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Annual Report 2010

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welcome on board.

AIRASIA BERHAD
ANNUAL REPORT 2010

AirAsia.com



A PROMISE MADE, A PLEDGE KEPT

+ WHEN AIRASIA STARTED OUT AS A LOW-COST AIRLINE IN 2002, WE PLEDGED TO MAKE AIR TRAVEL AFFORDABLE FOR EVERYBODY. TODAY, NINE YEARS DOWN OUR CORPORATE JOURNEY, WE KNOW WE HAVE KEPT TO OUR INITIAL PROMISE

In October 2010, we flew our 100 millionth guest, a young, newly married Indonesian housewife who was going to visit her husband working in India. Just as we made her travel dream come true, we are delighted to have done the same for more than 100 million guests.

We have kept our fares down thanks to our disciplined focus on keeping our operating costs the lowest among the world's airlines. We offer a million free tickets every year. While enabling everyone to fly, we are also connecting people to places that were never connected by air before. We have achieved our Vision of being the largest low-cost airline in Asia, serving those who previously had no access nor the means to enjoy air travel. We have done this by staying close to our Mission of:

- being the best company to work for, treating each Allstar as a member of our extended AirAsia family
- creating a globally recognised ASEAN brand
- maintaining the highest quality product, embracing technology to reduce costs and enhance service levels

Central to our promise is our great team of Allstars who have proven time and again that hard work, creativity, passion and a commitment to excellence are what it takes to be not just good, but great. These traits of our Allstars, combined with our five core values of Safety, Passion, Integrity, Caring and Fun, have kept AirAsia growing from strength to strength. They have made us the World's Best Low Cost Airline, as vouchsafed by 18 million travellers polled by London-based consultancy Skytrax.

This is an award that is close to our heart because it validates the value of our promise. Now everyone can fly.

FACTS AT A GLANCE

>
Group Revenue

RM **3.95** bil

>
Profit After Tax

RM **1.06** bil

>
Total Assets

RM **13.24** bil



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Airline



THE
PASSENGER
CHOICE

“ This is a fantastic achievement for AirAsia to be here collecting the award as the World’s Best Airline for the second year running. They are clearly meeting and exceeding their customers’ expectations to have been named winner of this outstanding global recognition. ”

Mr Edward Plaisted
Skytrax Chairman



The World’s Best Low Cost Airline 2010

now everyone can fly

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting of AirAsia Berhad (284669-W) (“AirAsia” or “the Company”) will be held at AirAsia Academy, Lot PT25B, Jalan KLIA S5, Southern Support Zone, Kuala Lumpur International Airport, 64000 Sepang, Selangor Darul Ehsan, Malaysia on Monday, 20 June 2011 at 10.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements together with the Reports of the Directors and Auditors thereon for the financial year ended 31 December 2010. **(Resolution 1)**
2. To declare a First and Final Dividend of 30% or 3 sen per ordinary share of RM0.10 for the financial year ended 31 December 2010 comprising as follows:-
 - (i) Gross Dividend of 9.1% per ordinary share of RM0.10 less Malaysian Income Tax at 25%;
 - (ii) Tax Exempt Dividend of 0.2% per ordinary share of RM0.10; and
 - (iii) Single Tier Dividend of 20.7% per ordinary share of RM0.10.**(Resolution 2)**
3. To approve Directors’ Fees of RM2,203,000 for the financial year ended 31 December 2010. **(Resolution 3)**
4. To re-elect the following Director who retires pursuant to Article 124 of the Company’s Articles of Association:
 - a) Dato’ Abdel Aziz @ Abdul Aziz bin Abu Bakar **(Resolution 4)**
5. To re-elect the following Director who retires pursuant to Article 130 of the Company’s Articles of Association:
 - a) En. Mohd Omar bin Mustapha **(Resolution 5)**
6. To consider and, if thought fit, pass the following resolution pursuant to Section 129 of the Companies Act, 1965:

“**THAT** Dato’ Leong Sonny @ Leong Khee Seong, retiring in accordance with Section 129 of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting.” **(Resolution 6)**
7. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without modifications, the following Resolution:

8. **ORDINARY RESOLUTION**
AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

“**THAT** pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Main Market of Bursa Malaysia Securities Berhad AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.” **(Resolution 8)**

OTHER ORDINARY BUSINESS

9. To transact any other business of which due notice shall have been given.

NOTICE OF DIVIDEND PAYMENT AND DIVIDEND ENTITLEMENT DATE

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the Eighteenth Annual General Meeting of the Company to be held on Monday, 20 June 2011, a First and Final Dividend of 30% of 3 sen per ordinary share of RM0.10 for the financial year ended 31 December 2010 will be paid on Tuesday, 19 July 2011 to depositors whose names appear in the Record of Depositors on Monday, 20 June 2011. A depositor shall qualify for entitlement to the dividend only in respect of:-

- (a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on Monday, 20 June 2011, in respect of ordinary transfers; and
- (b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

JASMINDAR KAUR A/P SARBAN SINGH

(MAICSA 7002687)

Company Secretary

Selangor Darul Ehsan

27 May 2011

NOTES ON APPOINTMENT OF PROXY

- a. Pursuant to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 and Article 43(1) of the Company's Articles of Association, only those Foreigners (as defined in the Articles) who hold shares up to the current prescribed foreign ownership limit of 45.0% of the total issued and paid-up capital, on a first-in-time basis based on the Record of Depositors to be used for the forthcoming Annual General Meeting, shall be entitled to vote. A proxy appointed by a Foreigner not entitled to vote, will similarly not be entitled to vote. Consequently, all such disenfranchised voting rights shall be automatically vested in the Chairman of the forthcoming Annual General Meeting.
- b. A member entitled to attend and vote is entitled to appoint a proxy (or in the case of a corporation, to appoint a representative), to attend and vote in his stead. A proxy need not be a member of the Company.
- c. The Proxy Form in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- d. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- e. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one but not more than two (2) proxies in respect of each securities account it holds to which ordinary shares in the Company are credited.
- f. The Proxy Form or other instruments of appointment shall not be treated as valid unless deposited at the Registered Office of the Company at 25-5, Block H, Jalan PJU 1/37, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for holding the meeting. **Faxed copies of the duly executed form of proxy are not acceptable.**

EXPLANATORY NOTES:

1. Authority to allot shares pursuant to Section 132D of the Companies Act, 1965 (Resolution 8)

Ordinary Resolution 8 has been proposed for the purpose of renewing the general mandate for issuance of shares by the Company under Section 132D of the Companies Act, 1965 (hereinafter referred to as the "General Mandate"). Ordinary Resolution 8, if passed, will give the Directors of the Company authority to issue ordinary shares in the Company at their discretion without having to first convene another General Meeting. The General Mandate will, unless revoked or varied by the Company in a General Meeting, expire at the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Seventeenth Annual General Meeting held on 24 June 2010 which will lapse at the conclusion of the Eighteenth Annual General Meeting.

The General Mandate, if granted, will enable the Company to fulfill its obligations under the Company's Employees' Share Option Scheme in an expedient manner as well as provide flexibility to the Company for any future fund raising activities, including but not limited to further placing of shares for the purposes of funding future investment project(s), repayment of bank borrowing, working capital and/or acquisition(s) and thereby reducing administrative time and costs associated with the convening of additional shareholders meeting(s).

- 2. Datuk Alias bin Ali who retires pursuant to Article 124 of the Company's Articles of Association, will not be seeking for re-election at the forthcoming Annual General Meeting of the Company and therefore shall retire at the conclusion of the said Annual General Meeting.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

FOR THE YEAR ENDED 31 DECEMBER 2010

DIRECTOR STANDING FOR RE-APPOINTMENT AT THE EIGHTEENTH ANNUAL GENERAL MEETING OF THE COMPANY

The Independent Non-Executive Director who is standing for re-appointment at the Eighteenth Annual General Meeting is as follow:

- a) Pursuant to Section 129 of the Companies Act, 1965:
 - i) Dato' Leong Sonny @ Leong Khee Seong

The details of the above Director standing for re-appointment are set out in the Profile of Directors from pages 42 to 47 of this Annual Report.

CREDIT SUISSE 



Over 150 Years
of Looking to the Future.
Your Future.

Credit Suisse. Helping you to take the next step.

credit-suisse.com



Growth can happen
anywhere. You just have
to know where to look.

Today, growth can be found in new, and often unexpected, places. Opportunities will prevail around the globe today, tomorrow and the days after tomorrow. Now, more than ever, you can be confident that we at BNP Paribas Corporate & Investment Banking remain committed to providing you with solutions that support your interests, your projects and your business. Wherever the opportunities exist, we will work together to help you prosper.

FINANCIAL & INVESTOR CALENDAR

≥ 25-27 January 2010
AirAsia's participation in BNP Paribas Securities Asia – ASEAN Conference, Singapore

≥ 4 February 2010
AirAsia's participation in Raymond James Growth Airline Conference, New York

≥ 25 February 2010
Announcement of the unaudited results for the 4th quarter and full year ended 31 December 2009

≥ 23 March 2010
AirAsia's participation in Credit Suisse Asian Investment Conference, Hong Kong

≥ 27 March 2010
AirAsia's participation in Invest Malaysia, Kuala Lumpur

≥ 31 May 2010
Announcement of the unaudited results for the 1st quarter ended 31 March 2010

≥ 24 June 2010
17th Annual General Meeting of the Company

≥ 30 June - 2 July 2010
AirAsia's participation in Invest Malaysia, Europe (London, Paris, Edinburgh)

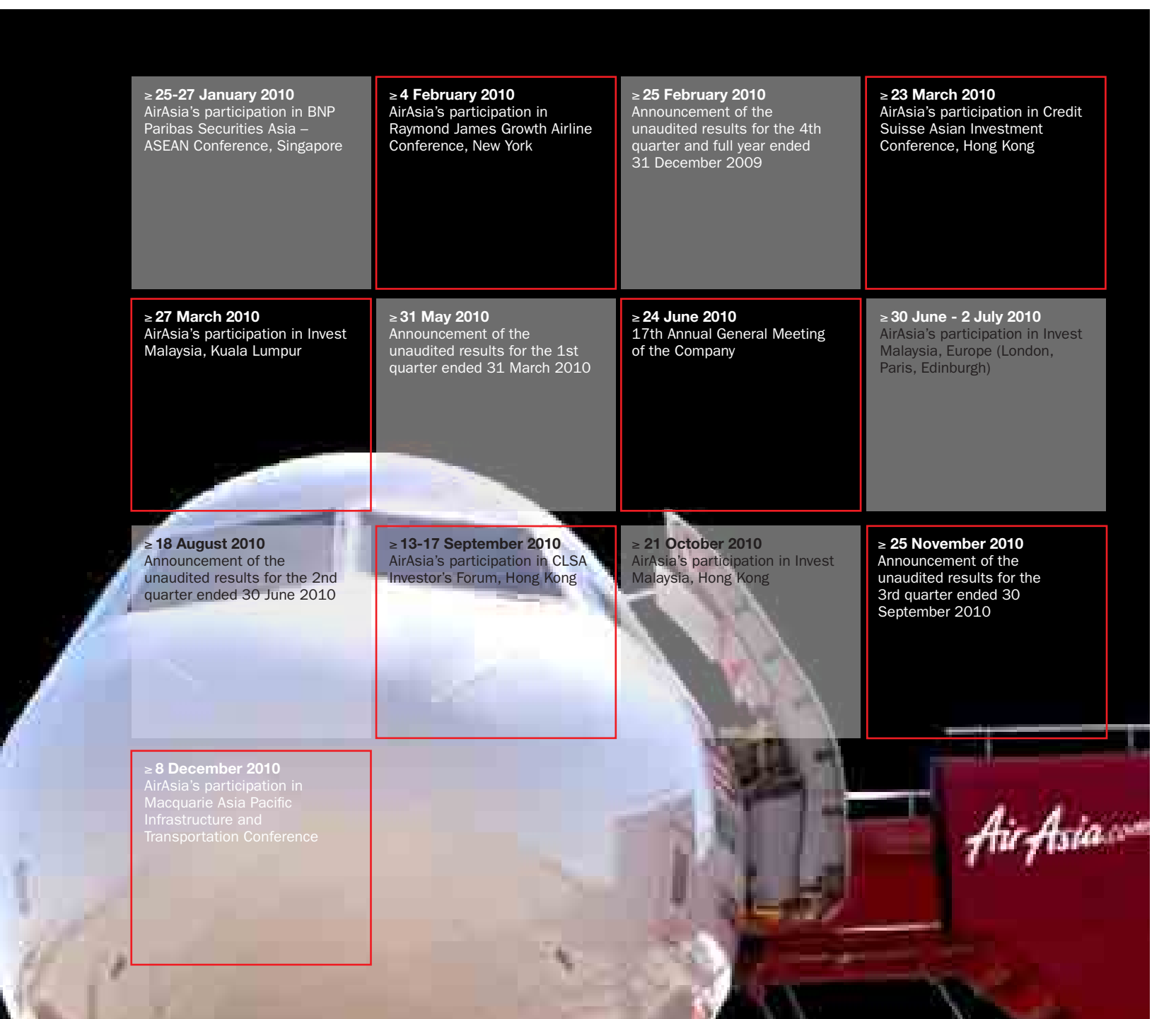
≥ 18 August 2010
Announcement of the unaudited results for the 2nd quarter ended 30 June 2010

≥ 13-17 September 2010
AirAsia's participation in CLSA Investor's Forum, Hong Kong

≥ 21 October 2010
AirAsia's participation in Invest Malaysia, Hong Kong

≥ 25 November 2010
Announcement of the unaudited results for the 3rd quarter ended 30 September 2010

≥ 8 December 2010
AirAsia's participation in Macquarie Asia Pacific Infrastructure and Transportation Conference



CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar
Non-Independent 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

Conor Mc Carthy
Non-Independent Non-Executive Director

Dato' Leong Sonny @ Leong Khee Seong
Independent 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

En. Mohd Omar bin Mustapha
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
50706 Kuala Lumpur, Wilayah Persekutuan
Malaysia
Tel : (603) - 21731188
Fax: (603) - 21731288

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) - 78809318
Fax: (603) - 78806318
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) - 86604333
Fax: (603) - 87751100

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) - 78418000
Fax: (603) - 78418008

SOLICITORS

Messrs Logan Sabapathy & Co.

STOCK EXCHANGE LISTING

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





LO KAHANDAMAN DI
GUNUNG BIN LAGAN
- MURAH MANA-MANU
LO MUNCUL KINABALU
1938 - 1939

TAMAN KINABALU
EOW'S PEAK
(4095.2 M)

“ The AirAsia route map has so many exciting destinations that it is almost impossible to choose a favourite. I’ve seen some of the world’s greatest temples, beaches, historical and cultural sites. I’ve met some of the most beautiful people imaginable along the way which is always a travel highlight in itself. ”



David
Australia

Exploring ASEAN

now everyone can fly

HOW WE'VE CONQUERED THE ASEAN SKY

+ FACTS AT A GLANCE

>
Incorporated in

2001

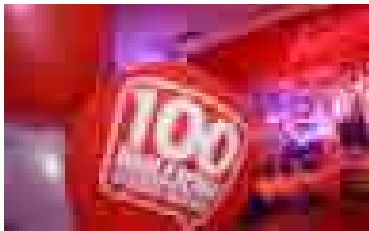
>
No. of Destinations

65

in 18 countries

>
No. of Employees

8119



AIRASIA NEEDS NO INTRODUCTION IN ASEAN, WHERE IT IS THE LEADING LOW-COST CARRIER, CONNECTING PEOPLE AND PLACES ACROSS 132 ROUTES, 40 OF WHICH ARE OFFERED BY NO OTHER AIRLINE. IN 2010, THE GROUP, WHICH INCLUDES AFFILIATES AIRASIA THAILAND AND AIRASIA INDONESIA, REINFORCED ITS LEADERSHIP POSITION WITH TWO REMARKABLE MILESTONES: FLYING ITS 100 MILLIONTH GUEST AND BREAKING THE RM1 BILLION PROFIT BARRIER.

From an airline with two aircraft plying six routes in Malaysia in January 2002, AirAsia has soared in the last nine years to cover 65 destinations in 18 countries. Today, employing more than 8,000 staff and with a market capitalisation of just over RM7.06 billion (as at 31 December 2010), it is the only Truly ASEAN airline, serving the region's 600 million population from 10 hubs in three countries - Kuala Lumpur, Kuching, Penang and Kota Kinabalu in Malaysia; Bangkok and Phuket in Thailand; and Jakarta, Bali, Bandung and Surabaya in Indonesia.

In 2011, we introduced two hubs, Chiang Mai for AirAsia Thailand and Medan for AirAsia Indonesia.

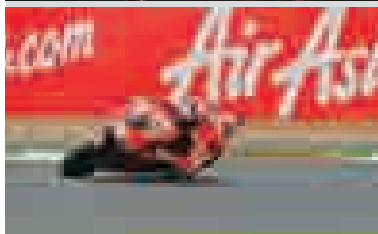
Singapore functions as a virtual hub where AirAsia features among the top 10 airlines in terms of contribution to passenger traffic. Further strengthening its ASEAN network, the Group in December 2010 signed an agreement to establish a Philippine-based low-cost affiliate, which is expected to be operational by end 2011.

The quest to democratise air travel began when Tune Air Sdn. Bhd. – founded in 2001 by Dato' Sri Dr. Tony Fernandes, Dato' Pahamin Ab. Rajab, Dato' Kamarudin Meranun and Dato' Aziz Bakar - bought over the loss-making, debt-riddled AirAsia from HICOM Holdings Berhad (now DRB-HICOM Berhad) for a token sum of RM1. The enterprising

group quickly settled the airline's debts and set about rebranding and relaunching AirAsia as a low-fare carrier.

The Group's entire business model centres around a low-cost philosophy which requires its operations to be lean, simple and efficient. Several key strategies have been employed towards this effect, including:

- **High Aircraft Utilisation**
AirAsia focuses on high frequency and high turnaround of flights, both of which add to customer convenience and greater cost efficiencies. Its turnaround of 25 minutes is the fastest in the region.



- **Low Fare, No Frills** - This means no frequent flyer miles or airport lounges in exchange for lower fares. Guests have the choice of paying for in-flight meals, snacks and drinks.
- **Point to Point Network** All short-haul AirAsia flights (four-hour flight radius or less) and medium- to long-haul AirAsia X flights are non-stop, doing away with the need for human resources, physical infrastructure and facilities at transit locations.

In addition, a decision was made in December 2004 to convert the existing fleet of ageing Boeing B737s with the higher capacity yet more fuel-efficient, reliable and cost-efficient Airbus A320s. As a result, today, the Group boasts the largest and newest A320 fleet in the region. Of its 90 aircraft, 86 are A320s, and the Group has in its order book an additional 89 A320s to be delivered. The four remaining B737s in AirAsia Indonesia are to be phased out by 2012, following which there will be less duplication of manpower requirements and reduced need to stock maintenance parts.

Collectively, these strategies have established AirAsia as the lowest-cost airline in the world, with a cost/ASK (available seat kilometre) of US\$3.67c. This has been achieved without compromising safety. The highest priority is given to

safe operations, and AirAsia complies with conditions as set by regulators in all the countries where it operates. The Group also partners with the most renowned maintenance providers to ensure its fleet is always in the best condition.

Innovative use of technology has played a key role in AirAsia's success story, beginning with online booking. It was the first airline in Asia to go ticketless - in March 2002 - allowing guests to pay for their bookings by credit card over the phone. Over the years, it has built on its IT platform to increase the ease of customer transactions as well as provide greater savings to the Group. In 2010, AirAsia unveiled its latest IT booking innovation in the form of New Skies, which allows customers to better manage their online bookings. With the advent of the social media, tools such as Facebook, Twitter and blogs have become integral to the Group's customer relationship initiatives. AirAsia is, in fact, recognised as the most popular airline in the region on Facebook in terms of fan base.

The spirit of innovation is also reflected in AirAsia's financial strategies. The company's spectacular turnaround within 18 months of operations sealed the stamp of financial wizardry that has continued to help the airline grow and win accolades such as the 2010 Asiamoney's Best Managed Company.

While known for its no-frills approach, AirAsia is also synonymous with youthful energy and a cheeky sense of fun, as captured in its campaigns and branding strategies. The airline regularly sponsors sporting and entertainment events, and in 2010 launched AirAsiaRedTix.com, an online gateway to world-class performances.

AirAsia is ultimately a people's airline. This is mirrored in numerous acts of generosity that show the management truly cares. In January 2010, the Group joined hands with UNICEF to raise RM438 million (US\$128 million) for relief efforts targeted at Haitians affected by the earthquake. The airline also runs an on-going *Donate Your Loose Change* campaign to help needy heart patients receive treatment at the National Heart Institute in Kuala Lumpur.

The Group's adherence to best practices has been recognised via numerous awards over the years. Perhaps most notably AirAsia has been voted the World's Best Low Cost Airline for two consecutive years, in 2009 and 2010. This award, from Skytrax, reflects the opinions of about 18 million travellers worldwide who were polled by the London-based aviation consultant. AirAsia feels proud of such endorsement and is committed to living up to guests' expectations by continuing to keep costs down while providing the highest levels of service and efficiency as it spreads its wings further and wider across the skies.

MILESTONES OVER A DECADE

2001

8 September Tune Air Sdn. Bhd. signs a Sales & Purchase Agreement with DRB-Hicom for the takeover of AirAsia.

8 December Tune Air Sdn. Bhd. officially takes over AirAsia.

2002

January AirAsia is re-branded and re-launched as Asia's first low-cost carrier.

1 March AirAsia goes ticketless, in line with its Easy to Call, Easy to Pay and Easy to Fly approach, which allows guests to pay for their bookings by credit card over the telephone.

13 July AirAsia launches a new destination to Miri in Sarawak.

17 August AirAsia introduces direct flights between Kuala Lumpur and Tawau in Sabah.

2003

19 August AirAsia launches the world's first airline SMS booking.

31 October AirAsia announces the setting up of a new hub in Senai, Johor Bahru, with direct flights to Kota Kinabalu, Kuching, Langkawi and Penang.

12 November AirAsia partners with domestic entrepreneurs in Thailand to establish AirAsia Thailand.

8 December AirAsia launches its first regional flight to Phuket.

18 December First AirAsia flight takes off from Senai, Johor Bahru, heading for Miri in Sarawak.

2004

16 February AirAsia Thailand launches its first international flight, linking Bangkok and Singapore.

27 February AirAsia enters into a strategic partnership with Pos Malaysia to enable guests to remit payments through any Pos Malaysia branch nationwide.

11 April AirAsia launches its service to Soekarno-Hatta Airport, Jakarta, from the airline's hub in Senai, Johor Bahru. It is the airline's first flight to an Indonesian destination.

31 May AirAsia announces the launch of the long-awaited direct flight to Jakarta from Kuala Lumpur International Airport.

6 June AirAsia Thailand starts services between Penang and Bangkok.

2 July AirAsia's direct flight connecting Kuala Lumpur and Jakarta gets off to a flying start, with a full passenger load.

8 July AirAsia expands its presence in Indonesia, linking Malaysia to several key Indonesian tourist destinations, including Bali and Medan.

19 October AirAsia launches its IPO Prospectus for the airline's proposed listing on the Main Board of Bursa Malaysia.

2005

19 January AirAsia commences service between Singapore and Jakarta through its sister airline AWAIR (now AirAsia Indonesia). AirAsia has a 49% stake in AWAIR, a privately owned airline in Indonesia, which was relaunched as a low-fare, no-frills airline to serve domestic and international routes out of its hub at the Soekarno-Hatta International Airport, Jakarta.

7 March AirAsia receives the prestigious Market Leadership Award at the 2005 Airline Achievement Awards by Air Transport World Magazine in Washington, DC, USA.

22 July AirAsia announces a one-year deal with Manchester United under which it became the football club's Official Low Fare Airline.





MILESTONES
OVER A DECADE
2005 - 2007



23 August AirAsia becomes the first airline in the world to offer a total, comprehensive booking system targeting mobile phones and wireless devices.

1 November AirAsia commences daily flights from Kuala Lumpur to Phnom Penh, Cambodia.

2 December AirAsia offers two million free seats in conjunction with its 4th anniversary celebrations. The ground-breaking campaign was promoted in seven countries.

8 December AirAsia's first Airbus A320 arrives at Kuala Lumpur International Airport from Toulouse, France.

27 December AirAsia introduces direct flights from Kuala Lumpur to Siem Reap, Cambodia.

2006

18 January AirAsia and Galileo sign a global agreement for exclusive access to low fares, enabling AirAsia to reach and serve an even larger and wider network of markets.

22 April DYMM Seri Paduka Baginda Yang Dipertuan Agong XII, Tuanku Syed Sirajuddin (King of Malaysia) visits AirAsia's new home at the LCC Terminal, Kuala Lumpur International Airport, and presents certificates to graduates from the AirAsia cadet pilot training programme.

31 May AirAsia dispatches an extra flight from Kuala Lumpur to Solo in Indonesia to aid humanitarian and relief work in Yogyakarta, Central Java, following an earthquake in the Indonesian city.

20 June AirAsia partners with AIG S.E. Asia Pte. Ltd. to become the first low-fare airline in Asia to offer a web-integrated travel protection sales platform.

4 July AXN, a leading international action and adventure cable channel, announces AirAsia's participation as the Official Airline Partner for the Asian edition of the three-time Emmy award-winning *Amazing Race* reality series.

6 July AirAsia announces Kota Kinabalu as its latest hub in Malaysia.

20 July AirAsia establishes another hub in East Malaysia in Kuching, Sarawak.

14 August Airbus launches its state-of-the-art Airbus A320 full flight simulators at the new AirAsia Academy.

8 September AirAsia and Manchester United extend their partnership and bring in Tourism Malaysia as a new co-sponsor.

4 October AirAsia makes its entry into Vietnam with the launch of daily flights from Kuala Lumpur to Hanoi.

14 November AirAsia and Amadeus, a global leader in technology and distribution solutions for the travel and tourism industry, announce an agreement under which the airline aims to reach a wider international market by distributing and selling its seats through the Amadeus system.

2007

5 April AirAsia announces its partnership as Official Airline of the AT&T Williams' F1 team for three years with effect from the 2007 Formula One World Championship.

15 May AirAsia introduces a new service, Xpress Boarding, offering guests the opportunity to be among the first to board and have the greatest choice of seats.

4 August AirAsia announces the enhancement of its amenities to accommodate the needs of disabled guests.

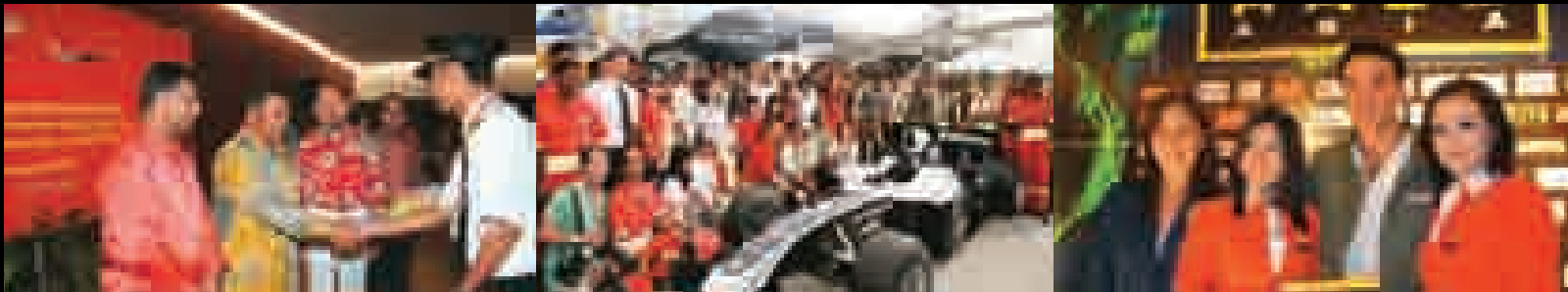
15 August AirAsia launches its in-flight magazine, *Travel3Sixty*.

5 December AirAsia places the world's largest order for the Airbus A320, totaling 225 aircraft, making it the biggest operator of the aircraft in the world.



MILESTONES
OVER A DECADE

2008 - 2009



2008

11 January AirAsia launches its *Donate Your Loose Change* campaign jointly with the National Heart Institute (IJN) to raise funds for needy heart patients.

16 January AirAsia launches its maiden flight from Kuala Lumpur to Guangzhou, China.

1 February AirAsia starts two daily flights from Kuala Lumpur to Singapore.

20 March AirAsia unveils the world's first commercial A320 aircraft with a Formula One team livery, that of the AT&T Williams team, to mark the airline's extended three-year partnership with the Formula One team.

9 May AirAsia extends assistance to victims of Cyclone Nargis in Myanmar by sponsoring flights for aid workers and transporting aid materials.

10 June AirAsia celebrates another proud achievement by officially launching its final domestic destination to Kuantan, thus completing the airline's domestic expansion.

17 June The airline introduces AirAsia On-Time Guarantee (OTG) entitling guests whose flights are delayed for more than three hours to a RM200 AirAsia e-gift voucher.

25 June AirAsia celebrates an amazing achievement by hitting the 50 million guests mark after just six years in operation.

14 August AirAsia launches a new route linking Pekanbaru in Indonesia with Singapore.

26 September AirAsia announces four additional daily direct flights from Kuala Lumpur to Singapore.

7 October AirAsia becomes all-Airbus, with a ceremony to mark the retirement of its final Boeing B737-300 aircraft from its Malaysian operations.

23 October AirAsia announces that beginning 1 November 2008, its On-Time Guarantee (OTG) waiting time will be reduced from three to two hours, an indication of the airline's confidence that an all-Airbus fleet would improve reliability.

1 November AirAsia celebrates its inaugural flight from Kota Kinabalu to Singapore.

11 November AirAsia becomes the first airline in the world to completely eliminate fuel surcharges, despite the rising price of oil.

14 November AirAsia receives the PIKOM ICT Organisation Excellence Award based on its fast growing passenger volume and use of ICT.

1 December AirAsia launches its first route to India, to Tiruchirapalli (Trichy) in the southern Indian state of Tamil Nadu.

16 December AirAsia launches a massive regional marketing campaign as part of its initiative to help revive Thailand's tourism industry following political disturbances in the Land of Smiles.

2009

12 January AirAsia implements a simpler and convenient new baggage policy dubbed 'Supersize', allowing guests to choose from three tiers of baggage sizes when purchasing their flight seats online.

12 February AirAsia introduces Pick A Seat, allowing guests to designate their seat preference on board the aircraft.

17 February AirAsia introduces web check-in, a self check-in facility across the entire AirAsia Group network. With the new innovation, guests are able to save time on pre-departure procedures.

2 March Over 50,000 seats on AirAsia's new routes between Singapore and the Indonesian cities of Jakarta, Bandung, Yogyakarta and Bali were snapped up by travellers at the end of a six-day promotion in conjunction with the routes' maiden sale.



1 April AirAsia is named the World's Best Low Cost Airline by London-based aviation consultancy Skytrax based on its Annual World Airline Survey, which polled more than 16 million air travellers.

28 April AirAsia partners with Scicom (MSC) Berhad to establish a world-class, state-of-the-art contact centre to service the low-cost carrier's guests from all around the world.

12 May AirAsia gives away one million free seats, setting yet another benchmark in corporate social responsibility.

1 June AirAsia officially celebrates its newest international route from Penang, the Pearl of the Orient, to Singapore, the Lion City.

24 June AirAsia abolishes the administration fee from its fare structure to further stimulate travel and tourism in Malaysia and the region.

2 July AirAsia launches another international route from Kota Kinabalu to Brunei to boost its East Malaysia connectivity. The new service is the airline's 6th international service from Kota Kinabalu.

6 July AirAsia expands its route network from its Penang hub with flights to Hong Kong, AirAsia's 6th international service from Penang after Singapore, Bangkok, Medan, Jakarta and Macau.

9 July AirAsia launches Redbox (now known as AirAsia Courier), the world's first low-cost courier service, offering the best value-for-money shipment option in Malaysia.

17 July AirAsia Indonesia announces the launch of a new route linking Bali to Perth, Australia. The route proves so popular that the airline subsequently increases its frequency to four daily flights.

8 August AirAsia marks the 42nd ASEAN Day with a celebration that involved an AirAsia aircraft bearing a 'Truly ASEAN' livery transporting more than 100 officials, media, academics and NGO representatives led by ASEAN Secretary-General Dr Surin Pitsuwan to three cities in one day – Jakarta, Kuala Lumpur and Bangkok.

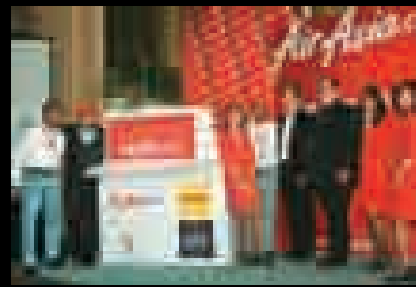
19 August AirAsia continues to strengthen its ASEAN connectivity by increasing its flight frequency to Vietnam through AirAsia Indonesia with a new flight linking Jakarta and Ho Chi Minh City.

9 October AirAsia signs up as the official airline partner of the fledgling ASEAN Basketball League.

12 October AirAsia launches a regional effort to position the world's best low-cost airline as a high quality, sleek and cool brand with a *Have You Flown AirAsia?* campaign.

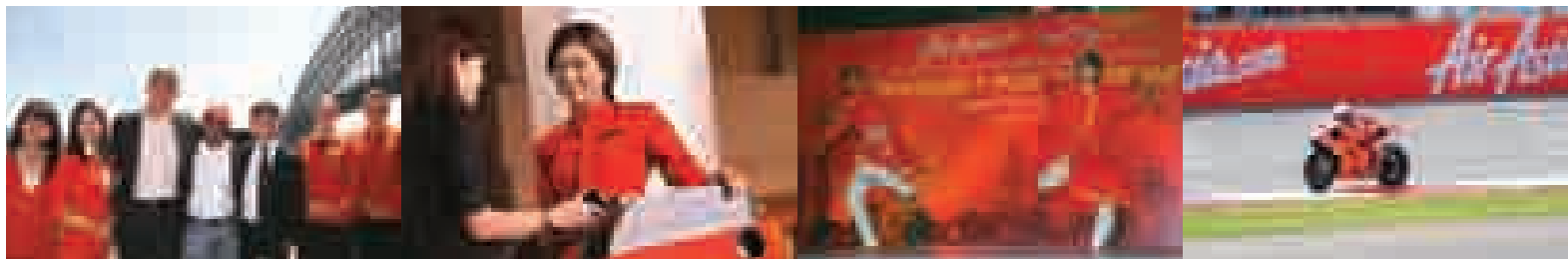
13 November AirAsia sets a new world record with its *1 Million Free Seats Campaign* launched on 11 November, and breaks it the very next day. Navitaire, its host reservation provider that powers booking engines to many airlines around the world, announces that AirAsia set a new international sales record with 402,222 seats snapped up in the 24-hour period after the campaign was launched.

7 December AirAsia caps its 8th anniversary celebrations by becoming the most popular airline in the world on giant social networking site Facebook, surpassing all other airlines – even all other transport companies – in terms of fan numbers.



MILESTONES
OVER A DECADE

2010



2010

20 January AirAsia introduces its Self Check-In service, providing guests with a quicker and more convenient way of checking in.

22 January AirAsia joins hands with UNICEF and helps channel RM438 million (US\$128 million) towards helping children and families in Haiti as part of UNICEF's 2010 Haiti Earthquake Children's Appeal.

26 January AirAsia and AirAsia X launch direct flights to six new destinations in India in the first quarter of 2010. Five of the flights were from Kuala Lumpur to key metro cities of Chennai, Bangalore, Hyderabad, Mumbai and New Delhi and one from Penang to Chennai.

10 February AirAsia becomes the title sponsor of the 2010 AirAsia British Grand Prix at Silverstone.

8 March AirAsiaRedTix.com is launched, providing a smart and convenient way to discover and book tickets to a line-up of international world-class concerts and more.

8 April AirAsia officially signs a strategic partnership agreement between VietJet Aviation Joint Stock Company (VietJet Air) and AirAsia Berhad in Hanoi.

8 April AirAsia collaborates with Sepang International Circuit (SIC) to field a Malaysian team at the 2010 MotoGP World Championship led by Muhammad Zulfahmi Khairuddin.

28 April AirAsia launches the AirAsia ASEAN Driver Development Program, expanding its presence in motor-sports in the region and stepping up its efforts to help nurture a world-class Formula One driver from ASEAN.

24 September AirAsia and Lotus Racing unveil an AirAsia Airbus A320 aircraft adorned in the legendary classic colours of Lotus Racing.

13 October AirAsia celebrates flying its 100 millionth guest, Irma Dewi, a 23-year-old housewife from Indonesia who is presented with 100 free seats.

25 November AirAsia Thailand becomes an all-Airbus A320 fleet.

16 December AirAsia, through its fully owned subsidiary AA International Ltd, enters into a partnership agreement with Antonio Cojuangco Jr., Michael Romero and Marianne Hontiveros to establish a low-cost airline in the Philippines, AirAsia Philippines.

16 December AirAsia extends its association with the ASEAN Basketball League (ABL) by sponsoring the 2009-2010 Grand Finals Champions, Philippine Patriots.

20 May For a second year running, Skytrax announces AirAsia as the World's Best Low Cost Airline. The annual global survey by the respected London-based aviation consultancy polled 18 million air travellers worldwide in its annual survey.

11 July AirAsia unveils New Skies, its state-of-the-art booking system, placing it ahead of competitors in offering high-tech user-friendly booking features.

27 July I Wayan Arya Sila Arsadhana, a four-year-old from Bali, Indonesia, undergoes a successful heart correction surgery at the National Heart Institute (IJN). He is the latest beneficiary of AirAsia's *Donate Your Loose Change* campaign, started in 2008 to raise funds for needy heart patients to undergo treatment at the Institute.

2 September AirAsia becomes the new title sponsor for the ASEAN Basketball League's (ABL) 2010/2011 season.

WE'VE BEEN WITH YOU ALL THE WAY



In 1909 Louis Blériot used Shell Spirit to make the first Channel crossing
100 years later, Shell has played a crucial part in almost every landmark event in aviation history, from the record breaking non stop flight of a Boeing 747 from London to Australia in the 1980's, to more recently flying the Airbus A380 with a mixture of fuel containing Shell synthetic jet fuel made from natural gas (GTL).

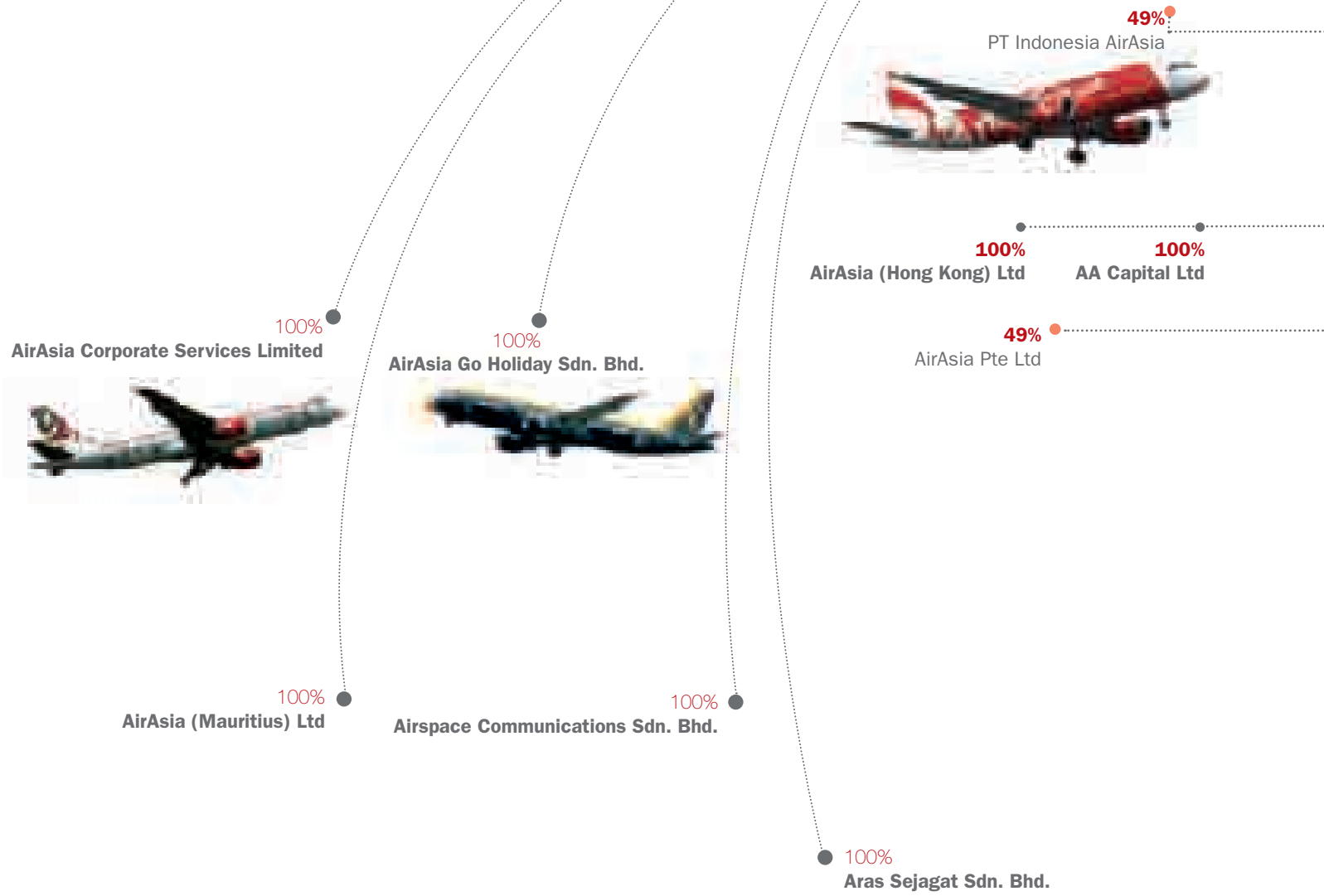
Delivering Innovation to your Advantage

In 2009 Shell Aviation celebrated one hundred years of innovation and intends to continue with technology firsts far into the future. shell.com/aviation



AIRASIA GROUP

+ AS AT 31 DECEMBER 2010



AirAsia.com

AIRASIA BERHAD
284669-W



100%

AA International Ltd



49%

Thai AirAsia Co. Ltd

49%
AirAsia Go Holiday Co. Ltd



100%

Crunchtime Culinary
Services Sdn. Bhd.



100%

Koolred Sdn. Bhd.

100%
Asia Air Limited

100%
AirAsia (B) Sdn. Bhd.

50%
Asian Contact Centres Sdn. Bhd.

39.9%
AirAsia Philippines Inc

Legend:

- Subsidiary Company
- Associate Company

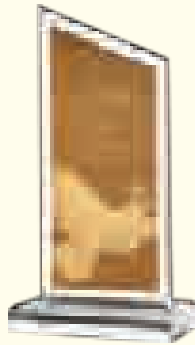
AWARDS & ACCOLADES 2010



>> JANUARY
AirAsia won **The Budgie World Low Cost Airlines Asia Pacific's Best Marketing Campaign of the Year 2010**

>> FEBRUARY
AirAsia was awarded for its **Contribution to Taiwan Tourism** category at the Taiwan Tourism Award

>> MARCH
Putra Brand Award 2010 – AirAsia Gold – AirAsia Transportation, Travel and Tourism



>> MARCH
AirAsia Group CEO Dato' Sri Dr. Tony Fernandes was conferred an **Honorary Doctorate of Business Innovation** by Universiti Teknologi Malaysia



>> APRIL
AirAsia Group CEO Dato' Sri Dr. Tony Fernandes was honoured with the title of **Officer of the Legion d' Honneur** by the Government of France in April 2010 for outstanding contributions to the French aviation industry



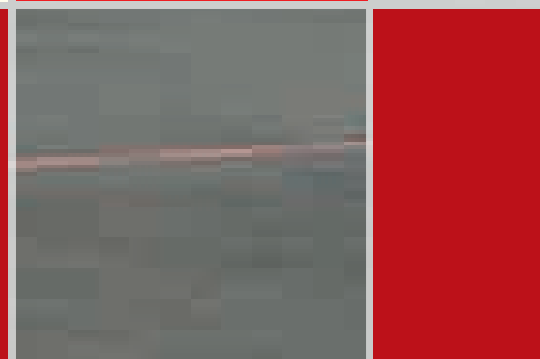
>> MAY
AirAsia Group CEO Dato' Sri Dr. Tony Fernandes was the proud recipient of the **Masterclass Global CEO of the Year Award** at the 2nd Malaysia Business Leadership Award (MBLA) 2010 ceremony for his immense contributions to the country's economy



>> MAY
AirAsia received the **Global ICT Award for 2010** in the private sector category from the World Information Technology and Service Alliance (WITSA) in Amsterdam



>> MAY
AirAsia Group CEO Dato' Sri Dr. Tony Fernandes received the prestigious **Nikkei Asia Prize 2010** in Tokyo for his contributions in the Asia Pacific region





>> MAY
World Information Technology and Services Alliance (WITSA) – Excellence awards 2010 for Private Sector Excellence – AirAsia Berhad



>> JUNE
AirAsia was chosen as the **World's Best Low Cost Airline 2010** for the second consecutive year by Skytrax

AirAsia bagged the **Air Cargo Industry Newcomer of the Year Award 2010** at ACW World Air Cargo Awards in Shanghai

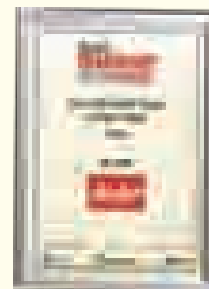
>> JULY
CMO Asia Awards for **Excellence in Branding & Marketing and Entrepreneur excellence awards**



>> JULY
AirAsia was named **one of the top 10 airlines** in the passenger carriage category by Changi Airport Group (CAG)



>> OCTOBER
AirAsia was named the **Best Asian Low Cost Carrier for 2010** by TTG at the 21st Annual TTG Travel Awards 2010 Ceremony & Gala Dinner in Bangkok



>> NOVEMBER
AirAsia was awarded the **2010 Aircraft Debt Deal of the Year for Asia** for the purchase of 16 new Airbus A320-200 through the export credit loan financing provided by BNP Paribas

>> DECEMBER
AirAsia Group CEO Dato' Sri Dr. Tony Fernandes received the **SME Overseas Platinum Award 2010**



>> DECEMBER
Gold Malaysian Media Awards – Best use of digital search – AirAsia

>> DECEMBER
AirAsia Group CEO Dato' Sri Dr. Tony Fernandes was named **Forbes Asia's Businessman of the Year for 2010**

PAST AWARDS

>> 2009

- AirAsia Group CEO Dato' Sri Dr. Tony Fernandes was recognised with a **Laureate Award in the Commercial Air Transport** category at the Annual Laureate Awards by Aviation Week in Washington DC, USA
- AirAsia was bestowed the coveted **Brand of the Year Award at Media's Agency of the Year (AOY) Awards** held at the St. Regis in Singapore
- AirAsia Group CEO Dato' Sri Dr. Tony Fernandes was named the **TTG Travel Personality of the Year** in the 20th Annual TTG Travel Awards 2009 Ceremony & Gala Dinner
- AirAsia was chosen as **Brand of the Year at the Agency of the Year Awards for 2009** by Media Magazine
- AirAsia Group CEO Dato' Sri Dr. Tony Fernandes was given the **2009 Frost & Sullivan Excellence in Leadership Award for Exemplary Leadership Skills** in driving excellence within his organisation
- AirAsia and AirAsia X were joint winners of the prestigious **Centre for Asia Pacific Aviation (CAPA) Airline of the Year Award for 2009** at the CAPA Aviation Awards for Excellence
- AirAsia Group CEO Dato' Sri Dr. Tony Fernandes received the **CAPA Legend Award and entered the CAPA's Aviation Hall of Fame**

- AirAsia received the **World's Best Low Cost Airline Award** from Skytrax
- AirAsia was named the **Best Asian Low Cost Carrier** by TTG

>> 2008

- **Low Cost Carrier of the Year** awarded by Kuala Lumpur International Airport (KLIA)
- Commendations of **Prestige Award from Macau Special Administrative Region**
- AirAsia recognised as one of the **50 Most Innovative Companies in the World** by FastCompany.com
- **Airline Market Penetration Leadership of the Year** by Frost & Sullivan
- **Rising Leaders – The Next 10 Years** by Singapore Institute of International Affairs (SIIA) in collaboration with AXN Asia
- AirAsia was voted the **Best Budget Airline in Asia** in the SmartTravelAsia.com 2008 Best in Travel Poll
- AirAsia Group CEO Dato' Sri Dr. Tony Fernandes was presented the inaugural **Malaysian Global Brand Icon of the Year Award** by Deputy Prime Minister Dato' Sri Najib Tun Razak
- Winner of the **Best Newcomer Award** at the prestigious 2008 Budgie World Low Cost Airline Awards

- AirAsia Group CEO Dato' Sri Dr. Tony Fernandes was named the **Tourism Personality of the Year** at the Libur Tourism Awards 2008
- AirAsia and AirAsia Indonesia reaped honours at the prestigious **Friends of Thailand Awards 2008**
- AirAsia bagged the **Best Asia Low Cost Carrier Award** from TTG for the second time
- AirAsia emerged **Top 5 among the most recognised and admired airlines in the Asia-Pacific region** in the Asia Pacific Top 1,000 Brands survey
- AirAsia Group CEO Dato' Sri Dr. Tony Fernandes was **appointed to the Board of Directors of Malaysia Tourism Promotion Board**
- AirAsia was awarded the **PIKOM ICT Organisation Excellence Award** at the PIKOM ICT Leadership Awards

>> 2007

- AirAsia Group CEO Dato' Sri Dr. Tony Fernandes was named the **Brand Laureate Brand Personality Asia Pacific**
- AirAsia ranked as one of **Asia's Best Emerging Companies with regards to Corporate Governance** by The Asset magazine



- AirAsia Group CEO Dato' Sri Dr. Tony Fernandes was awarded the **Minister's Special Recognition Award** by Sabah Tourism Awards 2007
- AirAsia was placed as the **Best Low Cost Airline in Asia** by Skytrax Research of London
- **Airline of the Year 2007** by Centre for Asia Pacific Aviation
- **Airline Human Capital Development Strategy Award** by Frost & Sullivan

>> 2006

- AirAsia Group CEO Dato' Sri Dr. Tony Fernandes was named the **Master Entrepreneur of the Ernst & Young Entrepreneur of the Year – Malaysia 2006**
- **Asia's Best Budget Airline** by SmartTravelAsia.com under the Best in Travel 2006 list
- **Asia's Top 100 Brand** by Media Magazine, Hong Kong

>> 2005

- AirAsia received the **Transport Company of Excellence Award** from Ports World Sdn. Bhd. and the Chartered Institute of Logistics and Transport Malaysia

- Asia's **Best Under a Billion** by Forbes
- AirAsia Group CEO Dato' Sri Dr. Tony Fernandes was named the **Asia Pacific Aviation Executive of the Year 2005**
- **Regional/Low Cost Leadership Award in Airline Business Strategy Awards 2005** by Airline Business

>> 2004

- AirAsia Group CEO Dato' Sri Dr. Tony Fernandes was named the **CAPA Asia Pacific Aviation Executive of the Year 2004**
- AirAsia was named the **Asia Pacific Low Cost Airline of the Year 2004** by the Centre for Asia Pacific Aviation (CAPA)
- AirAsia Group CEO Dato' Sri Dr. Tony Fernandes was one of the **25 Stars of Asia Honorees** listing by Business Week
- AirAsia was named the **Best Managed Company in the Airlines and Aviation Sector** by Euromoney
- AirAsia was named the **Best Newly Listed Company (3rd Place)** by Euromoney
- **Triple A Regional Award for Best Airline IPO for 2004** by The Asset magazine

- **Best IPO of the Year** by The Edge Singapore
- **Market Leadership Award** by Air Transport World

>> 2003

- AirAsia Group CEO Dato' Sri Dr. Tony Fernandes was named the **CEO of the Year** by Business Times and American Express
- AirAsia was named the **Asia Pacific Airline of the Year 2003** by the Centre for Asia Pacific Aviation (CAPA)
- **Developing Airline of the Year 2003** by Airfinance Journal
- **CIO Top 100 Honoree** for excellence in strategic IT deployment
- Given **Malaysian Superbrands** status by Superbrands International
- **airasia.com** voted as the most popular website for online shopping in the 11th Malaysia Internet User Survey conducted by ACNielsen Consult

MEDIA HIGHLIGHTS IN 2010

AirAsia sponsors British MotoGP



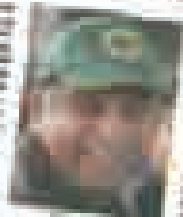
AirAsia brings back 1 free seats promotion

Two to Go dilancar



AirAsia eyes direct Perang-Asian flights

AirAsia world's best low-cost airline – Skytrax



AirAsia launches RP unit, eyes hub in either Subic or Clark



AirAsia launches 'Malaysian's Favourite Airline' campaign with fares from RM53





AIRASIA BEHIND THE PRINCESS ALL THE YEAR

Princess Andrew's royal wedding was a global event, and AirAsia was there to support it. The airline's commitment to service and safety was highlighted during this special occasion.

Princess Andrew's royal wedding

AirAsia's dedication to providing exceptional service was showcased during the royal wedding celebrations. The airline's fleet was fully operational, ensuring smooth travel for all passengers.

AirAsia touches hearts in first flight to Bangalore

AirAsia's inaugural flight to Bangalore was a landmark event, marking the airline's expansion into new markets. The flight was met with warm reception from passengers and the local community.

AirAsia's dedication to service and safety was showcased during the flight.

Monday

Jacky Chan

AirAsia's commitment to excellence is reflected in its partnerships and collaborations. The airline's dedication to providing the best service is a testament to its values.

Lobby limo 100 millionth customer

AirAsia's 100 millionth customer was celebrated with a special event at the airport. The airline's growth and success are a result of its dedication to service and safety.

Prince Andrew flies on Air Asia

Prince Andrew's flight on AirAsia was a significant moment for the airline. The prince's choice of AirAsia for his journey is a testament to the airline's reputation for excellence and service.

Excellence in Aviation Awards

AirAsia has been recognized for its exceptional service and safety. The airline's dedication to excellence is a key factor in its success.

AirAsia Wins 5 Asian Excellence Awards

The airline's commitment to service and safety has earned it five Asian Excellence Awards, a testament to its dedication to providing the best service.

AirAsia's dedication to service and safety is a key factor in its success. The airline's commitment to excellence is a testament to its values.

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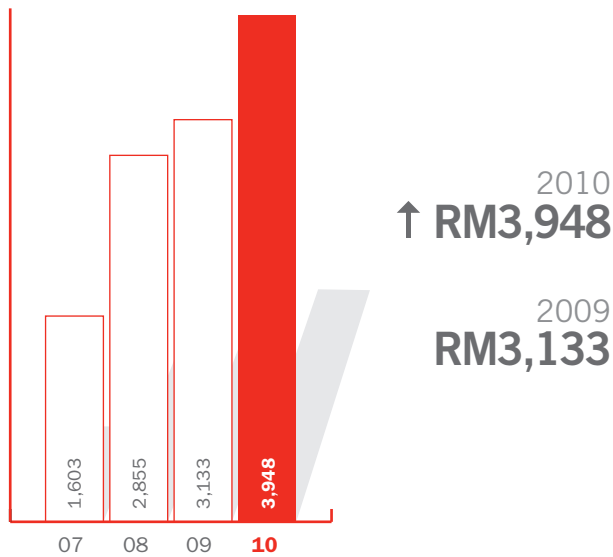
AirAsia's dedication to service and safety is a key factor in its success. The airline's commitment to excellence is a testament to its values.

GROUP FINANCIAL HIGHLIGHTS

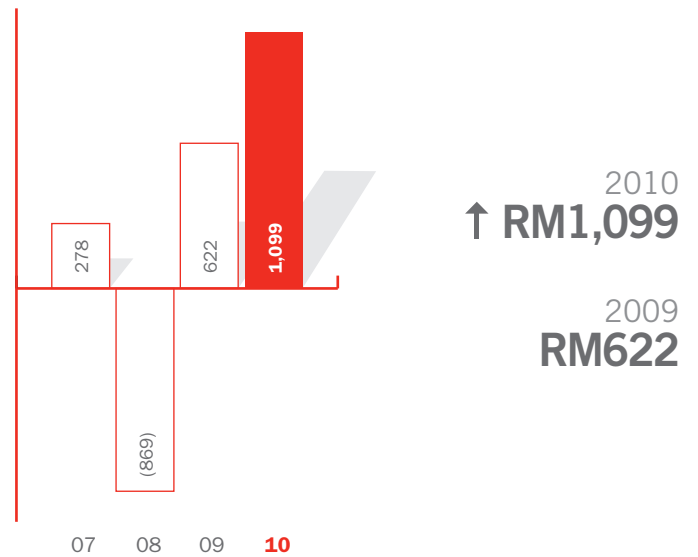
(RM MILLION, UNLESS OTHERWISE STATED)	For the year ended 30 June	For the 6 months ended 31 December	For the year ended 31 December		
	2007	2007	2008	2009	2010
Revenue	1,603	1,094	2,855	3,133	3,948
Total expenses	1,341	875	3,207	2,220	2,881
EBIT	262	219	(352)	913	1,067
Associates contributions	(4)	-	-	-	-
Profit before tax	278	277	(869)	622	1,099
Tax	220	149	373	(116)	(38)
Net income	498	426	(496)	506	1,061
BALANCE SHEET					
Cash & cash equivalents	595	425	154	746	1,505
Total Assets	4,779	6,430	9,406	11,398	13,240
Net Debt (Total Debt - Total Cash)	1,959	3,272	6,453	6,862	6,352
Shareholders' Equity	1,662	2,099	1,606	2,621	3,641
CASH FLOW STATEMENTS					
Net cash from operating activities	595	256	(416)	784	1,619
Cash flow from investing activities	(1,943)	(1,581)	(2,602)	(1,777)	(1,868)
Cash flow from financing activities	1,509	1,141	2,749	1,591	1,006
Net Cash Flow	161	(184)	(269)	598	757
CONSOLIDATED FINANCIAL PERFORMANCE (%)					
Return on total assets	10.4	6.6	-	4.4	8.0
Return on shareholders' equity	30.0	20.3	-	19.3	29.1
R.O.C.E. (EBIT/(Net Debt + Equity))	7.2	4.1	-	9.6	10.7
EBIT Profit Margin	16.3	20.0	-	29.1	27.0
Net Income Margin	31.1	38.9	-	16.2	26.9
CONSOLIDATED OPERATING STATISTICS					
Passengers carried	8,737,939	5,197,567	11,808,058	14,253,244	16,054,738
Capacity	11,140,764	6,621,276	15,660,228	19,016,280	20,616,120
Load factor (%)	78	78	75	75	78
RPK (million)	9,863	5,930	14,439	16,890	18,499
ASK (million)	12,391	7,919	19,217	22,159	24,362
Aircraft utilisation (hours per day)	12.0	11.9	11.8	12.0	12.2
Average fare (RM)	171	195	204	168	177
Yield Revenue per ASK (sen)	12.9	13.8	14.9	14.1	16.2
Cost per ASK (sen)	10.8	11.0	16.7	10.0	11.8
Cost per ASK - excluding fuel (sen)	5.2	5.4	9.5	5.8	6.9
Yield Revenue per ASK (USc)	3.65	4.04	4.45	4.02	5.03
Cost per ASK (USc)	3.06	3.23	5.00	2.85	3.67
Cost per ASK - excluding fuel (USc)	1.46	1.59	2.83	1.66	2.13
Number of stages	68,195	38,507	89,118	105,646	114,534
Average stage length (km)	1,088	1,183	1,207	1,166	1,184
Size of fleet at year end (Malaysia)	34	39	44	48	53
Size of fleet at year end (Group)	54	65	78	84	90
Number of employees at year end	2,924	3,474	3,799	4,597	4,702
Percentage revenue via internet (%)	65	65	70	76	77
RM-USD average exchange rate	3.54	3.42	3.34	3.52	3.22

Refer to page 226 for glossary.

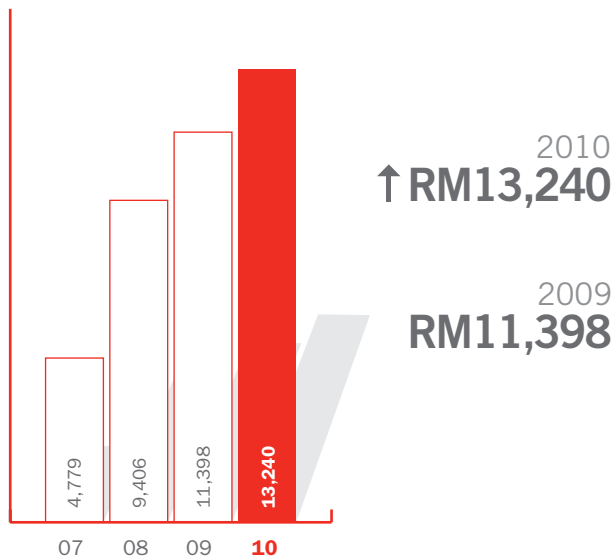
Revenue
RM Million



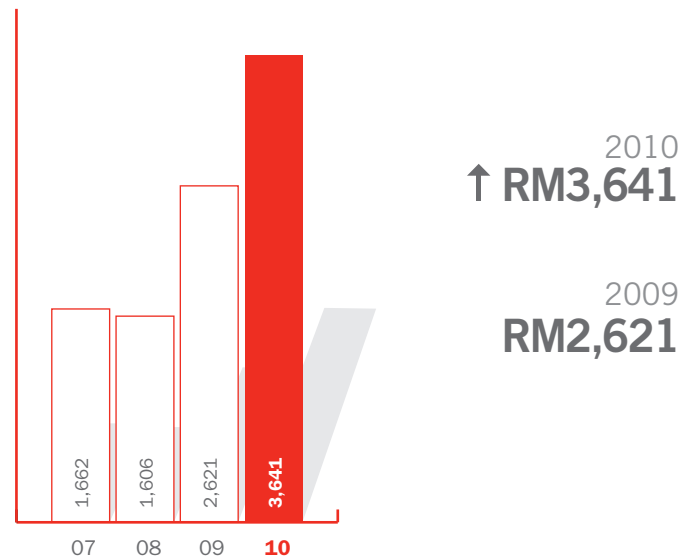
Profit Before Taxation
RM Million



Total Assets
RM Million

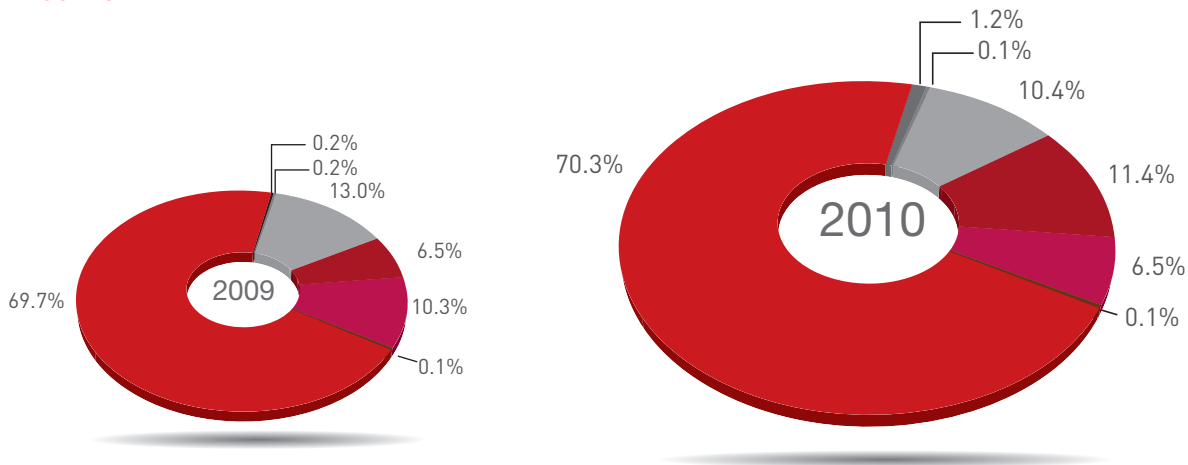


Shareholders' Equity
RM Million



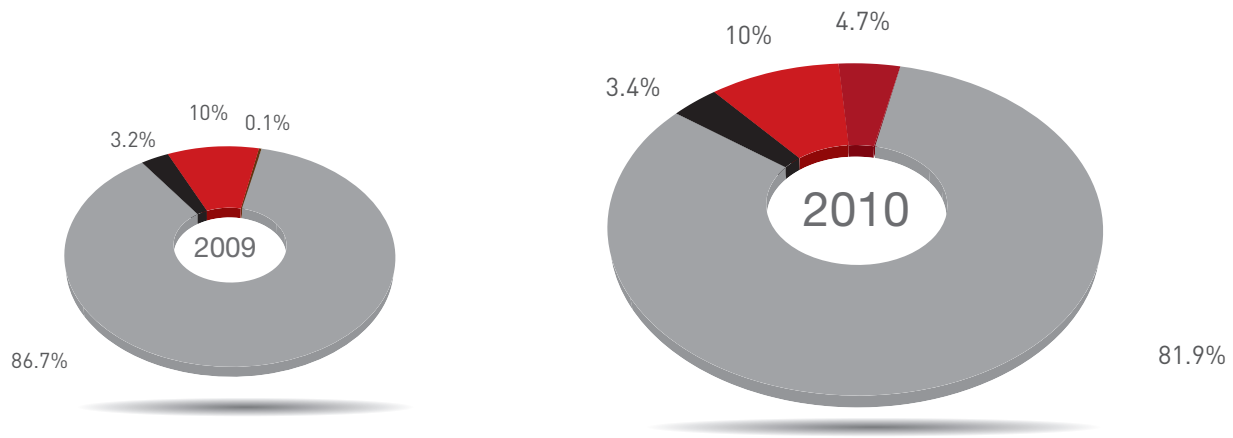
BALANCE SHEETS

TOTAL ASSETS



Available-for-sale Financial Assets ● Deposits, Cash and Bank Balances
 Other Investments ● Other Assets
 Inventories ● Goodwill
 Receivables & Prepayments ● Property Plant and Equipment

TOTAL LIABILITIES & SHAREHOLDERS' EQUITY

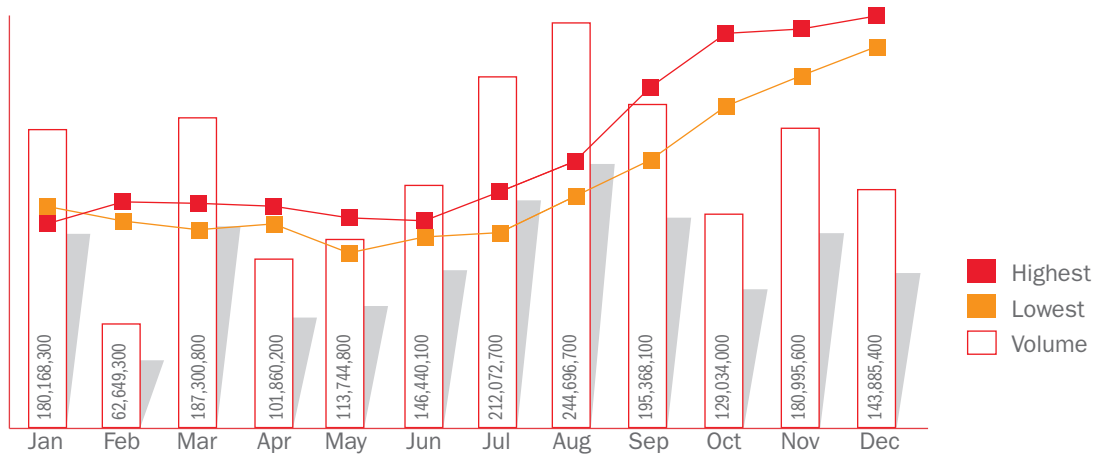


Borrowings ● Derivative Financial Instruments
 Sales in Advance ● Current Tax Liabilities
 Trade & Other Payables ●

SHARE PERFORMANCE

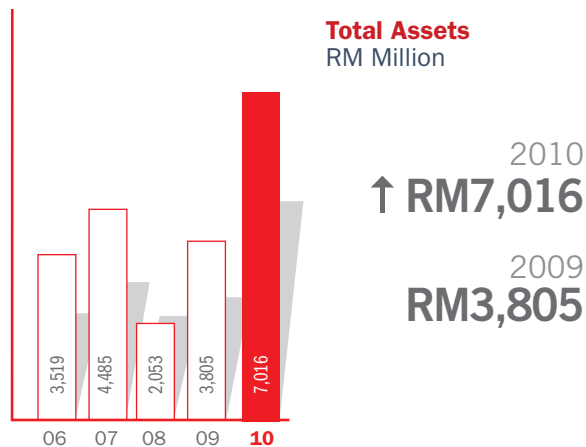
SHARE PRICE & VOLUME TRADED

2010 Monthly Trading Volume & Highest-Lowest Share Price



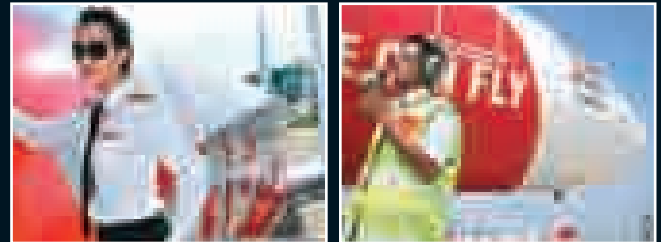
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Total Volume ('000)	180,168,300	62,649,300	187,300,800	101,860,200	113,744,800	146,440,100	212,072,700	244,696,700	195,368,100	129,034,000	180,995,600	143,885,400
Highest (RM)	1.31	1.46	1.45	1.43	1.35	1.33	1.53	1.74	2.25	2.62	2.65	2.74
Lowest (RM)	1.43	1.33	1.27	1.31	1.11	1.22	1.25	1.50	1.75	2.12	2.33	2.53

MARKET CAPITALISATION as at 31 December 2010





“ At AirAsia, we are all treated as equals. There’s no such thing as a male or female pilot. Only good or great pilots. It’s thanks to people like Dato’ Sri Dr. Tony Fernandes who advocate equal rights. ”



Nadira Ramli
AirAsia Pilot

AirAsia's flying woman

now everyone can fly

UNITING AROUND ONE GOAL: YOUR SUCCESS.



At Barclays Capital, your dedicated team is our entire company. Every relationship begins with a single point of contact. Then we build a unique team around your challenges, share knowledge among all our disciplines, and reach out across geographies to find the best ideas. So we can seamlessly deliver comprehensive solutions to even the largest and most complex problems. Our approach to teamwork is simply based on the way our clients see the world: find the best solutions for the challenge. At Barclays Capital, we know world-class solutions don't come from departments – they come from talented people who share a collective goal, your success.

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Connecting Asia's capital markets with global investors.

Bank of the Year
IFR Awards 2010


Bond House of the Year
IFR Asia Awards 2009 & 2010

Best International Bond House
FinanceAsia Achievement Awards 2010

Passion to Perform



BOARD OF DIRECTORS

A photograph of four men in business attire walking on an airfield. From left to right: a man in a black blazer and grey trousers; a man in a dark suit and red striped tie; a man in a grey suit and pink tie; and a man in a dark suit and red cap. They are walking towards the camera with a large airplane in the background under a clear blue sky.

DATO' LEONG
KHEE SEONG

DATO' ABDEL AZIZ @
ABDUL AZIZ BIN ABU BAKAR

DATO' SRI DR.
TONY FERNANDES

DATO' KAMARUDIN
BIN MERANUN



MOHD OMAR BIN MUSTAPHA

CONOR MC CARTHY

DATO' FAM LEE EE

DATUK ALIAS BIN ALI

DATO' MOHAMED KHADAR
BIN MERICAN

DIRECTORS' PROFILE

DATO' ABDEL AZIZ @
ABDUL AZIZ BIN ABU BAKAR
Non-Executive Chairman



DATO' ABDEL AZIZ @ ABDUL AZIZ BIN ABU BAKAR, Malaysian, aged 58, 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.



DATO' SRI DR. TONY FERNANDES
Group Chief Executive Officer

DATO' SRI DR. TONY FERNANDES, Malaysian, aged 47, was appointed Group Chief Executive Officer of the company in December 2001. He is also a member of the Employees' Share Option Scheme 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 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 KDYMM 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, and the 'Airline CEO of the Year Award for 2009' from 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.

In March 2010, he received an Honorary Doctorate of Business Innovation from Universiti Teknologi Malaysia (UTM) for his role in changing the face of aviation and in benefitting travelers and economies locally and in the region.

In April 2010, he was honoured with the title of 'Officer of the Legion d' Honneur' by the government of France 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.

The following month, he received the prestigious Nikkei Asia Prize in Tokyo for his contributions to the growth of Asia. The prize, given by leading Japanese newspaper publisher Nikkei Inc., recognised his role in democratising travel in Asia.

Fernandes also received the prestigious Forbes Asia Businessman of the Year 2010 award. He is the first Malaysian and Southeast Asian to receive the award.

In February 2011, he was awarded the Commander of the Order of the British Empire (CBE) honour by Her Majesty Queen Elizabeth II. The award was conferred on him for services in promoting commercial and educational links between the United Kingdom and Malaysia.

In April 2011, Tony was conferred Darjah Seri Paduka Mahkota Perak (S.P.M.P) which carries the title Dato' Seri at the Istana Iskandariah in Kuala Kangsar.



DATO' KAMARUDIN
BIN MERANUN
Group Deputy
Chief Executive Officer

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 Employees' 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.



CONOR MC CARTHY



DATO' LEONG KHEE SEONG

CONOR MC CARTHY, Irish, aged 49, 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.

He 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.

Mr. Mc Carthy is currently the Chairman of Dublin Aerospace, an MRO based in Ireland, and also serves as a Director on the Board of Pegasus Airlines in Turkey.

DATO' LEONG KHEE SEONG, Malaysian, aged 72, 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). He 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 and Industrial and Commercial Bank of China (Malaysia) Berhad.



DATO' FAM LEE EE

DATO' FAM LEE EE, Malaysian, aged 50, 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. He 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 a senior partner at Messrs YF Chun, Fam & Yeo. He also serves as a Director of M-Mode Berhad.

DATO' MOHAMED KHADAR
BIN MERICAN

DATO' MOHAMED KHADAR BIN MERICAN, Malaysian, aged 55, 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 25 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. He 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.



DATUK ALIAS BIN ALI



MOHD OMAR BIN MUSTAPHA

DATUK ALIAS BIN ALI, Malaysian, aged 63, 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. He 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 as 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.

Notes:

Family Relationship – None of the Directors has 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.

MOHD OMAR BIN MUSTAPHA, Malaysian, aged 39, was appointed as Independent Non-Executive Director of the Company on 16 March 2011.

He co-founded Ethos & Company in June 2002. He led Ethos as Managing Partner from 2002 to 2010, and became Chairman of the firm in January 2011.

As Managing Partner he provided the overall stewardship for the partnership group and associates, and guides the thought leadership and client development agenda of the firm. In 2004, he took a sabbatical from Ethos to serve as Special Assistant to Deputy Prime Minister Dato' Sri Najib Tun Razak for economic, corporate sector and foreign policy issues. He re-joined Ethos as Managing Partner in 2006 upon the untimely passing of his partner and co-founder Dr. Liew Boon Horng. In 2007, he co-founded Ethos Capital, a Malaysian based private equity firm focused on providing equity capital and management support to growth companies in Southeast Asia. Ethos Capital's maiden fund is in excess of RM200 million.

He has significant experience in the Malaysian and international corporate and government sectors, where he has engaged with and advised top level decision makers on issues of business strategy, public policy and regulatory engagement, corporate governance and leadership, performance and talent management. Prior to establishing Ethos, he was a consultant with McKinsey & Company based in Kuala Lumpur and London. He has served multinational clients in the telecoms, energy, media, retail, banking and government sectors in Southeast Asia, the Middle East and Western Europe. He started his career as a Corporate Planning Manager with Petronas and subsequently as a Vice President with the Multimedia Development Corporation.

He is a member of the National Economic Council chaired by the Prime Minister. He was elected by the World Economic Forum as a 2007 Young Global Leader and is a 2008 Eisenhower Fellow. He is a founder of the Young Leaders Programme of the World Islamic Economic Forum.

He graduated from Oxford University where he obtained his BA (Hons) and MA degrees in Politics, Philosophy and Economics. He has attended advanced leadership studies at the Harvard Kennedy School of Government.

He also serves as an independent non-executive director on the boards of Petroliaam Nasional Berhad and Symphony House Berhad.

SENIOR MANAGEMENT



From left to right: Bo Lingam, Dato' Kamarudin bin Meranun, Dato' Sri Dr. Tony Fernandes, Tassapon Bijleveld, Captain Dharmadi

Dato' Sri Dr. Tony Fernandes
Group Chief Executive Officer

Details of Dato' Sri Dr. Tony Fernandes are disclosed in the Directors' Profile on page 43 of this Annual Report.

Dato' Kamarudin bin Meranun
Deputy Group Chief Executive Officer

Details of Dato' Kamarudin Meranun are disclosed in the Directors' Profile on page 44 of this Annual Report.

Tassapon Bijleveld
Chief Executive Officer
AirAsia Thailand

Tassapon joined AirAsia Thailand 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.

Captain Dharmadi
Chief Executive Officer
AirAsia Indonesia

Dharmadi joined AirAsia Indonesia in 2007 as Chief Executive Officer. He has more than 32 years' working experience in Garuda Indonesia Airlines, holding several managerial positions such as Flight Crew Training Manager, 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 Airlines, Korea from 2005-2007. He holds a Bachelor of Technical Engineering degree from Indonesia, and a Master of Management (International Marketing Management) degree from PPM Business School, Indonesia.

Bo Lingam
Chief of Operations and Planning

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 AirAsia Thailand to oversee and assist in the initial set-up of AirAsia Thailand operations in Bangkok.



From left to right: Johan Aris Ibrahim, Aireen Omar, Rozman bin Omar, Kathleen Tan, Andrew Littledale, Mazliana binti Mohamad

Rozman bin Omar

Regional Head – Finance

Rozman Omar FCCA is our Regional Head, Finance. He was part of the team tasked with the flotation of AirAsia Berhad on Bursa Malaysia in 2004 and was also involved in the formation of AirAsia's joint ventures in Thailand and Indonesia. He was previously Chief Financial Officer of AirAsia Indonesia until 2006. He has over 22 years of corporate finance experience with various financial institutions prior to joining the Group.

Kathleen Tan

Regional Head – Commercial

Listed by 4 Hoteliers, a leading hotel and travel news portal in the industry, as one of Asia's top 10 most influential women in the travel industry, Kathleen helped AirAsia grow from a young airline to a global and powerful brand in the aviation industry. An opportunist marketer and strong advocate of social media, Kathleen was one of the first group of marketers to embrace digital, social media and mobile marketing as tool to engage with AirAsia guests. At AirAsia, Kathleen oversees a huge portfolio that includes Revenue Management, Marketing, Branding, Social Media, Sales & Media, Communications, Social Media, Mobile and AirAsiaGo.

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 bachelor's 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. 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.

Johan Aris Ibrahim

Regional Head

Financial Services & Loyalty

Johan Manages Regional non flight ancillary products/services portfolio which includes Financial Products which includes Insurance, Co brand credit cards, savings account, e Gift Voucher and Payment, Loyalty Programme, Online entertainment ticket – airasiaredtix.com and Merchandise – in-flight and online-airasiamegastore.com

Johan has varied consumer marketing experience with specialisation in customer loyalty management and database marketing. He has been involved in various industries ranging from oil and gas, banking, and airlines, to name a few.

He started his career with Shell Malaysia in various capacities including development and launch of new products to the market. One of his specific involvements in Shell was in the set up and launch of Bonuslink, the first multi party loyalty programme in Malaysia. He then moved on to set up RealRewards, another multiparty loyalty programme, adding a touch of vibrancy and competition to the industry which was still nascent, at that point in time, in Malaysia. He then moved to banking and spent three years with Maybank. While in Maybank he was instrumental in purchasing the AMEX franchise in Malaysia and establishing the TreatsPoints programme, amongst other things. He enjoys new and "unexpected" challenges. He holds

an Actuarial Science degree from the London School of Economics and Political Science.

Mazliana binti Mohamad

Regional Head – Audit and Consulting Service

Mazliana Mohamad was appointed the Regional Head of Audit and Consulting Services in 2010. Her main responsibilities include providing independent and objective assurance and consulting services designed to improve the effectiveness and efficiency of AirAsia's operations and integrity of the financial reporting and to ensure compliance with applicable laws and regulations.

She has over 14 years of experience in diverse fields that include auditing, management consulting, corporate governance and accounting. She began her career with a financial institution in 1997, gaining banking experience in accounting, Basel II, internal auditing, project management and EWRM. She had also assisted development banks in the implementation of their respective ERM frameworks. Before joining AirAsia, she was with a government-owned company where she was responsible for establishing internal audit function and independently reviewing the national-level ICT strategic initiatives/projects. She holds an honours degree in accounting and is Certified Internal Auditor (USA). She is a Chartered Member of Institute Internal Auditor and Chartered Accountant (Malaysia).



From left to right: Ashok Kumar, Captain Chin Nyok San, Dato' Abdul Nasser Abu Kassim, Captain Adrian Jenkins, Azhari bin Mohd Dahlan, Kamarulzaman bin Ahmad

Kamarulzaman bin Ahmad
Regional Head – Strategy, Innovation and Customer Experience

Kamarulzaman Ahmad joined AirAsia the regional low-cost airline carrier, in September 2010 after serving PETRONAS for 13 years. Among Zaman's achievements there was his five year involvement from 2000 – 2005 as Electronic Systems Engineer for Team Sauber PETRONAS F1 race team based in Hinwil, Switzerland, and as Senior Manager of the Frontier Technology Unit, Research & Technology Division of PETRONAS. His last position was as Head of Technical Services at PETRONAS Ammonia in Terengganu, Malaysia. Zaman graduated with a Bachelor of Engineering degree in Electrical and Electronics from Imperial College, London, United Kingdom. Apart from English and Bahasa Malaysia, Zaman also speaks German.

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 AirAsia Thailand's flight operations and pilot training. His current portfolio includes operations, training standard, flight crew and network management.

Azhari bin Mohd Dahlan
Regional Head – Engineering

Azhari joined AirAsia in 2004, overseeing the Group's airline engineering functions in Malaysia, Indonesia, Thailand and the new regional joint venture Airlines. Prior to that, Azhari was Manager, Planning and Logistics for AirAsia Berhad. His current Regional portfolio includes Maintenance and Engineering Technical Services, Contract and Warranty, Quality Assurance, Projects Unit, Data Management, Engineering Purchasing and Logistics Departments. Azhari is a Licensed Aircraft Engineer.

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 AirAsia Thailand aircraft operating certificate as well as reactivating AirAsia Indonesia'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.

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 on the large business as Regional Head of 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 include that of Country Director of AirAsia Indonesia 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.

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; coordination of AirAsia's infrastructure developments and coordination with relevant authorities on the Group's needs for airport infrastructure. He has had more than 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.



From left to right: Adzhar Ibrahim, Amir Faezal bin Zakaria, Evelyn Koh, Lau Kin Choy, V. Raman Narayanan

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

Lau Kin Choy has been Regional Head of Innovation, Commercial and Technology since 2009. From 2004 to 2008, he was the Regional Head of Information Technology & E-Commerce and prior to that the Chief Information Officer from August 2002. His current portfolio includes airline system, IT operations, intranet, networking, data relationship management, business intelligence, new media and payment channel. 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.

Evelyn Koh
**Regional Head of Legal –
Commercial and Compliance**

Evelyn came on board AirAsia as General Counsel at the end of 2006. Her legal career spans over 22 years of legal 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 an LL.B (External), from the University of London, UK and is currently the Regional Head - Legal, Commercial & Compliance of AirAsia Berhad.

Amir Faezal bin Zakaria
**Regional Head of Legal – Financial
& Strategic Services and
Operations**

Amir has a wide range of legal experience in areas of commercial laws, corporate finance, banking and transport. Prior to joining AirAsia, Amir had 13 years of experience as a legal practitioner in a number of Malaysian legal firms including Rashid & Lee (now Shahrizat Rashid & Lee) and Zaid Ibrahim where he specialised in corporate law, banking and finance as well as infrastructure projects. His current portfolio is to provide legal support to the group for aircraft financing, leases, joint ventures, engineering contracts as well as contracts relating to operations. He also manages litigation matters for the group.

Amir graduated with LLB (Hons) from Leeds Metropolitan University, is a member of the Honourable Society of Lincoln's Inn since 1992 and was called to the Malaysian Bar in 1993.

Adzhar Ibrahim
Regional Head – People

Adzhar has 29 years of working experience in human resources/people function, 24 of which at head level, 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 Baxter Healthcare (Malaysian Operations) and Maxis. Prior to joining AirAsia as Regional Head People in January 2010, he was with DiGi Telecommunications Sdn. Bhd. His current portfolio are rewards and people services, industrial relations and compliance, corporate culture, resourcing and talent management, training and staffing.

V. Raman Narayanan
Regional Head – ASEAN Affairs

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. He returned to Malaysia in 2007, serving as a media consultant to AirAsia before joining the airline full-time. In late 2010, Raman moved to the Group CEO's Office to assume the newly created position of Regional Head, ASEAN Affairs.

THAILAND

FROM LEFT TO RIGHT

Pornanan Gerdpraset – Chief Financial Controller
Bovornovadep Devakula – Director – Business Development
Preechaya Rasametanin – Director – Engineering
Tanapat Ngamplang – Director – Operations
Santisuk Klongchaiya – Director – Commercial





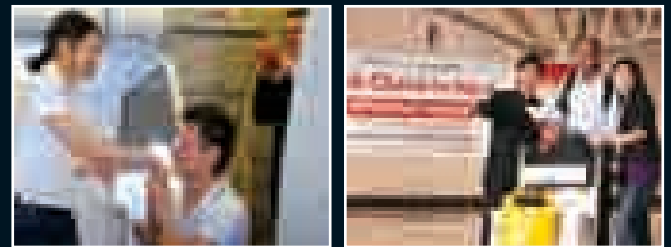
FROM LEFT TO RIGHT

- Soeratman Doerachman** – Advisor to Chief Executive Officer
- H. Jafrie Arief** – Director – Strategy, Airport & Planning
- Perbowoadi** – Director – Maintenance & Engineering
- Widijastoro Nugroho** – Director – Commercial
- Capt. Poedjiono** – Director – Flight Operations
- Capt. Sonny Sasono** – Director – Safety and Security

INDONESIA



“ The cabin crew made a very out-of-the-ordinary announcement: ‘Ladies & Gentlemen, for your information, AirAsia is all about making everyone’s dream come true. Today, AirAsia is going to make someone’s dream come true.’ I then proposed to my future wife. ”



Mr Lau Wei Lian
Kuching, Sarawak

A high-flying proposal

now everyone can fly

Congratulations to AirAsia. It all adds up.



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10 years of success

1 leading low cost airline in Asia



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CHAIRMAN'S STATEMENT

- + WHAT IS TRULY HEARTENING IS THAT WHILE WE STAY TRUE TO OUR BUSINESS MODEL OF KEEPING COSTS LOW, WE HAVE NOT DETRACTED FROM PROVIDING THE HIGH-QUALITY SERVICE THAT WE PROMISE OUR GUESTS – AS EXEMPLIFIED BY OUR WINNING THE WORLD'S BEST LOW COST AIRLINE AWARD FOR THE SECOND YEAR IN A ROW.



DATO' ABDUL AZIZ BIN ABU BAKAR
Chairman



DEAR FRIENDS,

IN MY STATEMENT IN THE 2009 ANNUAL REPORT, I CONCLUDED WITH THESE REMARKS: "...I PLEDGE THAT THERE WILL BE NO COMPLACENCY IN OUR FOCUS ON ALWAYS EXCEEDING THE EXPECTATIONS OF OUR GUESTS AND OUR STAKEHOLDERS."

IT IS WITH GREAT PRIDE AND IMMENSE SATISFACTION THAT I CAN SAY TODAY THAT WE HAVE KEPT OUR WORD. FOR 2010 WAS A STELLAR YEAR FOR THE GROUP – ONE THAT SAW THE TINY AND LOSS-MAKING CONCERN THAT WAS AIRASIA WHEN WE TOOK OVER IN DECEMBER 2001 ESTABLISH ITSELF AS THE UNDOUBTED FAVOURITE OF THE PEOPLE AND A MEMBER OF A VERY SPECIAL CORPORATE CIRCLE.

Why do I say so? Just three statistics, among many, should suffice: In 2010, just under nine years since we re-launched as a low-cost carrier, AirAsia flew our 100 millionth guest. That's 100 million people who may not have taken to the skies if not for our low fares, our route connectivity and our determination to fulfil our "Now Everyone Can Fly" promise. In 2010, also, AirAsia recorded profits of more than RM1 billion. Let me repeat that: RM1 BILLION. We made a higher profit than many corporations that have been listed on Bursa Malaysia for much, much longer than we have. For our shareholders, the year is historic as it's the first time the company is paying out dividends, of 3 sen per ordinary share of RM0.10. This is an additional reflection of the company's strong financial performance. I could go on about these achievements, but words are superfluous when the facts speak for themselves.

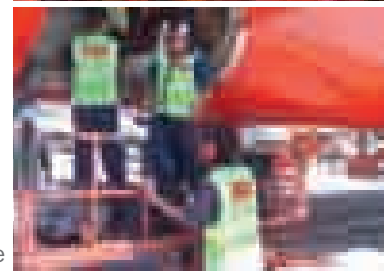
Of course, it has not always been smooth cruising. We have hit several turbulent patches along the way. Yet, with the commitment of our people, and their ability to innovate, we have always been able to overcome the challenges thrown our way. It is not without reason that we call members of the simply amazing AirAsia family our Allstars.



FACTS AT A GLANCE

>
No. of Passengers

25.7
million for the group



What is truly heartening is that while we stay true to our business model of keeping costs low, we have not detracted from providing the high-quality service that we promise our guests – as exemplified by our winning the World’s Best Low Cost Airline award for the second year in a row. The award is presented by the respected London aviation consultancy Skytrax, based on the votes of nearly 18 million air travellers worldwide. It proves that our guests truly enjoy travelling with us. Part of that, I believe, comes from the fact that we consistently seek to make their travel experience hassle-free through the creative use of technology. We are constantly improving on our IT systems to make travel as convenient and pleasant as possible. In 2010, we introduced the concept of self check-in as well as check-in through the web, kiosk and mobile. We also revamped our reservation system to increase its capacity and make it more efficient for guests’ booking and travel planning purposes.

Other than innovative IT, we also offer our guests an exceptional level of service. Our Allstars are fired with a passion that’s hard to find in any other organisation. We continuously receive comments, either via email or our live chat,

webmail or Twitter, on how our people have gone beyond the call of duty to iron out a problem. The social media is, in fact, a great channel through which we are able to obtain candid feedback from our guests; and here again we have proven to be beyond compare among our peers. We have more fans following us on Facebook than any other airline or transport company in the region for that matter.


There’s yet another reason why 2010 was a year to cheer. In 2010, we established a partnership to set up a venture in the Philippines – further expanding our network in ASEAN and enabling us to better serve this region many of us call home. We believe the potential is enormous for our latest affiliate. At the same time, we added several new routes connecting the ASEAN region with the wider global community. We have grown organically from a Malaysian to an ASEAN airline with 10 hubs in three countries in 2010, adding two more hubs in 2011. We have 132 routes – our “sky bridges” – that closely link the diverse communities and cultures of this 600 million-strong region. Based on the simple premise of

democratising air travel, we have helped promote local, regional and international tourism that has served to boost revenues in ASEAN. AirAsia has brought in more visitors to Malaysia than any other airline, and now we are doing the same for other countries in the region. Our route connectivity and flight frequency, coupled with our low fares, also serve as catalysts for economic growth in other industries, hence helping develop local economies.

I would like to take this opportunity to thank our more than 100 million guests for placing their faith in AirAsia and choosing us as their airline of choice. Let me assure you that your safety and comfort are always our top priority. I would also like to express deep appreciation to my fellow Board members for their contributions. A heartfelt thank you as well to our hard-working, creative and passionate team of AirAsia Allstars, under the exemplary leadership of Group CEO Dato’ Sri Dr. Tony Fernandes and Deputy Group CEO Dato’ Kamarudin Meranun. We are who we are today because of your commitment and your dedication.

As we near the end of our first decade and prepare to enter the next decade as a low-cost carrier, I’m confident that we are very well positioned to face the challenges ahead. Let me conclude, once again, with a pledge from our Board of Directors and the management: AirAsia will continue to do our utmost to exceed the expectations of all our guests and stakeholders.

Dato’ Abdul Aziz bin Abu Bakar
Non-Executive Chairman



AIRASIA HAS BROUGHT IN MORE VISITORS TO MALAYSIA THAN ANY OTHER AIRLINE, AND NOW WE ARE DOING THE SAME FOR OTHER COUNTRIES IN THE REGION. OUR ROUTE CONNECTIVITY AND FLIGHT FREQUENCY, COUPLED WITH OUR LOW FARES, ALSO SERVE AS CATALYSTS FOR ECONOMIC GROWTH IN OTHER INDUSTRIES, HENCE HELPING DEVELOP LOCAL ECONOMIES.



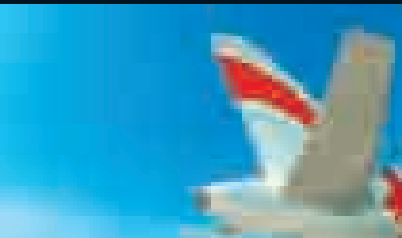
“ I’m so happy to be the 100 millionth guest to fly AirAsia! Now Dato’ Sri Dr. Tony Fernandes has even given me 100 flights for the next 100 years! This is truly wonderful as I fly frequently to India to visit my husband who is working there. ”

Irma Dewi
Indonesia



**Our 100
millionth
guest**

now everyone can fly



GROUP CEO'S REPORT

+

IN 2002, OUR FIRST YEAR OF OPERATION AS AN LCC, WE FLEW SOME 250,000 GUESTS. WE REACHED THE 50 MILLION MARK IN 2008. JUST TWO YEARS LATER, WE DOUBLED THE FIGURE TO 100 MILLION. THAT, IN A NUTSHELL, ENCAPSULATES OUR PHENOMENAL GROWTH THIS LAST YEAR.





+ WHAT MAKES THE ACHIEVEMENT EVEN MORE SATISFYING IS THAT OUR FINANCIAL PERFORMANCE IS KEEPING PACE WITH OUR AIRLINE'S GROWTH TRAJECTORY.... WE MADE A PROFIT OF MORE THAN RM1 BILLION IN 2010, THEREBY JOINING AN EXCLUSIVE CLUB IN THE CORPORATE WORLD.

DATO' SRI DR. TONY FERNANDES
Group Chief Executive Officer

FACTS AT A GLANCE

>
No. of Aircraft

90

>
No. of Airbus A320s

86

+

A MAJOR CONTRIBUTOR TOWARDS THE GROUP'S SIGNIFICANT INCREASE IN THE BOTTOM LINE WAS THE CONVERSION OF THE FLEETS IN THAILAND AND INDONESIA FROM BOEING B737 TO THE MORE FUEL-EFFICIENT AIRBUS A320.



October 2010 will always have a special place in the hearts of all AirAsia Allstars. That month, we got to meet Irma Dewi from Jakarta. What's so special about Irma Dewi? Well, she just happened to be the 100 millionth guest ferried by AirAsia since we relaunched the airline as a low-cost carrier (LCC) in January 2002. Mull on that a moment: in just under a decade, our once little airline has carried more than 100 million guests – that's three and a half times the population of Malaysia, and a sixth the entire population of ASEAN. It's 100 million people who may not have taken to the air if not for our low fares, the connectivity of our routes and the ease of travel we offer as part of our high-quality service.

The low fares are self-explanatory. But AirAsia's connectivity is fast becoming our signature trademark – going boldly where other airlines rarely, if ever, venture. Irma demonstrates this perfectly. She lives in Jakarta, her husband works in Tiruchirappalli (Trichy) in India. No ASEAN airline flew to Trichy until we decided to do so from Kuala Lumpur. With our low fare, we provided Irma the

opportunity to spend quality time with her husband, flying from Jakarta to Kuala Lumpur on one of our many flights between the two ASEAN capitals and connecting to Trichy.

Thinking back, it almost seems surreal what we've achieved. In 2002, our first year of operation as an LCC, we flew some 250,000 guests. We reached the 50 million mark in 2008. Just two years later, we doubled the figure to 100 million. That, in a nutshell, encapsulates our phenomenal growth this last year.

What makes the achievement even more satisfying is that our financial performance is keeping pace with our airline's growth trajectory. As outlined in detail below, we made a profit of more than RM1 billion in 2010, thereby joining an exclusive club in the corporate world. AirAsia was a loss-making concern owned by a government-linked company when we took it over in December 2001. Now, in just under a decade, we're a company that made RM1 billion in 2010. Again, take a moment to savour that fact.

Our growth has been possible because we are single-minded in our pursuit of the short-haul, point-to-point, high-turnaround model that allows us to keep costs low while pushing the boundaries of efficiency and productivity. Because of our determination not to stray from this course, we made the strategic decision in 2010 to let our sister airline AirAsia X, which has grown its own very successful model for long-haul travel, leave the nest. While we will still share the same website and branding, and feed off each other's routes for the benefit of our guests, AirAsia X will operate its own fleet, with its own crew, under its own management who are now based in their own corporate premises.

AirAsia continues to hold the distinction of having the lowest-cost operations in the world, enabling us to offer our guests the lowest fares. Our emphasis on keeping costs low does not, however, detract from our commitment to the highest levels of safety and service. We have an excellent safety record and an on-time performance that's improved significantly since we began converting our

Boeing B737 fleet to Airbus A320s. Incidentally, our fleet of 90 aircraft is the largest among LCCs in Asia and second largest among all ASEAN carriers, behind only Singapore Airlines. What's more, we're not just the best airline for people looking at affordable air travel; we're also one of the best airlines to invest in.

To think we've come this far in the relatively short space of nine years is, to be honest, something that's difficult for me to put into words. As I've emphasised in all our previous annual reports, we would not be where we are today if not for the outstanding group of people who make AirAsia work. Our more than 8,000 Allstars have proven time and again that with determination, passion, creativity and courage, we can achieve anything. Our dream has always been to serve the underserved. Our 100 millionth guest proves we've achieved that. Now, truly, everyone can fly.



+ AIRASIA'S REVENUE INCREASED FROM RM3.13 BILLION IN 2009 TO RM3.95 BILLION IN 2010. OUR PROFIT BEFORE TAX (PBT) RECORDED A 77% GROWTH FROM RM622.23 MILLION TO RM1.10 BILLION. THESE RESULTS ARE ALL THE MORE MEANINGFUL GIVEN THAT THE PRICE OF OIL AVERAGED US\$91.8 PER BARREL IN 2010 AS COMPARED TO US\$70.4 PER BARREL IN 2009, AND WE HAD GROWN OUR FLEET FROM 84 TO 90 AIRCRAFT.



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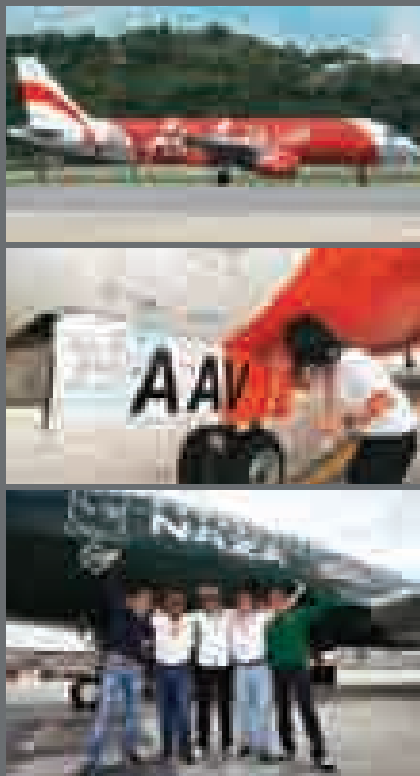
OUR MORE THAN 8,000 ALLSTARS HAVE PROVEN TIME AND AGAIN THAT WITH DETERMINATION, PASSION, CREATIVITY AND COURAGE, WE CAN ACHIEVE ANYTHING. OUR DREAM HAS ALWAYS BEEN TO SERVE THE UNDERSERVED. OUR 100 MILLIONTH GUEST PROVES WE'VE ACHIEVED THAT. NOW, TRULY, EVERYONE CAN FLY.

>
No. of Hubs

10
in 3 countries
(2 added in 2011)

>
No. of Routes

132



FINANCIAL PERFORMANCE

After two painful years experienced by the aviation industry, the recovering economy in 2010 revived flagging performances in general. Thanks to our strong fundamentals and unique business model, we were very well positioned to take advantage of the economic turnaround, allowing us to really soar.

AirAsia's revenue increased from RM3.13 billion in 2009 to RM3.95 billion in 2010. Our profit before tax (PBT) recorded a 77% growth from RM622.23 million to RM1.10 billion. These results are all the more meaningful given that the price of oil averaged US\$91.8 per barrel in 2010 as compared to US\$70.4 per barrel in 2009, and we had grown our fleet from 84 to 90 aircraft.

The fleet conversion in Thailand and Indonesia from Boeing B737s to the more fuel-efficient Airbus A320s contributed towards our profits. It also meant the two operations turned profitable for the first time. We celebrated AirAsia Thailand's full conversion in November 2010, and hope to do the same for our Indonesian affiliate by 2012, upon completion of the runway upgrade in Bandung. As of end 2010, AirAsia Indonesia had four remaining Boeing B737s.

AirAsia's performance was also boosted by increased revenue from our ancillary services. We managed to increase the average spend per guest with an expanded range of services and enhanced product offerings. Cargo and courier services also grew

substantially, posting a revenue of RM121.35 million in 2010 as compared to RM79.79 million in 2009. I am also pleased to see a stronger take-up in our inflight meals and beverage, which defines the quality of products that we provide. As most of the ancillary initiatives come at minimal cost, the revenue generated could easily be passed through to our bottom line.

In terms of our financial fundamentals, 2010 was notable in that the Group managed to decrease our gearing from 2.61 times in 2009 to 1.74 times, further endearing us in the eyes of analysts. At the same time, our Thai and Indonesian affiliates continued to repay the amount due to AirAsia, reducing by more than half their combined debt from RM823 million to RM376 million.

HIGHLIGHTS OF THE YEAR

Internally, in 2010, we improved on the design of our booking system to make it more convenient for use of guests. New Skies, as the state-of-the-art navigation system is called, literally takes our reservation capabilities to new heights. It is able to cope with up to a million online reservations a day and allows passengers to search for the lowest fare available for their trips, while also enabling them to book seats for multi-cities in one transaction. Operational savings accrued from this system will be passed on to guests in terms of attractive promotions and discounts. What is most impressive about New Skies is

the time it took to implement. Working round the clock, and with an uncommon zeal so typical of AirAsia, our Allstars managed to get the system up and going within nine months. In other major airlines, I'm told, the same process would have taken 18 to 24 months. Once again, kudos to our Allstars.

The system upgrade paid almost immediate dividends. A month after New Skies was operational, we launched a *Mind Blowing Fare* campaign, offering international and domestic flights for only RM1. During the previous free ticket campaign, in November 2009, we achieved record sales of 390,000 bookings on the first day, but also had to contend with the system repeatedly crashing. This time, we sold 538,000 tickets the first day of the campaign. And the system didn't register even a blip. We also set a new record of 36,871 seats sold in an hour, 47.5% more than the previous one-hour sales record of 25,000 seats.

Further improving the customer experience, we introduced self check-in kiosks at some of our airports, as well as the ability to check in via the web or internet-enabled mobile phones to minimise the hassle of queuing at check-in counters. We also expanded our menu so that it now offers healthier options including vegetarian meals, taking into account the cultural and religious mores of the diverse Asian communities.



EVERY YEAR, ALSO, WE HAVE MANAGED TO INCREASE THE AMOUNT EACH GUEST SPENDS ON ITEMS LIKE EXCESS BAGGAGE, PICKING THEIR SEAT, FOOD AND BEVERAGE ON FLIGHTS AND TRAVEL INSURANCE. IN 2010, ANCILLARY INCOME PER GUEST INCREASED TO RM44.

MAINSTREAMING OUR ANCILLARY INCOME

Ancillary income is important to AirAsia as it acts as a natural hedge against fluctuations in the price of oil. Every RM1 spent by a guest on ancillary items effectively acts as a buffer against a US\$1 per barrel increase in the price of oil. Needless to say, the more guests we carry, and the more they spend, the higher our ancillary income. Every year, we have managed to carry an increasing number of guests, as reflected in our passenger load. In 2010, the Group's combined passenger load increased to 78% from 75% in 2009, or to 25.68 million guests from 22.70 million guests. Every year, also, we have managed to increase the amount each guest spends on items like excess baggage, picking their seat, food and beverage on flights and travel insurance. In 2010, ancillary income per guest increased to RM44.

In true AirAsia style, we have been very strategic in developing our ancillary initiatives, making as much use as possible of our existing IT or aircraft infrastructure to ensure a steady and significant income stream

at low, or no, cost to us. For example, in 2010, we made use of our IT expertise to launch two online initiatives - AirAsiaRedTix.com and AirAsiaMegastore.com. AirAsiaRedTix.com, which made its debut on 8 March 2010, provides guests and fans access to some of the best music, sports and entertainment events around the world. The AirAsiaMegastore.com, as its name implies, is an online portal where the public can buy AirAsia collectibles as well as items from merchant partners, ranging from fashion and lifestyle products to travel paraphernalia, computers, IT gadgets, books, CDs and even home décor and appliances.

We also made better use of our aircraft belly space to carry more cargo. We have a natural advantage over other cargo operators given that our operational cost is the lowest in the world and we can therefore offer cheaper cargo rates. We also fly extensively and frequently around the region and therefore can deliver more quickly. To service markets we don't as yet cover, our enterprising team formed agreements with other airlines. As a result of these initiatives, our cargo services grew significantly in 2010, and we

were even named the Air Cargo Industry Newcomer of the Year 2010 at the ACW World Air Cargo Awards in Shanghai. AirAsia is the first low-cost carrier to win this award.

EXPANSION & THE ASEAN CONNECTION

A consistent focus at AirAsia has been to grow our network of routes and to increase the frequency of flights on the more popular ones, i.e. those with passenger loads of more than 80%. We managed to do both in 2010.

Last year, AirAsia Indonesia's target was to further expand its international network. Accordingly, it launched new routes such as Bali-Darwin, Medan-Kuala Lumpur, Surabaya-Bangkok and Surabaya-Penang. AirAsia Thailand, meanwhile, launched a first by linking two paradise destinations, Phuket and Bali, allowing sun-and-sea-seekers to hop from one beach paradise to another on a convenient, affordable AirAsia flight. Our Thai affiliate also launched the first Phuket-Ubon Ratchatani route, and strengthened its links with

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Stephenson Harwood Congratulates AirAsia on Another Year of Flying High

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Photo by Paul Ng on AirAsia

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STEPHENSON HARWOOD

India via flights from Bangkok to Kolkata and Delhi. India was, in fact, one of our hot zones in 2010; we launched five new routes to Bangalore, Chennai and Kolkata from Kuala Lumpur, Penang and Bangkok, offering a total of 134 weekly flights to this emerging economic powerhouse. India is an attractive destination for us not least because of its population of over 1.1 billion, many of whom are desirous to travel.

In total, we added 18 new routes in 2010, most of which further enriched our intra-ASEAN network, the others connecting our 10 ASEAN hubs with popular destinations such as Hong Kong, Taipei, Darwin and China.

In keeping with our promise to be Truly ASEAN, AirAsia is in the process of setting up a new affiliate in the Philippines. Through our fully-owned subsidiary AA International Ltd, we've formed a partnership with a group of individuals in the Philippines - Antonio Cojuangco Jr., Dr. Michael Romero and Marianne Hontiveros - to establish a low-cost airline in which we will own 40% equity. We are looking forward to this new venture, targeted to start at end 2011, as we believe the

Philippine market is ripe for a low-cost carrier serving both domestic and international routes. In fact, we believe the ASEAN region as a whole presents great potential for further expansion of the AirAsia franchise. The establishment of more regional affiliates will be an overarching theme to guide our onward journey in the years to come as we strive to serve the 600 million-strong region we all call home.

BRANDING OR BUILDING LOCAL HEROES

AirAsia has successfully increased our visibility and built a world-renowned brand by association with high-profile sports such as football, motor racing and basketball. In 2010, we further strengthened our branding initiatives by assuming two key title sponsorships - for the 2010 AirAsia British Grand Prix at Silverstone and for the ASEAN Basketball League's 2010/2011 season. Towards the end of the year, we signed up an exclusive three-year sponsorship deal with the champions of the previous season - the Philippine Patriots - who will act as towering ambassadors for the AirAsia brand.

Collaborating with the Sepang International Circuit (SIC), we put a Malaysian team - the Team AirAsia-Sepang International Circuit - in the 2010 MotoGP World Championships. Of the two riders, Muhammad Zulfahmi Khairuddin is Malaysian, and we are providing all the support possible to develop his racing finesse. Our objective, in addition to the mileage we get from these sporting events, is to groom local ASEAN sports heroes. With this in mind, in 2010, we also established the AirAsia-Team Lotus Driver Development Program under which we have recruited seven young aspiring racers from ASEAN as well as the UK, USA and Denmark. These racers will be given the best training in the hope of our uncovering some future stars.

IN TOTAL, WE ADDED 18 NEW ROUTES IN 2010, MOST OF WHICH FURTHER ENRICHED OUR INTRA-ASEAN NETWORK, THE OTHERS CONNECTING OUR 10 ASEAN HUBS WITH POPULAR DESTINATIONS SUCH AS HONG KONG, TAIPEI, DARWIN AND CHINA.





AIRASIA HAS SUCCESSFULLY INCREASED OUR VISIBILITY AND BUILT A WORLD-RENOWNED BRAND BY ASSOCIATION WITH HIGH-PROFILE SPORTS SUCH AS FOOTBALL, MOTOR RACING AND BASKETBALL.

ENTER THE NEW DECADE

After a year in which the global airline industry picked up pace again, the forecast for 2011 in general is good, with an element of caution. The global economy is anticipated to continue to improve; however political uncertainties in the Middle East, and the concomitant increase in oil price, could put a damper on the industry. IATA expects rising oil prices to offset the increase in demand for air travel, halving global airline net profits to 1.4% as compared to 2.9% in 2010. In addition, airlines face the possibility, as always, of weakened demand for air travel in the event of any natural disasters.

At AirAsia, we have always demonstrated a capability to cope successfully with any challenge that comes our way. We do not whinge and moan about the externalities we cannot control; instead, we focus on improving ourselves from within so as to transcend the perils of the moment and emerge stronger. Hence, we are closely monitoring the volatility in oil prices, but we are also taking proactive measures that minimise the impact on our costs (and, thus, our low fares for guests). We were the first airline to remove the fuel surcharge in November 2008, and even

while others maintained, or even increased, this surcharge with rising oil prices, we were loath to follow suit. Reluctantly, however, we acknowledge that it would be irresponsible in our management of the company if we continue to avoid doing so. Thus, we have re-imposed the fuel surcharge, but on a graduated scale depending on the length of the flight and in a manner that still helps to keep our fares lower than other airlines.

We have been through so many turbulent phases in the past that we now have a stress-tested senior management team in place – one that is exceptionally capable of leading our Allstars in overcoming the challenges we face. Every stormy period we have survived has strengthened the foundation on which we are built and will serve us well in our management of AirAsia. Indeed, we are confident enough of our fundamentals that we are going ahead with plans to acquire eight new aircraft in 2011, the financing for which has already been secured. If anything, we look forward to further expansion into ASEAN, aided by further liberalisation of regional routes under the ASEAN Open Skies Agreement. In short, we are optimists here at AirAsia – but it's an optimism tempered by reality.

As always, I thank our Allstars for their dedication, hard work and enthusiasm, which have kept the AirAsia flag, and planes, flying. We have over 8,000 creative minds from all over ASEAN and beyond working with us, inspiring the management with fresh ideas and challenging us continuously to reinvent ourselves. To our Allstars, a heartfelt thank you for all that you do. I would also like to thank our Board of Directors, and especially our Chairman, for continued guidance and wisdom. And, of course, a heartfelt thanks to our shareholders, our suppliers and all our other stakeholders for their support.

I believe we have built a phenomenal brand here together with the whole Allstar team in our first decade of operations. Having laid such a solid foundation, we are quietly confident of the potential and possibilities of the Group in our next decade of operations, which I am truly excited to be a part of.



Dato' Sri Dr. Tony Fernandes
Group Chief Executive Officer





We received accolades for being the largest low-cost airline operating into Changi. In fact, Singapore's Changi Airport serves as a major virtual hub for AirAsia Group's flights to destinations in Malaysia, Thailand and Indonesia.



Merlion Park, Singapore

