officer, AirAsia X  
*Azran was appointed CEO of AirAsia X in 2007 where he led the team that developed the company's business plan. Before joining AirAsia, he was Senior Director of Business Development for Astro All Asia Networks plc. He was formerly an Associate Partner of McKinsey & Company. Azran holds a Master's degree in Management Science and a Bachelor's degree in Electrical Engineering, both from Stanford University, and runs marathons.*





*Introducing AirAsia X's 1<sup>st</sup>*

# FLATBED

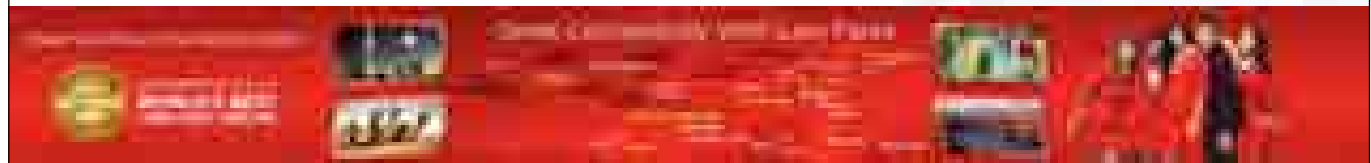
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Fly with comfort beyond compare to Melbourne, Perth, Gold Coast,  
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## An Expanding Network

**Now everyone can fly to over 60 destinations across 3 continents.**

**Route Served by AirAsia Group and AirAsia X**



AirAsia operates from nine regional hubs. In Malaysia, we operate from the LCC Terminal, KLIA Sepang; Penang International Airport, Penang; and Kota Kinabalu International Airport, Sabah. Thai AirAsia operates from Suvarnabhumi International Airport, Bangkok and Phuket International Airport. Indonesia AirAsia operates from Soekarno Hatta International Airport, Jakarta; Ngurah Rai International Airport, Denpasar; Bandung Husein Sastranegara Airport and Juanda International Airport, Surabaya.

As at 31 December 2009, AirAsia flies to over 60 cities in 16 countries with 126 domestic and international routes

from and within Malaysia, Thailand and Indonesia. There are over 3,500 flights a week: 15 domestic and 46 international destinations from the Malaysian hubs; 11 domestic and 15 international destinations from the Thai hubs; and seven domestic and ten international destinations from the Indonesian hubs.

AirAsia is the only airline in the region with operations based in Malaysia, Indonesia and Thailand. It not only has an extensive network across all ASEAN countries but also connects to China, Taiwan, India, Sri Lanka, Bangladesh, Australia and United Kingdom.

# ***"Send Cargo The Low-cost Way" Send It Vietway***



Proud to be a young and dynamic cargo GSA of AirAsia in Vietnam, we congratulate AirAsia on continuously being the world's best low-cost airline.

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## Have You Flown AirAsia?



AirAsia has been synonymous with low fares for the last eight years. The time is now right for us to drive awareness that we are about more than just low fares, and that flying with AirAsia is a unique experience on its own. In October 2009, we rolled out our very first regional brand campaign as part of our effort to shift consumer mindset of the brand beyond that of a low-cost carrier by showcasing the airline's cool innovation, high quality service and unique experience. The campaign also aims to win new users and convert old ones for the airline.

'Have you flown AirAsia?' was launched with a TV commercial directed by the late Yasmin Ahmad about a young boy and his experience with AirAsia. To strengthen the brand's positioning in the executive segment, the campaign ran across affluent lifestyle channels like CNN, STAR network, and Discovery Channel. To show how AirAsia flies to hip lifestyle destinations and festivals, Channel [V] VJs were featured in a travel variety programme. CNN ran an interview-style advertorial featuring Dato' Sri Dr Tony Fernandes, while Discovery Channel ran a series of interesting facts about the brand.

A series of cheeky 'Have you flown AirAsia?' print ads ran concurrently in regional magazines to communicate our unique values. And AirAsia also became the first low cost airline to advertise in TIME Magazine.

Visitors to [www.haveyouflownairasia.com](http://www.haveyouflownairasia.com) get a glimpse of the AirAsia experience. The website also tells new guests about the airline's services and explains the AirAsia model in an engaging manner. The site features everything from recent notable highlights to information about our partners such as AT&T Williams and Oakland Raiders. There's even a 'Buzz' section where the latest AirAsia news, blog posts, tweets, and facebook comments are compiled in real-time for easy reference. Just log in and anyone can see what the world is saying after they've flown AirAsia.

The exclusive "Have You Flown AirAsia to a GP?" contest keeps the site active and busy. And winners who flew across the globe to experience the best of F1 and MotoGP races share their experiences on the website.



**"To stay ahead of the competition, we need to keep our brand fresh. We want our guests to feel good about the AirAsia experience and keep them coming."**

*Dato' Sri Dr Tony Fernandes*



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## Harnessing the Power of Cyberspace

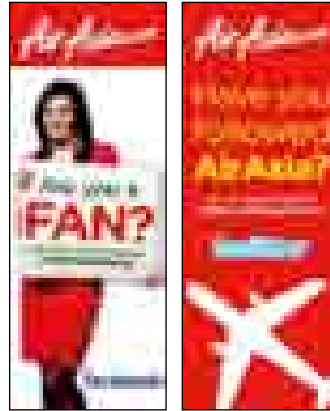


In the social media field, we echo the values that created AirAsia: a lot of passion, commitment beyond the call of duty, a bit of playfulness, plenty of innovation and the desire to go the extra mile for our guests.

At AirAsia, we recognise that social media have a vital role to play in the way we build a community that believes in our brand, our values and what we stand for. Today, the technology of social media has made it possible for us to connect to the whole world. As people place greater trust in the internet and spend more time online, social media enable us to reach out and tell them that we want to hear what they have to say.

AirAsia believes that social media provide a channel of communication for more than just low fare promotions, new route launches, contests, flight schedule updates, and guest support services. They create a platform for our own community and the communities we touch, defining who we are today and who we will become tomorrow. This is important because no lasting brand is ever disconnected from the world, and the world today is giving us an opportunity to make a difference in people's lives.

We started with a corporate blog, Just Plane Thoughts ([www.blog.airasia.com](http://www.blog.airasia.com)) back in 2008. We made our first impact on social media with our blog-based 'So You Wanna Be a Pilot'



competition, which was picked up by Reuters, World News, Blog Herald, Flight Global (aviation blog) and regional online papers as well as being broadcast on radio in South America, Africa, Japan, and Russia.

In 2009, we started our social media adventure on Facebook ([www.facebook.com/AirAsia](http://www.facebook.com/AirAsia)), and we are

now in the midst of expanding our social media reach to local markets. We have already successfully created a Facebook page for Indonesia ([www.facebook.com/AirAsiaIndonesia](http://www.facebook.com/AirAsiaIndonesia)), Hong Kong ([www.facebook.com/AirAsiaHK](http://www.facebook.com/AirAsiaHK)) and the United Kingdom ([www.facebook.com/AirAsiaUK](http://www.facebook.com/AirAsiaUK)). We have also tapped into Plurk for Taiwan ([www.plurk.com/airasia\\_plurk](http://www.plurk.com/airasia_plurk)) and Sina for China (<http://t.sina.com.cn/airasia>).

To us, to be the best in social media means reaching beyond the number of fans, followers and viewers that other corporations are gunning for. It means being passionate about our brand and being part of a community that we are building together.

### Website

- **No. 1** Travel website in Asia<sup>1</sup>
- **Biggest** e-commerce website in Asia<sup>2</sup>
- Monthly average of over 20 million unique visitors and 210 million page views in 2009<sup>3</sup>
- **19** localised sites with **8 languages**<sup>3</sup>
- Online sales account for **76% of revenue** in 2009<sup>3</sup>

### Social Media

- **No. 1** ranking Facebook corporate account in the transportation field in the region<sup>4</sup>
- **Over 100,000 Facebook followers**<sup>4</sup>
- Over 10,000 Twitter followers<sup>5</sup>
- Most successful Malaysian brand in the social media realm with **over 217,000 fans**<sup>6</sup>

(As at 31 December 2009)

<sup>1</sup> Google <sup>2</sup> AC Nielsen <sup>3</sup> Company Data <sup>4</sup> Facebook <sup>5</sup> Twitter  
<sup>6</sup> [www.asp1.radicaepost.com](http://www.asp1.radicaepost.com)



## Kuwait Finance House

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بيت التمويل الكويتي (KFH) هو مؤسسة مالية إسلامية رائدة في المنطقة، تقدم مجموعة واسعة من الخدمات المالية الإسلامية، بما في ذلك التمويل، الاستثمار وإدارة الثروات. نحن نقدم حلولاً مالية إسلامية مبتكرة تلبي احتياجات عملائنا المتنوعة.

We are a leading Islamic financial institution in the region, providing a wide range of Islamic financial services, including financing, investment and wealth management. We offer innovative Islamic financial solutions that meet the diverse needs of our customers.

بيت التمويل الكويتي (KFH) هو مؤسسة مالية إسلامية رائدة في المنطقة، تقدم مجموعة واسعة من الخدمات المالية الإسلامية، بما في ذلك التمويل، الاستثمار وإدارة الثروات. نحن نقدم حلولاً مالية إسلامية مبتكرة تلبي احتياجات عملائنا المتنوعة.

**Kuwait Finance House**  
بيت التمويل الكويتي



## A Celestial Superstore

The success in generating revenue from ancillary products and services lies in harnessing the power of AirAsia's e-business strategy and web-based Customer Relationship Management.

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At AirAsia, maximising revenue is a goal that lies at the core of our business objectives. And much like the rest of our operations, AirAsia has set about the mission with characteristic zeal and innovative thinking. We recognised early on that passenger seat revenue alone was not going to be enough to sustain and grow our business. So, where could we unearth a new revenue stream? The answer: Ancillary products and services.

The conventional approach towards ancillary products and services within the industry is to treat them as an ala' carte feature and they are commission-based. True to AirAsia's DNA, we pushed beyond convention and came up with an approach that marries the traditional with the new.

What is one of our major under-utilised assets? The answer: Our website ([www.airasia.com](http://www.airasia.com)). It attracts on average 20 million unique visitors a month - giving us a platform with global reach to market anything we want to an increasingly sophisticated audience. In short, AirAsia decided that it would become a celestial superstore - marketing to a captive audience, products and services that would add to guests' experience of our world-renowned brand.

The combined traditional and new wings of ancillary products and services generated revenue of RM413 million in 2009, growing by 34.4 % over 2008. Our Ancillary Income per Passenger in 2009 was RM291, a 46% increase from 2008 of RM19.9. Not only does ancillary income contribute to the bottom line, it also provides a buffer against rising fuel prices (enabling us to keep our fares low).

In 2009, our traditional ancillary income stream included revenue from our Supersize Baggage charges as well as our famous in-flight food choices served up under the brand AirAsia Café. We subsequently added AirAsia Courier, utilising the excess belly space in our aircraft to transport cargo such as apparel, food, electronics and documents door-to-door.

In 2010, we expect our traditional ancillary business to grow even more especially with the introduction of new routes and taking delivery of new aircraft across our regional hubs. We are considering introducing an airport check-in fee - this will give our guests the choice of opting for the self check-in process for free or to be checked-in by our staff at the counter for a small fee.

