Leadership

Senior Management

From left:

1. MARIANNE HONTIVEROS
   Chief Executive Officer
   Philippines’ AirAsia

2. KAZUYUKI IWAKATA
   Chief Executive Officer
   AirAsia Japan

3. DATO’ KAMARUDIN BIN MERANUN
   Deputy Group Chief Executive Officer
   & President of Group Finance, Treasury,
   Corporate Finance and Legal

4. TAN SRI DR. TONY FERNANDES
   Group Chief Executive Officer

5. TASSAPON BIJLEVELD
   Chief Executive Officer
   Thai AirAsia

6. CAPTAIN DHARMADI
   Chief Executive Officer
   Indonesia AirAsia
TAN SRI DR. TONY FERNANDES  
GROUP CHIEF EXECUTIVE OFFICER  
Details of Tan Sri Dr. Tony Fernandes are disclosed in the Directors’ Profile on Corporate Book page 65.

DATO’ KAMARUDIN BIN MERANUN  
DEPUTY GROUP CHIEF EXECUTIVE OFFICER & PRESIDENT OF GROUP FINANCE, TREASURY, CORPORATE FINANCE AND LEGAL  
Details of Dato’ Kamarudin Meranun are disclosed in the Directors’ Profile on Corporate Book page 67.

TASSAPON BIJLEVELD  
CHIEF EXECUTIVE OFFICER  
THAI AIRASIA  
Tassapon joined Thai AirAsia in 2003 as Chief Executive Officer when the new airline had only two planes. By April 2012, the company’s fleet size had increased to 24, covering more than 30 destinations both domestically and internationally. Tassapon has more than 12 years’ experience in the consumer products industry, having worked in various countries in Southeast Asia and Indochina for Fortune 500 companies. Prior to joining AirAsia he was Managing Director of Warner Music (Thailand) Co Ltd for five years.

CAPTAIN DHARMADI  
CHIEF EXECUTIVE OFFICER  
INDONESIA AIRASIA  
Dharmadi joined Indonesia AirAsia in 2007 as Chief Executive Officer. Prior to that, he spent more than 32 years at 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 in the B747-400 Flight Crew of Asiana Airlines, Korea from 2005-2007. He holds a Bachelor of Technical Engineering from Indonesia, and a Master of Management (International Marketing Management) from PPM Business School, Indonesia.

MARIANNE HONTIVEROS  
CHIEF EXECUTIVE OFFICER  
PHILIPPINES’ AIRASIA  
Maan is a shareholder and Board Director of Philippines’ AirAsia Inc and was appointed as Chief Executive Officer in March 2011. In addition to the challenging tasks of building the pioneering team for the start-up company and setting up and implementing the company’s business plan, Maan was entrusted with securing the air operator’s certificate and operating permits as well as ensuring compliance with the government’s civil aviation regulations. As CEO, Maan is responsible for overseeing all aspects of the new airline’s operations and establishing its domestic and regional routes. Maan brings with her a rich and varied experience that includes television broadcasting and production, corporate communications, computer graphics, arts management, and the music industry. She established Warner Music Philippines in 1992 and served as Managing Director for six years.

KAZUYUKI IWAKATA  
CHIEF EXECUTIVE OFFICER  
AIRASIA JAPAN  
Kaz joined AirAsia Japan in August 2011 as Chief Executive Office when it was founded. Prior to joining AirAsia, Kaz was with ANA for 23 years, where he managed Corporate Planning, Administration and Personal Flight Operations, Passenger Services and Public Relations at the Tokyo Airport Office. In 2006, he was made Vice President of International & Regulatory Affairs. Kaz began his career at a trading firm, Tokyo Boeki Ltd, where he spent eight years, three of which were in the former USSR, as the Moscow representative. Kaz is fluent in English, Russian and Japanese.
Leadership
Senior Management

From left:

1. **AMIR FAEZAL BIN ZAKARIA**
   Regional Head
   Legal & Compliance

2. **AIREEN OMAR**
   Regional Head
   Corporate Finance & Treasury

3. **BO LINGAM**
   Chief of Operations and Planning

4. **KATHLEEN TAN**
   Regional Head
   Commercial

5. **ANDREW LITTLEDALE**
   Group Chief Financial Officer

6. **MAZLIANA BINTI MOHAMAD**
   Regional Head
   Audit and Consulting Service
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 Thai AirAsia to oversee and assist in the initial set-up of Thai AirAsia operations in Bangkok.

KATHLEEN TAN
REGIONAL HEAD
COMMERCIAL
Kathleen helped AirAsia grow from a young airline to a global and powerful brand in the aviation industry. An opportunistic marketer and strong advocate of social media, Kathleen was among the first groups of marketers to embrace digital, social media and mobile marketing as tools to engage with AirAsia guests. At AirAsia, Kathleen oversees Network & Fleet Planning, Scheduling, Revenue Management, Marketing, Branding, Communications, Ancillary & Financial services, Corporate Culture, Publication (in-flight magazine) and E-content / Social Media. Kathleen was an instrumental figure in the establishment of the joint-venture company, AirAsia Expedia.

ANDREW LITTLEDALE
GROUP CHIEF FINANCIAL OFFICER
Andrew has over 20 years’ experience in the banking, industry and aviation sectors and has worked in Chile, Egypt, the United Kingdom and Malaysia. Prior to joining AirAsia in 2010, 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.

MAZLIANA BINTI MOHAMAD
REGIONAL HEAD
AUDIT AND CONSULTING SERVICE
Mazliana joined AirAsia in October 2010. She is responsible for providing independent and objective assurance on the adequacy, integrity and effectiveness of the Group’s overall system of internal controls, risk management and governance. She reports directly to the Audit Committee and Group Chief Executive Officer. Prior to joining AirAsia she held the position of Chief Audit Executive, Multimedia Development Corporation where she gained knowledge of the ICT industry and national-level strategic initiatives. Mazliana began her career with Maybank Group in 1997 where she was involved in establishing the risk-based audit methodology and managing the Group’s audit technology enhancement initiatives. She also spent almost three years with development banks in risk management roles. Mazliana holds an honours degree in accounting and is a Certified Internal Auditor (USA). She is a Chartered Member of Institute of Internal Auditors and Chartered Accountants (Malaysia).

AMIR FAEZAL BIN ZAKARIA
REGIONAL HEAD
LEGAL & COMPLIANCE
Amir has a wide range of legal experience in areas of commercial law, 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 the Group with legal support relating to aircraft purchase and financing, corporate exercises and joint ventures, contracts for airline operations, commercial and procurement contracts as well as managing litigation matters for the Group. He also oversees regulatory and compliance for the AirAsia Group of companies. 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.
Leadership

Senior Management

1. CAPTAIN ADRIAN JENKINS
   Regional Head
   Flight Operations

2. ASHOK KUMAR
   Regional Head
   Regulatory Issues and Infrastructure Development

3. CAPTAIN CHIN NYOK SAN
   Regional Head
   Business Development

4. DATO ABDUL NASSER ABU KASSIM
   Regional Head
   Government, Corporate and Middle East Business Development

5. ANAZ BIN AHMAD TAJUDDIN
   Regional Head
   Engineering

6. KAMARULZAMAN BIN AHMAD
   Regional Head
   Customer Experience and Technology
**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, Company Check Airman and Assistant Chief Pilot Training, where he and his team helped in the establishment of Thai AirAsia as well as the training of their initial batch of pilots. He has close to 20 years of experience in the airline industry and is a licensed pilot for multiple types of aircraft, as well as an instructor. Captain Adrian now oversees the flight operations department of the various AirAsia AOCs in the region, to ensure standardisation across the board, as well as ensuring one level of efficiency and competency is maintained.

**DATO’ ABDUL NASSER ABU KASSIM**  
**REGIONAL HEAD**  
**GOVERNMENT CORPORATE AND 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, corporate sales, charter flights and the Middle East. His prior appointments at AirAsia include that of Country Director of Indonesia AirAsia and Executive Director, Business Development managing AirAsia’s Haj operations, cargo, charter and in-flight services. Dato’ Nasser had an illustrious 18-year career at Warner Music Malaysia Sdn. Bhd as its Executive Director. While in Warner, he founded and developed many young Malaysian artists such as Raihan, Ella and others.

**ASHOK KUMAR**  
**REGIONAL HEAD**  
**REGULATORY ISSUES AND INFRASTRUCTURE DEVELOPMENT**  
Ashok was the Regional Head of Strategy, Airports and Planning from January 2005 until being re-designated as Regional Head of Regulatory Issues and Infrastructure Development in November 2011. His current portfolio includes managing airport charges and coordinating AirAsia Group’s infrastructure developments. He has had more than 40 years’ experience in the airline industry, having worked at Malaysia-Singapore Airlines 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 AirAsia 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.

**ANAZ BIN AHMAD TAJUDDIN**  
**REGIONAL HEAD**  
**ENGINEERING**  
Anaz qualified as an Avionics Aircraft Engineer at the age of 21. Over the course of the following 20 years, he worked for Malaysia Airlines, Jet Airways in Mumbai, Monarch Airlines Engineering at London Luton Airport and Bahrain Airport Services prior to joining AirAsia in 2003. Anaz was instrumental in planning the entry into service of the Airbus A320 fleet in the company, setting up the Warranty & Contracts Department. In 2007 he joined the pioneering management team of AirAsia X. Anaz is now responsible for the engineering department within the AirAsia Group.

**KAMARULZAMAN BIN AHMAD**  
**REGIONAL HEAD**  
**CUSTOMER EXPERIENCE AND TECHNOLOGY**  
Zaman joined AirAsia in September 2010 and leads the Customer Experience teams across the Group to deliver the AirAsia Allstars service promise at all customer touch points from AirAsia’s website to the airport and on board flights. Previously, Zaman served with Petronas for 13 years, during which five years (2000-2005) were spent as an Electronic Systems Engineer for the Team Sauber Petronas F1 race team based in Switzerland. Zaman graduated with a Bachelor of Engineering (Honours) in Electrical and Electronics from Imperial College, London, United Kingdom.
Leadership
Senior Management

From left:

1. DANY BULDOC
   General Manager
   AirAsia iVentures

2. LAU KIN CHOY
   Regional Head
   Innovation, Commercial & Technology

3. ADZHAR BIN IBRAHIM
   Regional Head
   People

4. TERRI CHIN
   Regional Head
   Quality and Assurance

5. V. RAMAN NARAYANAN
   Regional Head
   ASEAN Affairs & Government Relations
LAU KIN CHOY  
REGIONAL HEAD  
INNOVATION, COMMERCIAL & TECHNOLOGY  
Lau 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 the airline reservation system, IT operations, intranet, business intelligence and payment channel. Lau was a finalist in Pikom’s 2006 CIO Recognition Award.

ADZHAR BIN IBRAHIM  
REGIONAL HEAD  
PEOPLE  
Adzhar has 30 years of working experience in human resources/ people function, 25 of which at head level, in various companies across several sectors, such as semiconductor, healthcare, telecommunications, banking and a huge local conglomerate. He also has many experiences in startups, and was part of the start-up management team for Baxter Healthcare (Malaysian Operations) and Maxis. Prior to joining AirAsia as Regional Head of People in January 2010, he was with DiGi Telecommunications Sdn Bhd. His current portfolio encompasses rewards and people services, industrial relations and compliance, corporate culture, resourcing and talent management, training and staffing. He is also responsible for the Asean office in Jakarta and for government affairs.

V. RAMAN NARAYANAN  
REGIONAL HEAD  
ASEAN AFFAIRS & GOVERNMENT RELATIONS  
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 and Government Relations.

TERRI CHIN  
REGIONAL HEAD  
QUALITY AND ASSURANCE  
Terri is the Regional Head of Quality and Assurance responsible for corporate quality, customer care, continuous improvement and assurance. The objective of the department is to support AirAsia’s growth by ensuring that its internal processes are efficient, effective and adequately controlled. The department also drives process reengineering via the Continuous Improvement Programme by initiating and coordinating strategic projects. Terri first joined AirAsia in 2004 where she established and headed the Internal Audit department. Between 2008 and 2011, she joined Deutsche Post DHL in Germany to oversee audits in the Asia-Pacific, Middle East, Eastern Europe and Africa regions. She was also involved in implementing aviation audits across the group globally. Terri holds a BSc Economics degree from the University of London and an MBA in International Management from RMIT University. She is also qualified as a Certified Information Systems Auditor, Certified Internal Auditor and Certified Fraud Examiner.

DANY BULDOC  
GENERAL MANAGER  
AIRASIA IVENTURES  
Dany has over 20 years of international work experience in senior management roles throughout North America, Europe and Asia. Prior to joining AirAsia as General Manager for iVentures, Dany was Vice-President at RIM BlackBerry where he was accountable for US$500 million in revenue across Asean. His background includes experience in multiple disciplines including P&L fiscal management, intellectual property licensing, business development and partnership formation. His mandate is to monetise AirAsia’s customer base and marketing assets via partnerships and joint ventures.
Leadership
Senior Management

Thai AirAsia

From left:

1. PORANAN Gerdpraset
   Chief Financial Controller
2. BOVORNOVADEP DEVAKULA
   Director
   Business Development
3. PREECHAYA RASAMETANIN
   Director
   Engineering
4. TANAPAT NGAMPLANG
   Director
   Operations
5. SANTISUK KLONGCHAIYA
   Director
   Commercial
Leadership

Senior Management

Indonesia AirAsia

From left:

1. SOERATMAN DOERACHMAN
   Advisor to Chief Executive Officer

2. H. JAFRIE ARIEF
   Director
   Strategy, Airport & Planning

3. CHEOK HUEI SHIAN
   Director
   Finance

4. CAPT IMRON SIREGAR
   Director
   Flight Operations

5. PERBOWOADI
   Director
   Maintenance & Engineering

6. CAPT SONNY SASONO
   Director
   Safety & Security
Leadership
Senior Management

Philippines’ AirAsia

From left:

1. CAPTAIN ERNESTO PABALAN
   Director
   Flight Operations

2. ALAIN S. VALDEZ
   Head
   Engineering

3. WALTER R. RAMOS
   Financial Controller

4. INEZ JOSE
   Head
   Strategy Airport and Planning

5. ERICK AREJOLA
   Head
   Customer Experience & Technology

6. CAPTAIN JOHANSEN “HANS” HERNANDEZ
   Chief Pilot Safety
People with Inspiration

Ulu Danau, Bali, Indonesia
“To me, AirAsia is the greatest company to work for because it allows us to chase our dreams. I always wanted to become a licensed aircraft engineer, and made this widely known when I was an executive in engineering planning. Well, they let me take an aptitude test and I will never forget the day in 2006 when Tony told me I had passed it! You have to take many Aviation Authority examinations and have at least five years’ on the job training to qualify. But I’ve done it! What I want to say is, if I can achieve my dreams, everyone else can too.”

Tengku Mohd Faiz bin Tengku Hamzah
From Executive, Engineering Planning to Manager, Engineering Planning
Dear Friends,

WOW!!

Excuse my exuberance, but I suspect all of you share my sentiments. I cannot put into words the immense pride and satisfaction I feel in addressing all of you in this very special Annual Report for the year 2011 — one that celebrates our first decade as Asia’s first ever listed low-cost carrier (LCC). The story of how four (then) young men with no experience in the aviation industry took over a loss-making airline from a GLC, turned it into a company that’s been operationally profitable every year and, in the process, democratised air travel while creating aviation history is already well known. Pardon me, then, if I do not delve into the extensive details here. Instead, I would like to take a moment to share another part of the AirAsia story that often gets passed over in the media coverage AirAsia has enjoyed as we journeyed to becoming the largest LCC in Asia and a Truly Asean airline.
When Tony and Kamarudin took up the management reins at AirAsia, they set about creating a company that was very different from the traditional and hierarchical corporations that existed in Malaysia – and much of Asia – at that time. Our management philosophy was simple: create an environment that values, treasures, inspires and excites people. We believed strongly that being people-oriented would fuel sustained growth and pay off in the bottom line. To say that this conviction has been validated would be an understatement given our track record over the past decade. What AirAsia has done is to spark a revolution in management philosophy in our part of the world – and place us firmly in tune with the zeitgeist.

This new approach is fuelled by a very elemental force: passion. Lack of experience in aviation was more than compensated for by passion and hard work. But passion on its own, without a sense of mission, would have been insufficient. That mission is as encapsulated in our tagline: Now everyone can fly. Yes, the democratisation of air travel is a wonderful achievement, but even more wondrous is to observe over 9,000 creative, innovative and driven individuals from a very diverse range of cultural, ethnic and geographical backgrounds pulling together in pursuit of a shared goal.

AirAsia has proven that empowering and nurturing talent can create an unstoppable momentum. How did we do it? Simple. All our AirAsia offices are designed to be open workspaces. Everyone is accessible to everyone else, making for an environment where ideas are exchanged freely. If junior executives would like to share an opinion with Tony, they can walk right up to our Group CEO and do so without even having to knock on his door, as there is no door. It is for this very reason – free and open access to top management – that although we have grown exponentially in the last 10 years, our Allstars have seen no need to set up a union. Till today, I believe, very few companies in the region have achieved the level of inclusiveness and equal opportunity that AirAsia provides. Meritocracy rules. One of the most heart-warming outcomes of such work democratisation is the almost limitless potential it opens up to our Allstars. Everyone is treated with respect and is not just given the chance, but is positively encouraged, to realise his or her potential.

This company has been built on the basic credo extolling our people to ‘dare to dream’. We encourage our Allstars to dream because we are more than willing to provide them with all the support they need to make their cherished dreams come true. Consequently, we have had ramp workers and flight attendants becoming trained pilots. For our women staff, the gender equality practised is much appreciated. As one of our women pilots Nadira Ramli was quoted as saying in last year’s annual report: “(At AirAsia) there’s no such thing as a male of female pilot. Only good or great pilots. It’s thanks to people like Tan Sri Dr. Tony Fernandes who advocate equal rights.”

What this culture has done is to create a company of – quite simply – happy people. While other corporations have to engage consultants to carry out employee satisfaction audits, our barometer is more self-evident. It is seen in our productivity, creativity and the quality of service provided by our Allstars to customers, and the constant innovation that keeps us ahead in our industry. For as long as AirAsia keeps reinventing air travel to make it affordable, more convenient and hassle-free for our guests, for as long as our Allstars show up at work with smiles on their faces and go that extra mile to bring smiles on the faces of our guests, we know we are on the right track.

And we definitely are on the right track. Our growth over 10 years has been phenomenal, with last year’s results living up to high expectations. Our revenue increased 14% to RM4.49 billion, while our operating profit was 9% higher than in 2010, at RM1.16 billion, and our net operating profit was RM850.70 million, up 14% from RM749.32 million.
We make risk management uncomplicated

Mitsui & Co. Commodity Risk Management ("MCRM") is a global commodity price risk management and derivatives trading company. We are a derivatives market maker in crude oil, refined products, natural gas, petrochemicals, agriculture and metals and currencies. With offices in Singapore, London and New York, we provide clients with comprehensive market coverage throughout the trading day.

The Directors, Management and Staff of Mitsui & Co., Commodity Risk Management Limited congratulate AirAsia on 10 awesome years of business and look forward to continuing to be its oil price risk management partner.

MITSUI & CO. COMMODITY RISK MANAGEMENT LTD.

London: +44 207 811 6752 | Singapore: +65 6729 9523 | New York: +1 914 693 1400
www.mcrip.com
These numbers speak volumes about our efficiency and innovation, given the high fuel price environment we faced in 2011. We could not have achieved these results if not for our team of Allstars. Their commitment and dedication are further reflected in the numerous awards we have garnered over the years. For a comprehensive list of these please refer to Corporate Book pages 42 to 47, but allow me to highlight some of the more prominent ones received in 2011.

The one award that brought the biggest smile to our faces was, of course, being named the World’s Best Low-Cost Airline by London-based aviation consultant Skytrax. We are simply thrilled by this award as it is based on the votes of over 19 million passengers worldwide, plus the fact it is the third consecutive year we are winning it. We were also very pleased by the recognition given to our Investor Relations team, which won two sets of awards during the year – the inaugural Asian Excellence Recognition Awards by Corporate Governance Asia, and awards presented by the Malaysian Investor Relations Association (MIRA). These latter awards reflect a high level of corporate governance and transparency, which drive greater investor confidence in the company and safeguard our sustainability.

Our Group CEO himself was awarded the 2nd Asian Corporate Director Recognition Award by Corporate Governance Asia, just one of a string of accolades that included: CEO of the Year by Budgies Low-Cost Airlines, CNBC’s Travel Business Leader, and One of the Most Creative People in Business by New York-based business magazine Fast Company whose online edition FastCompany.com further named him one of The 10 Most Creative People on Twitter.

Supporting him is our Deputy Group CEO & President of Group Finance, Treasury, Corporate Finance and Legal who has been instrumental in behind-the-scene negotiations with financiers and credit agencies to ensure AirAsia garners the most attractive terms in order to maintain the company’s lean business model. Under his leadership, the company has been recognised with a number of notable awards for our innovative financing structures.

AirAsia owes much to our Group CEO, Deputy Group CEO and all members of our fantastic leadership team who have influenced to a large extent the culture at the company. We are also beholden to our Directors who have guided us with great wisdom and integrity and helped us maintain a steady trajectory even as we traversed sometimes turbulent skies. I would like to take this opportunity to extend my gratitude to both our senior management and Directors. On behalf of our Board of Directors, meanwhile, I would like to express our appreciation to all our guests, suppliers, business partners and other stakeholders for their continued support.

Finally, on behalf of the Board of Directors, I would like to say a big thank you to each and every one of our more than 9,000 Allstars for making us what we are today and taking us into an even brighter tomorrow in the next decade.

Dato’ Abdel Aziz @ Abdul Aziz Bin Abu Bakar
Non-Independent Non-Executive Chairman
On 8 December 2001, Aziz, Kamarudin, Pahamin and I embarked on what seemed a quixotic quest (some called it foolhardy). Ten years later, well, here we are! It’s been a decade of sweat and sacrifice, toil and travails but also a decade of fun and fascination. You all know that I’m not often lost for words, but for once I find it difficult to express just how awesome the past 10 years have been — not just for me but for the entire AirAsia family, especially the more than 70 Allstars who have been with us from the beginning.

In these 10 years, we have truly lived up to the promise we made to the people of Asean: Now Everyone Can Fly. To date, we have flown more than 135 million guests, and the number continues to increase. What gives me particular pleasure is that we became the people’s airline by first becoming a true company of people. Every single milestone this company can record in our annals has been brought about by our more than 9,000 talented, inspired and inspiring Allstars. To them, nothing is impossible — challenges are but mere puffs of turbulence; obstacles mere bumps on the road to success; problems but the mere lack of ideas. The creativity, passion, hard work and, of course, fun with which they approach each day at our far-flung stations of operations is humbling to watch.

Major challenges are taken in their stride. The following will illustrate what I mean. As the global economy began to recover from the 2008 recession, oil prices also soared surpassing US$100 a barrel. Then, in December 2011, Malaysia Airport Holdings Berhad increased its passenger service charge by 28%, effectively raising the cost for air travel at the LCC Terminal and Kota Kinabalu International Airport from RM25 to RM32, and at the airports in Penang, Langkawi and Kuching from RM51 to RM65. RM65 was half the price of some of our international fares. As a company dedicated to lowering the cost of air travel, we were outraged and publicly said so. But we did not just stop at the rhetoric; we walked the talk. Despite the potential impact on our bottom line, we stayed true to our principles and our commitment, putting our guests first and reducing some of our ancillary prices.
So, when we present to you figures that reflect our being one of the fastest growing airline groups in Asia – carrying 29.9 million guests in 2011, more than any other LCC in Asia; increasing our passenger load to 80% in Malaysia and Thailand and to 77% in Indonesia; adding 21 new routes to our network since January 2011; starting two new affiliates, in the Philippines and Japan – these testify to the collective efforts of each and every single one of our Allstars, who came up with creative solutions to cut costs elsewhere to buffer the gap.

Financial Performance

Our performance since starting off with RM40 million in debts – which we inherited along with the company – has been nothing short of spectacular. Ever since taking to the skies in 2001, AirAsia has been making operational profits. But in 2010 we were ecstatic because, for the first time and after only nine years in operation, we crossed the elusive RM1 billion profit mark.

In 2011, despite a general slowdown in the global economy and a substantial 36% increase in oil prices, we again performed exceedingly well. Our revenue hit a record of RM4.49 billion, up 14% from RM3.95 billion in 2010, while our operating profit increased 9% from RM1.07 billion to RM1.16 billion. As mentioned above, we countered the rising fuel costs by tightening our focus on innovative solutions, increasing productivity and efficiency. The results were reflected with us sustaining a high EBIT profit margin of 25.9%. Although our cost per available seat per kilometre (CASK) rose by 8% to 12.8 sen, the ex-fuel CASK actually dropped by a remarkable 13% to 6.00 sen.

Unfortunately, due to unrealised foreign exchange losses on translation and a higher deferred tax charge – from the sale of five aircraft to Indonesia AirAsia in compliance with Indonesian regulations which made it mandatory for local airlines to own at least five aircraft by January 2012 – our net profit dropped 48% from RM1.06 billion in 2010 to RM555 million. However, at the net operating profit level, which more accurately reflects the operating performance of the Group, profit increased year-on-year by 14% to RM850.7 million.

What is more, we know we are on the right track financially from our strengthened balance sheet. We ended the year with a reduced net gearing of 1.41 times and a healthy cash and bank balance of RM2.11 billion.

Our affiliates also performed very well in the year. Thai AirAsia grew its passenger volume and ancillary income which led to an increase in its revenue of 34% to THB16.16 billion. Despite a 40% spike in fuel prices, its gross profit improved 13% to THB2.40 billion, while its profit after tax increased from THB2.01 billion to THB2.02 billion. Indonesia AirAsia also saw a marked increase in passenger volume, of 28%, which led to an increase in revenue to IDR3,705.30 billion. However, its operating profit dropped to IDR149.65 billion due to the hike in fuel prices and the provision for the early return of the Boeing B737s. Positively, its migration to a full-Airbus A320 fleet in the fourth quarter, combined with its move to Terminal 3 of the Soekarno-Hatta International Airport, helped to lower its ex-fuel CASK by 19% to IDR415.68 reported for that quarter.

The sterling performance of AirAsia and our affiliates was contributed in part by our ancillary income, which increased in all three operations – by 2% to RM45 per pax in Malaysia; 29% to THB383 per pax in Thailand; and 11% to IDR136,650 per pax in Indonesia. The minimal increase in Malaysia was due mainly to profits from AirAsiaGo being channelled into a new joint venture company we set up with Expedia Inc. At the same time, this new company, AAE Travel Pte Ltd
(AirAsia Expedia), as well as a joint venture with CAE Inc, the Asian Aviation Centre of Excellence Sdn Bhd (AACOE), contributed profits from the first six months of their operations.

**Highlights Of The Year**

The year has been phenomenal, with many high points. We built more sky bridges – or routes – in the region and beyond, and increased the frequency of flights where demand was high. Despite having more routes and flights, our strategic planning meant that we were able to hit our target passenger load factor of 80%. During the year, we also expanded our affiliate network and branched into new businesses. In anticipation of further growth we placed an order for 200 Airbus A320neo aircraft. Meanwhile, Indonesia AirAsia – which was still operating with four Boeing B737 aircraft in 2010 – has since converted into a full Airbus A320 fleet. As of end 2011, it had 17 Airbus A320. This means the Group now flies a 100% Airbus fleet – we have currently 100 Airbus A320 in total, making our fleet not only the biggest among all LCCs in the region but also the youngest and most efficient.

As we continued to expand, we stayed true to optimising the use of technology to create greater value and convenience for our guests. In July, we extended our Fly-Thru service to guests departing from Hong Kong, Macau and Guangzhou. With Fly-Thru, guests on multiple-flight travel need only perform a single check-in for their entire journey, and are exempt from transit visas. We further improved our booking process with two innovative features – the Family & Friends List and 1-Click Card. The former allows guests to store the details of up to 10 individuals in their AirAsia member account, while the latter enables credit card details to be saved securely and retrieved with just a click when our guests are paying for their flights. We also expanded our mobile applications by allowing guests to book their insurance via smart phones.

Our efforts to engage more positively with our customers did not go unnoticed. In October, we were recognised for our use of technology as an effective customer relationship tool, when our online information centre, airasia.com/ask, won the inaugural WiTovation Customer Lover Award. This was presented by Web In Travel (WiT), a Singapore-based content and community platform for the travel distribution, marketing and technology space.

As a people’s airline, we acknowledge that not all customers are IT savvy and that a good number still prefer to make their bookings or enquiries in person at walk-in centres. Hence, in December, we made ourselves more accessible by opening a new AirAsia Travel & Service Centre in downtown Kuala Lumpur, at KL City Walk.

**Ancillary Business**

Although we are a low-cost carrier, we do not compromise on quality service. Hence, guests are given the opportunity to ‘customise’ their trips from an extensive menu of add-ons on offer. These, plus other services that utilise our infrastructure or network, form our ancillary business, which also serves as an important source of revenue for the Group. We have seen a steady increase in income in our ancillary business at all three of AirAsia Malaysia, Thai AirAsia and Indonesia AirAsia – especially for pre-book check-in baggage, for which the take-up Group-wide is 47.6% leading to a 52% increase in revenue. The take-up for Pick-A-Seat and Inflight meals also increased, by 81% and 33% respectively.

Powered by Citi.
Our Cargo sector has also been growing steadily over the years. Just as our network continues to expand, we are able to offer our clients more destinations at our trademark competitive prices to fly their cargo. We also offer destinations to places we do not fly to by partnering with other airlines with which we enjoy special pro-rate agreements. These major airlines extend our reach to more locations in East Asia, the Middle East and Africa. I’m proud to note that although we are relatively new in the cargo industry, we are gaining international recognition for our service. Last year, we were named the Fastest Growing Foreign Airline for Cargo by Guangzhou Baiyun International Airport, while in 2010 we won the Air Cargo Industry Newcomer of the Year at the ACW World Air Cargo Awards.

In March 2012, meanwhile, we introduced a new ancillary service that allows our valued guests to be treated like veritable VIPs. Called AirAsia Red Carpet, it literally whisks our guests through the entire process from check-in to boarding and then baggage collection with special counters and lanes and even priority baggage delivery to cater to them. Red Carpet guests also get to make use of a Premium lounge while waiting to board. All this for only about RM100 for domestic and international flights. We believe that value-for-money services such as this will help us further boost our ancillary income.

New Routes, New Affiliates
When we first started out, we serviced a grand total of six routes by end 2002; today our planes fly to 70 destinations (80 including AirAsia X) via 142 routes (154 including AirAsia X). We are constantly adding new routes to our network as this is key to our growth. Since January 2011, we have introduced no less than 21 routes.

From Malaysia, we have added nine new routes, most of them connecting with cities in Indonesia which is quickly growing both as a tourist as well as economic destination. We have, for example, introduced flights from Kuala Lumpur to Balikpapan, Palembang, Bandung and Semarang while also connecting Kota Kinabalu and Penang with Jakarta. We also added two new tourist destinations from Kuala Lumpur, namely to Surat Thani, in southern Thailand; and Danang, in Vietnam. Finally, we saw the potential for business travel between Miri and Singapore, hence created a new route here too.

A key development in Thai AirAsia was the opening of its new hub in Chiang Mai. Along with this new base, the airline was able to introduce several new flights to and from this northern tourist destination. Of the seven new sky bridges introduced, four were either to or from Chiang Mai: Bangkok – Chiang Mai, Chiang Mai – Hat Yai, Chiang Mai – Singapore and Chiang Mai – Ubon Ratchathani. Thai AirAsia also further strengthened its internal connections with new Bangkok – Trang and Bangkok – Nakhon Phanom routes. Finally, the airline added a new route into China by linking Bangkok with Hangzhou.
Our most meaningful new routes, however, were those from Clark to Davao and Kalibo, in the Philippines. These are the maiden routes launched by our newest affiliate, Philippines’ AirAsia, on 28 March 2012. In last year’s annual report I had announced our 40:60 joint venture with Filipino investors Antonio O. Cojuangco, Michael L. Romero and Marianne B. Hontiveros. Well, that joint venture has materialised and Clark is now our latest hub for our affiliate. Given the topography of the Philippines, which is the world’s second largest archipelagic nation, we feel confident of rapid growth in passenger demand for local flights. At the same time, the Philippines is strategically positioned to give us short-haul flight access to cities in northern Asia.

We also look forward to the rise of our new north Asian venture with All Nippon Airways: AirAsia Japan. I am extremely bullish on this venture as Japan represents a very under-served market that is moreover full of riches. Already, three domestic routes in Japan are among the busiest in the world. Yet the market is just crying for more air connectivity. Our vision to offer low fares in a high-cost environment will doubtless spur travel here into a new dimension. What’s more, this venture will allow our already vast network to connect further to north China, Korea and even to the eastern tip of Russia.

**Fleet Expansion**

I remember, back in December 2004, penning an order for 40 Airbus A320 aircraft. It was a big step for AirAsia then. Six-and-a-half years on, we have increased the size of our order five-fold, by signing on for 200 Airbus A320neo, the latest model of the Airbus A320 which promises to be more fuel efficient (15% less fuel burn is the promise from Airbus). This historic order, combined with our current firm orders of 175 Airbus A320, makes us the biggest Airbus airline customer in the world for the Airbus A320 Family. Not bad for a 10-year-old low-cost carrier! It reflects our supreme confidence in the further growth of AirAsia as we enter our second decade. Just as all current operations – in Malaysia,
AirAsia’s Decade of Excellence

Credit Suisse congratulates AirAsia on 10 years of success and looks forward to many more years of partnership.
Thailand, Indonesia and the Philippines – are fast expanding, we are looking to set up even more affiliates in other nations, within and beyond Asean. AirAsia Japan, which will operate from Narita International Airport, received its Air Operator Certificate (AOC) in February 2012 and the first commercial flight is scheduled to take off in the second half of 2012.

Adjacency Businesses
Another significant development during the year was our branching into a new business structure, which we call our Adjacency Businesses. In essence, our Adjacency Businesses involve getting into partnerships with leaders in business areas related to travel and aviation, and capitalising on their expertise or exceptional resources to create a steady and sizeable new income stream – all with little or no capital cost to us. At the same time, these adjacencies will monetise our own database and/or existing physical assets and turn these from cost centres to profit centres.

On 29 March, we formed our first Adjacency Business by entering into a joint venture with Expedia, Inc, the world’s largest online travel company. This joint venture will offer our customers a complete range of great value flights, hotels and holiday packages covering the Asia-Pacific region. Under the agreement, a new company will be formed to operate Expedia’s businesses in Japan, India, Asean and other East Asian markets, as well as our AirAsiaGo business. While we contribute our regional marketing expertise to the venture, Expedia adds its world-leading technology, which we believe will help us convert some of our more than 65 million website visits per month into revenue.

Our second Adjacency Business was formed on 20 June with CAE Inc, a Canada-based global leader in civil aviation training, to set up a world-class aviation training centre. Our new Asian Aviation Centre of Excellence (AACOE) offers state-of-the-art training facilities at what was previously our AirAsia Academy in Sepang, and is the largest pilot training centre in Asean. We believe we have hit on a winning formula in this partnership as we will not only train our own pilots and other aviation personnel at AACOE, but with our enhanced facilities will be able to offer the same to other airlines, earning healthy revenue in the process.

Finally, on 20 September 2011, we entered into a joint venture with Tune Money Sdn Bhd in relation to the launch of our global loyalty programme under the brand “BIG”. BIG was officially launched to the public on 14 November 2011. Under BIG, programme members will collect points from making any purchase from AirAsia, including our ancillary/adjacency businesses AirAsiaGo, AirAsia Megastore, AirAsiaRedTix or AirAsia Courier, as well as from merchant partners. They can then redeem their points for flights or other rewards. We have already attracted 150,000 BIG members from more than 150 countries.
Looking Forward: The Next Decade

Obviously, 2012 and the years beyond will present the aviation industry with continued challenges in the face of geopolitical uncertainties and fluctuations in fuel prices. Some of us will weather the turbulence, and emerge stronger and bigger. At AirAsia, we have a competitive advantage in terms of managing high fuel prices, as our CASK is one of the lowest in the world. To further reduce the impact of fuel price on our performance, we have established a Regional Fuel Efficiency Committee.

Another major factor that gives me confidence in achieving our growth potential is geography. Our decision to become a Truly Asean airline is set to pay even bigger dividends. We are operating in a part of the world that is expected to sustain high trajectories of economic growth. Asia in general, and East Asia in particular, is home to several highly-populated countries with fast growing middle classes that have access to rising disposable income. Airline penetration in these countries, however, remains low. With our extensive network of hubs, we are well-positioned to tap into the underserved routes in a catchment area of an estimated 3.5 billion people — half the world’s population! — in the Asia-Pacific region. Towards this end, we plan not only to introduce new routes, but also new hubs to further extend our reach.

As mentioned, in March 2012, Philippines’ AirAsia took to the skies with two maiden routes and has launched a third route in April 2012. Given the national population of about 100 million people, the Philippines’ Civil Aeronautics Board expects air travel in the country to grow by double digits. Meanwhile, we look forward to launching new flights from Narita in the second half of 2012, when AirAsia Japan starts operations.

We also expect our affiliates in Thailand and Indonesia to soar following the IPOs this year. Thai AirAsia has plans to launch new hubs in Hat Yai and Udon Thani in 2013 and 2014 respectively. Indonesia AirAsia, meanwhile, is targeting to establish hubs in Ujung Pandang (in Makassar) and Balikpapan in the medium term.

Emboldened not only by a gaping vacuum in air travel service in the Asia-Pacific region, but also by the ASEAN Open Skies which is expected to greatly liberalise regional air travel in 2015, we are looking actively to establish more joint ventures that will help us paint the Asian skies in AirAsia’s colours. As we broaden our horizons, we will of course require more aircraft to fulfil our passenger needs. Accordingly, we have in the pipeline the delivery of 20 Airbus A320 in 2012, and another 13 in 2013. We have already fully secured financing for these deliveries – another indication of our strengthening cash balance and our financial credit worthiness. These aircraft will be distributed among all our operations – in Malaysia, Thailand, Indonesia, the Philippines and Japan. Meanwhile, our order for the 200 Airbus A320neo will start trickling in from 2016 up to 2026.

Our Malaysian operation will have a new base for our expanded fleet as we expect to move to a new LCC Terminal at the Kuala Lumpur International Airport (KLIA) by end 2013. This promises to be the largest purpose-built LCC terminal in the world with a capacity of up to 45 million passengers per annum.

So, there is much to look forward to – great expansion, lots of excitement. But none of this would have been even remotely possible if not for AirAsia’s major strategic advantage: its people. We are a people company that happens to be in the airline business. Our culture gives us a competitive edge that our competitors find difficult to match. Once again, I like to thank everyone who has supported AirAsia in one way or another. This includes our more than 135 million guests, our partners, associates and our shareholders. But, most of all, I would like to thank our simply amazing team here at AirAsia – our Chairman and Board of Directors, for their wisdom and guidance that has kept us on an even keel at all times; and our more than 9,000 Allstars, the real heroes of our success story.

Tan Sri Dr. Tony Fernandes
Group Chief Executive Officer
People with
Ambition

Merlion Park, Singapore
“It gives me the greatest pleasure to see the flight attendants whom I’ve helped groom, develop and polish their skills to blossom into strong individuals who take ownership of their products and serve AirAsia to the best of their ability. Of course, there is always room for improvement but I’m very proud to say that, in my little way, I’ve been able to guide them into becoming brand ambassadors who stand shoulder to shoulder with the best in the world. Meanwhile I thank the management for their full trust in my ability to run the unit and help me to develop my own career in AirAsia.”

Suhaila bte Hassan
From Flight Attendant to Flight Attendant Manager
10 Years of Enriching Asean and Beyond
Business Review

Our Extensive Network
Thai AirAsia

Before Thai AirAsia began operations in February 2004, low-cost air travel was virtually unknown in the country. Air travel then meant premium airfare. It was elitist; a reality to those who could afford it but a distant wish to those who could only dream. Enter AirAsia brand, and today low-cost air travel is widely embraced in the kingdom. Thai AirAsia, which pioneered affordable air fares in the country, is now the country’s largest low-cost carrier for domestic passengers, ahead of the legacy carriers. Accordingly, its focus is no longer just low fares, but to create convenient travel for passengers so they can see the world.

Changes in the travel preferences of Thais and visitors of the kingdom alike supported Thai AirAsia’s amazing growth. As of April 2012, the airline operates an all-Airbus A320 fleet of 24 aircraft, flies 37 routes to 29 destinations, and employs over 2,000 Allstars. In 2011, it flew 6.86 million guests, 20% more than in the year before. Passenger volume on domestic flights accounted for 57% of the total domestic traffic in Thailand.

With the opening of Chiang Mai as a hub last year, Thai AirAsia now operates three hubs in the country. The longitudinal placement of these hubs – Chiang Mai in the north, Bangkok in the middle, and Phuket in the south, maximises Thai AirAsia’s and indeed the entire Group’s reach all the way to Chennai, Shenzhen and Chongqing from Bangkok; southwestern China from Chiang Mai; and Bali and Hong Kong from Phuket. The strategic positioning of the hubs effectively expands Thai AirAsia’s potential market reach to a wider population as it has the ability to access the two biggest Asian nations, China and India.
Business Review
Thai AirAsia
The New Era Begins

The New Era Begins

This multiple hub system has done wonders in easing travel for many Thais. Gone are the days of compulsory stopovers in Bangkok even for domestic flights. Thai AirAsia has introduced direct flights on routes, encouraging province to province connections such as from Chiang Mai to Phuket and Hat Yai in the south, and Ubon Ratchathani in the northeast, and from Phuket to Udon Thani. The company also launched new connectivity on the domestic front, linking Bangkok with Trang and Nakhon Phanom. These routes are performing above expectations.

Thai AirAsia has also positioned itself as a gateway to Asean from China and South Asia. In the first quarter of 2012, it launched flights to Chongqing as well as to Colombo and Chennai. A perennial favourite of tourists, the airline has also increased flight frequencies to cater to demand. It now flies twice a day between Bangkok and Yangon, Myanmar, six times daily between Bangkok and Hat Yai, and five times a day between Bangkok and Singapore, to highlight a few.

Its modern fleet contributes greatly to enhancing Thai AirAsia’s customer service. Last year, with an all-Airbus A320 fleet, it managed to maintain an On Time Performance of above 90% which was disrupted only by the Bangkok floods, which lasted for over 60 days, forcing flight delays. Despite the inundation, the airline demonstrated the robustness of its operational model in overcoming one-off disasters, allowing it to post a strong performance. Thai AirAsia’s revenue grew by 34% to THB16.16 billion and its profit increased by 0.4% to THB2.02 billion. Passenger volume, meanwhile, increased 20% to 6.86 million, and the load factor rose to 80%.

Thai AirAsia is bringing its growth into a more dynamic sphere. In the second quarter of 2012, it will be listing on the Stock Exchange of Thailand through its holding company. This will further accelerate the airline’s expansion and contribute to the Group’s continued dominance in low-cost air travel in the region. A successful IPO will allow Thai AirAsia to finance the acquisition of new aircraft in the future. This, in turn, will pave the way for more routes and destinations and increased frequencies. The listing, moreover, will elevate Thai AirAsia among stakeholders in line with AirAsia Group’s vision for better transparency within the business.

Thai AirAsia celebrated its seventh anniversary in 2011. In seven years it has changed the aviation landscape in the country, for the benefit of millions of people. It has grown to such a degree that it is now set to bring about even greater, more exciting change for the better.

Tassapon Bijleveld
Chief Executive Officer
Thai AirAsia
Just how committed is your bank?

Here for the long run. Here for good.
Realising its Potential

Indonesia AirAsia

Like its home country, Indonesia AirAsia is on a fast upward trajectory. The airline, relaunched as Indonesia AirAsia in December 2004, is gearing for entry into the Indonesian Stock Exchange. The plan to list ties in nicely with the airline’s ambition of becoming the leading low-cost carrier in Indonesia, which now boasts both the largest GDP and population in the region.

A consistently solid operational performance, coupled with a buoyant Indonesian market outlook in the last few years, has helped Indonesia AirAsia move closer to its expansion goals. Boosted by an increase in demand for air travel, in 2011 the airline posted revenue of IDR3,705 billion and net profit of IDR62 billion. It carried 5 million guests across its entire network, marking an increase of 28% from the previous year, and achieving a load factor of 77%. And for the second year running, Indonesia AirAsia was responsible for carrying the largest number of international passengers into the country, contributing to 3.6 million international arrivals.

With five hubs in Jakarta, Bali, Medan, Surabaya and Bandung, the airline brings affordable air travel closer to the people. At the same time, it continues to extend its reach, and now flies to seven cities across Indonesia in addition to six cities in four other Asean countries and one in Australia.

In 2011, the airline introduced the Medan – Bangkok route which has been a success due to strong demand by Indonesian tourists desirous of visiting Bangkok. Indonesia AirAsia also increased the frequency of high demand routes such Medan – Kuala Lumpur, which is particularly popular among business travellers from the Small Medium Enterprise sector. Meanwhile, the Perth - Bali route continues to perform well, and more flights have been added during the peak season to cater for high spending Australians.
Business Review
Indonesia AirAsia
Realising its Potential

The airline is confident of sustainable growth given a number of factors. Economically, Indonesia is awakening. GDP per capita, which is currently at US$3,023, is the fifth highest in the region. Politically, Indonesia has entered the G20 Grouping, hence the country is expected to assume a bigger role in regional decision-making. The fact that Jakarta is the seat of the ASEAN Secretariat has also led to heightened interest from national governments, many of which have opened embassies and permanent missions in Indonesia. Added to these, the ASEAN Connectivity initiative is being actively promoted to achieve full implementation by 2015.

Along with the expected increase in domestic consumption, and demand for more domestic travel, Indonesia AirAsia is recalibrating its domestic/international flights ratio. It aims to re-focus to domestic travel, by introducing new domestic routes and increasing the frequency of existing routes, while maintaining its stronghold on the international front.

This strategic realignment draws strength from the recent modernisation of Indonesia AirAsia’s fleet, which now counts 17 Airbus A320 aircraft. The airline will receive four more Airbus A320 aircraft in 2012 and is planning to grow its fleet aggressively in the next few years to meet demand. As an added bonus, Indonesia AirAsia also now operates all domestic and international flights from the modern and eco-friendly low-cost Terminal 3 of the Soekarno-Hatta International Airport, Jakarta.

Prospects
Removal of the fiscal tax for overseas travel in January 2011 has contributed to a 15% increase in the number of international passengers. Consequently, Jakarta and other hubs posted strong passenger growth for international flights. This serves as an added impetus for Indonesia AirAsia to connect more cities via its secondary hubs in order to achieve larger penetration. Air penetration in the country is still among the lowest, with the population base far exceeding aircraft capacity.

Indonesia AirAsia is in a strong position to tap fully the growing international travel, given its strong branding and its extensive group-wide network. In 2011, it carried the most international passengers into the country, accounting for 42% of all tourist arrivals. It even received international recognition for this, being named the Foreign Airline of the Year in the passenger carried category by Kuala Lumpur International Airport and Top Passenger Carried by Changi Airport. What is more, Indonesia AirAsia has attained very high standards that are internationally recognised. It is one of only a few Indonesian airlines to comply with stringent European Union requirements.

So the stage is set for an exciting future. We believe there is immense potential for growth in Indonesia that will carry AirAsia Indonesia to new heights. Just as the country prepares to take its place in the international arena, the airline will be there to provide the sky bridges linking its people to the rest of the world.

Captain Dharmadi
Chief Executive Officer
Indonesia AirAsia
In 2011, its fourth full-year of operations, AirAsia X posted a turnover of RM1.9 billion. This represents a 45% increase in revenue over the year before, and comes on the back of strong passenger growth of 31.6% to 2.5 million guests. Affordable fares, coupled with aggressive marketing campaigns, led to an average load factor of 80%, 3.6 percentage points higher than in 2010.

AirAsia X is now the third largest low-cost airline in Asia in terms of passenger traffic, with 14.1 billion revenue passenger kilometers (RPKs), which was achieved in the shortest time with its growth trajectory.

This growth is proof of acceptance of the low-cost long-haul customer value proposition: (1) 30%-50% lower fares that are sustained through the world’s lowest unit cost at 3.6 US cents per available-seat-km in 2011; (2) one of the youngest widebody fleets in the world at 5.1 years, with comfortable seats, including the first LCC “flatbeds”; (3) superior on-time performance reliability at 88% in 2011, and (4) recognised warm and friendly customer service.

Skytrax awarded AirAsia X the second-best Low-Cost Airline in Asia, behind AirAsia in 2011, while SmartTravelAsia made a special commendation for AirAsia X when awarding AirAsia as the Best Budget Airline.

AirAsia X also received the Best Network Performance award at the World Routes Awards 2011 in Berlin, and gained second place in the Transportation and Advertising Category of the Asahi Advertising Awards in Japan.
AirAsia X has been infusing even more passion and vigour into growing its operations. It has run aggressive marketing campaigns to promote all 12 of its destinations including Hangzhou, Chengdu and Tianjin in China; Taipei in Taiwan; the Gold Coast, Perth, Melbourne and Sydney in Australia; Seoul in South Korea; Tehran in Iran; and Tokyo and Osaka in Japan. The opening of its second destination in Japan – Osaka – last year is significant because the country is poised to become a huge market for the airline. Given its population of 127 million people, the majority of whom are flush with disposable income, and proximity to ASEAN, AirAsia X expects to be flying more Japanese guests from here on.

While it increases its focus on selected destinations in Asia and Oceania, AirAsia X suspended services to Europe and northern India. This was in line with the airline’s strategy to deploy its capacity to routes and markets where it enjoys the best scale advantages to gain market leadership and drive profitability. Hence, it expanded its network in Australia with the opening of the Kuala Lumpur-Sydney route and is increasing its flight frequencies to Tokyo from thrice weekly to daily, to Taipei from daily to 11 times weekly, and Melbourne and Perth from daily to nine times weekly. Australia and Greater China delivered good profits given the size of operations achieved. AirAsia X has also launched charter flights to Jeddah.

With the low-cost carrier market still having a penetration rate of less than 20% across Asia, compared to over 40% in Europe, there is much room for growth. AirAsia X has aircraft deliveries that will see it double its fleet in the next three years, with at least nine more new aircraft expected to arrive between 2013 and 2014. Of the added capacity, most will be deployed into the existing core markets. While expanding, the airline will also keep a sharp focus on its low-cost structure and strengthen its brand acceptance with greater innovations in products and services to stay ahead of the game.

The journey continues, and as AirAsia X breaks more new ground, it will contribute to building the one brand that the world knows best. This is not Malaysia AirAsia, Thai AirAsia, Indonesia AirAsia, Philippines’ AirAsia, AirAsia Japan or AirAsia X, but simply the brand that started it all 10 years ago – AirAsia.

AirAsia X also received the Best Network Performance award at the World Routes Awards 2011 in Berlin, and gained second place in the Transportation and Advertising Category of the Asahi Advertising Awards in Japan.

Azran Osman-Rani
Chief Executive Officer
AirAsia X
“I still remember the arrival of our first aircraft in Subang. It was a Boeing B737. Who would have imagined then that, after just 10 years, we would be flying 100 Airbus A320 aircraft from 14 hubs in the region? That’s just incredible. Just as the airline has taken off, so have our careers. I was just a management accountant when we began. Now I am in charge of all catering and in-flight business. As you can imagine, it’s a great job. Tasting local delicacies to choose our menu is just one of many perks. Joining any new company is always a gamble, joining a new low-cost airline in this region even more so. But that personal gamble has paid off handsomely!”

Shireen Chia Yin Ting
From Management Accountant
to Regional Head, Catering and In-flight Business
Something BIG in Asean

Suddenly, a whole new wave of BIG Shots is appearing on the Asean scene. They walk the corridors of power, but also traverse the streets. They can be found in swanky malls and in the corner coffeeshop. They are... card-carrying members of AirAsia’s BIG Loyalty Programme. This is a one-of-its-kind loyalty programme, a hybrid between a typical frequent flyer programme and a coalition programme.

BIG allows cardholders to collect points from making purchases of any AirAsia product or service, as well as from our merchant partners, and then redeem these for free tickets or other rewards. The points system works on the amount spent rather than on distance flown, as in most other airlines. This means that every time members of the programme – called BIG Shots – buy an AirAsia seat, merchandise at AirAsia Megastore, performance at AirAsia RedTix or makes use of the AirAsia Courier service, or any time they make a purchase from one of our many merchant partners, they are on their way to getting a free flight.

To date, merchant partners involved include the likes of Concorde Hotel and Healthway Medical in Singapore, K Bank and DTAC in Thailand, Indosat and Kidzania in Indonesia, and Petronas and CIMB Bank in Malaysia. The programme, launched in partnership with Tune Money in November 2011, has already attracted more than 150,000 BIG Shots from more than 150 countries.

BIG presents a win-win situation for AirAsia and its valued customers. While customers stand to earn free flights, AirAsia will be able to employ its customer relationship management strategically to increase its passenger load on flights and to achieve higher sales of ancillary services. To drive ancillary spend, BIG offers more points per Ringgit (or other currency denomination) from the purchase of a flight if the guest is also purchasing ancillary services such as
BIG Loyalty Programme
Something BIG in Asean

Members will be able to earn BIG Points globally.

pre-book baggage check-in, insurance, seat selection or pre-booked in-flight meals. The Group will also be able to capitalise on the programme to promote new or underutilised routes, as well as to clear ‘distressed inventory’ with special promotions close to departure dates of flights with many empty seats.

The BIG Visa Prepaid card is also a revolution as it is the first Visa prepaid card that carries a loyalty function in the Asian region. In this, AirAsia once again shows its foresight by encouraging a cashless society as consumers look to smart ways to curb spending habits.

As a business proposition, BIG is of tremendous value for AirAsia. Not only will it derive more revenue from increased sales of tickets and ancillary services but it will also unearth a new revenue stream for the Company from the sale of points to credit card partners and local retail partners. Two, it allows AirAsia to target specific segments of the market by offering these more attractive point-earning rates. For example, the airline could target corporate and government customers who spend on average more than twice the amount the average AirAsia guest does per flight, and who fly almost six times more often.

AirAsia is confident of achieving its objective of increasing revenue from BIG, as 70% of current guests surveyed prior to the programme’s launch said they would fly more often if there was a good frequent flyer programme.

In this 50:50 joint venture, AirAsia will issue the Biggies (as the points are called), manage the redemptions and set transfer pricing rules; while Tune Money will be responsible for issuing the BIG cards in Malaysia, sourcing for partners and administering the programme regionally.

So, now, not only can everyone fly, but they can do so as a BIG Shot!
AirAsia Expedia

Joint venture combines airasiago with Expedia

-branded storefronts in Japan, India, Korea and Asean countries with over 160,000 inventories and growing

When the world’s best low-cost airline and largest online travel agent collaborate to form a joint venture, customers around the world can expect wonders. Expectations are running high, therefore, following the signing of the joint venture agreement in March 2011 to establish AAE Travel Pte Ltd, better known as AirAsia Expedia, between AirAsia and US-based Expedia, Inc. And from sales figures for the year, these expectations are being met. For the seven months during which it was operational in 2011, AirAsia Expedia contributed RM5 million in profits to AirAsia.

This figure is not surprising, considering the facts. The Asia-Pacific travel market is thriving and is forecast to hit RM900 billion by 2015. Of this, the online travel segment is fast growing, accounting for 23.4% of the whole in 2011 and increasing to a predicted 26.11% in 2012. In real terms, this means RM130 billion in 2010 which is expected to almost double to RM240 billion by 2015.
Even better for Asia-Pacific companies, most of the travel will be contained within the region. A survey by Abacus International in 2010 found that 58% of travellers from Asia-Pacific view “short getaways in the region” as their favourite destinations. This bodes particularly well for AirAsia, which is undisputedly the largest low-cost carrier in Asia, servicing the most number of routes and flying to the most destinations.

Already, AirAsia’s growth in the region has been phenomenal. But to further increase its revenue, the airline set up AirAsia Expedia, which opens up a whole new world of great travel deals to the customer. The joint venture company operates Expedia’s branded businesses in Japan, India, Southeast Asia and other East Asian markets, as well as AirAsia’s AirAsiaGo and businesses. It also has exclusive online third-party distribution rights in the region for AirAsia and AirAsia X flights and travel packages. This means that save for a few exceptions, the only place to find and book AirAsia flights online will be AirAsia.com, AirAsiaGo.com and Expedia. For the time being, the Expedia and AirAsiaGo storefronts will continue to be marketed as separate businesses to customers as they fulfil different customer needs, and allow the joint venture to capture a broader range of the market than if they are combined.

AirAsia Expedia has the distinction of being the world’s first collaboration between a low-cost carrier and an online travel agency. To the customer, it offers a comprehensive and unrivalled choice of value packages – for either stand-alone flights, stand-alone hotel and/or travel related bookings, or combined flight/hotel/related services bookings. AirAsia brings to the joint venture its flight content, of 142 (154 including AirAsia X) routes to 70 (80 including AirAsia X) destinations while Expedia adds its hotel content of more than 150,000 hotels worldwide, hotel reviews (under Trip Advisor) and a full range of travel-related services.

At the operational level, this venture creates great synergies from two partners whose core competencies complement each other. Over the last 10 years AirAsia has acquired unrivalled marketing expertise in the Asia-Pacific region. Expedia, on the other hand, has developed world-leading online travel technology, but has yet to fully realise its potential in this region. Combined, the two companies can move heaven and earth to conquer the regional online travel business.

The joint venture typifies the kind of partnership that AirAsia is keen to explore further in order to expand its core business – partnerships that are mutually beneficial and that will break new ground. Just as AirAsia will save from reduced cost of inventory by capitalising on Expedia’s experienced sourcing team, and reduced technology spend by adopting Expedia’s in-house solutions, Expedia gains from better access to the fastest growing regional market in the world which also boasts three of the 10 most populous nations, namely India, Indonesia, and Japan.

AirAsia is enthusiastic about this venture as it allows it to leverage on Expedia’s assets while giving it the competitive advantage of customer acquisition, retention and overall brand experience. To fully monetise AirAsia’s guest database and website, which receives millions of hits a month, the company intends to keep enhancing the customer experience through innovative ideas. It would be expedient now to look at the AirAsia Expedia site when booking your travel. Go on, have a go. Chances are, you will be hooked!
Congratulations AirAsia on 10 years of soaring success

Stephenson Harwood is proud to be on your team
Asian Aviation Centre of Excellence

With the Asian Aviation Centre of Excellence (AACOE), not only can AirAsia train its Allstars within the Group, but it can offer its exceptional training facilities and resources to other airlines in the region. Fully equipped with state-of-the-art equipment, AACOE has the capacity to take on external trainees as it is, physically, the largest pilot training grounds in the region. In that sense the joint venture represents yet another revenue stream for the AirAsia Group. It will also lower AirAsia’s effective training cost, driven by higher asset utilisation, improved operational efficiencies and lower maintenance spend.

AACOE is targeted to capture 20% of the expanding regional aviation training market, and to achieve a compound annual growth rate (CAGR) of 8% from 2011 to 2015. While training pilots and aviation staff for other airlines, however, AirAsia will also get to enjoy favourable scheduling privileges and access to training activities. The plan is, initially, for the AACOE to focus on pilot, engineer and cabin crew training. Eventually, it is to become a comprehensive training centre – akin to an ‘aviation university’ – catering to every possible training need of any person involved in aviation, including ground staff and management.

AirAsia decided to partner with CAE in this venture because of the latter’s impressive track record. CAE runs 42 training centres globally, many as joint ventures or alliances with other international airlines, and is responsible for producing some 80,000 crew members annually.

To ensure the centre provides the best training and produces top notch graduates, the AACOE is fully equipped with modern training equipment and facilities, and staffed by experienced industry professionals with proven credentials. At present, the centre houses six simulators – four for the Airbus A320 and one each for the Airbus A330 and Boeing B737. There are definite plans to acquire more.

AirAsia’s long-term vision is for AACOE to operate as a learning and profit centre, generating significant revenue and skilled workforce for the Group.
Companies invest in social media to drive revenue and create buzz. We hop onto the social media bandwagon to connect personally with our fans and guests. Finally, it’s pure engagement by putting a face onto every single individual fan. From communicating and engaging with the fans, AirAsia social media has evolved from a simple Facebook page with an exponentially growing fan base to a solid influencer with local pages in 14 countries. From engaging to influencing, our fans have grown along with us - from receiving updates and information with us, to having a voice and given partial ownership of the brand.

Take our initiatives and campaigns as an example. Our main Facebook has reached a total of 1 million fans in early 2011, and by the end of 2011, it has surpassed its 40% mark at 1.4 million fans by December. Through many creative campaigns and initiatives, we were able to use social media effectively as an influencer for numerous objectives such as operations, crisis management, public relations, branding, customer service and most importantly, revenue drive as effective marketing. Many successful campaigns were translated into fan acquisition and increment in positive sentiments, therefore transforming fans into AirAsia’s own brand evangelists, sharing AirAsia news and recommending our low-cost model to their friends.

One particular campaign that stood out was the creative use of Facebook native tools to create buzz and engagement for the launch of AirAsia X destination Osaka. The campaign was highly successful, leading to good conversation topics as well as revenue drive for the sales of the Osaka route. It was also named Video of the Day by Gadling.com, a subsidiary of AOL Travel. AirAsia was also named Most Tweeted Airline on Twitter by Eezer.com early in 2012 for being Best in Class and Airline Listening Champions.

Facebook may not be popular in every single country we fly to, but we did not let that stop us. In China, we have our own account on Weibo.com, regarded as the No. 1 social media phenomenon with over 250 million registered users and 100 million user postings per day. Through Weibo, we have been able to translate our online engagement with fans into real relationships offline. Last year, four social events were organised in Beijing, Chengdu, Guangzhou and Chongqing. These were well-attended and well-appreciated, as a result of which fans from these markets have become our brand evangelists.

Social media is taken so seriously at AirAsia that we have dedicated teams to manage it. The fact is, we need this focus as our social network has grown exponentially since we first launched our humble corporate blog. Just
Plane Thoughts, in 2008. Today, we are quite possibly the most social airline in the world, our Global/Malaysia page (www.facebook.com/AirAsia) boasting more than 1.5 million fans and collectively with local Facebook pages, we have more than 2.45 million fans. We have been named by Google as the No. 1 Travel Website in Asia. We achieve over 65 million page visits per month from more than 25 million unique visitors spread across more than 200 countries.

This is enhanced by a social presence in 14 other countries – Indonesia, Thailand, the Philippines, Japan, China, Hong Kong, Australia, India, Taiwan, United Kingdom, France, New Zealand, Singapore and South Korea. Why do we bother having a social media presence in every country? In AirAsia, we believe in building relationships across borders, reaching out to the locals in their own familiar settings and connect with them at a more personal level. This way, AirAsia is a truly global brand that acts local, but thinks global.

New Initiatives
We continued to strengthen our social media offerings with a number of initiatives. Take Off, for example, elevates customer engagement to a higher level, offering various unique features such as the Global Map which redirects fans to their local Facebook pages by region. Fans who are travelling with us will also get to enjoy the convenience of checking the status of their flights without having to leave Facebook, and are kept updated on promotions and the latest destination news via AirAsia Bazaar. Because we value feedback, we also run regular surveys and polls on this site... and then act on these. The social media for us is a tool for listening genuinely to our guests and fans and making changes where necessary.

A Social Culture
Needless to say, almost everyone at AirAsia – at all levels – is an avid user of the social media. This culture of engaging with our fans at a personal level has trickled down from the very top. Group CEO Tan Sri Dr. Tony Fernandes has his own blog on which he posts running commentaries on major issues as well as his thoughts on different aspects of the business. He is also quick on the draw in responding to breaking news via Twitter, and keeps his 200,000 (and growing) fans posted on his take on various events. It came as no surprise when the online New York-based business magazine FastCompany.com named him one of The 10 Most Creative People on Twitter.

In keeping with our innovative culture, when we celebrated our 10th anniversary with an Awesome AirAsia theme, our social media supported this effort by creating a new Awesome tab. It is our way to let our fans get to know us even better than they already did. Via Awesome, they could get up close and personal with our Allstars in the Sung & Unsung Heroes section, and perhaps understand the magic of our people whom we are so proud of. Of course, no 10th anniversary would be complete without a run-down of milestones achieved, and this too was included in Awesome. While highlighting our achievements over the last decade our campaign went on to share our aspirations for an even more awesome tomorrow. Catering to our fans’ needs – as always – we also included treats in the form of travel guides and tips to help them plan their getaways. They were also encouraged to submit their AirAsia experiences to win some great prizes.

Many other airlines are now jumping on the social media infobahn, but our head start and our innovative methods of using social media channels has helped us stay ahead. Social media is helping us translate virtual relationships begun in cyberspace into very real emotional attachments between our fans and our company in the physical world. And that, after all, is what our vision is all about: connecting people, whether through our airline or in cyberspace.
Ancillary Income

When $A+A = B$

Several years ago, AirAsia popularised the term “ancillary” to describe non-fare related contributions to AirAsia’s revenue. Ancillary became a major contributor to our coffers, as well as serving as a buffer to the rise in fuel prices. Well, we have just added another “A” to our expanding revenue base: adjacency. We have great hopes in this new line we have ventured into – which we believe has the potential to one day surpass even the revenue from our airline-related business. (Ancillary) plus (adjacency), we believe, could well fatten our (ottom line)!

Ancillary is all about breaking the buffet-style pricing tyranny common among legacy carriers, where the fare includes fees for services and facilities immaterial of whether the passenger utilises them or not. Our model was simple and liberating: provide guests the option to pay for only what they need. Adjacency, however, represents a new frontier. It allows AirAsia to monetise its brand and its massive database while turning its cost centres (the former AirAsia Academy, for instance) into profit centres. The number of suitors queueing up to attract our interest in working with them underlines the attraction of our global brand and their eagerness to be affiliated with AirAsia in a joint venture.

Our expansion into the adjacency business does not, however, mean we have lost focus on growing our ancillary stream. Our ancillary business is extremely important as it allows us to leverage on our extensive network and frequency of flights as well as our IT and physical infrastructure to earn revenue at minimal cost.
Our flexibility allows us to go beyond standard logistics solutions.
Wherever You Go
We Have You Covered

MULTI-PURPOSE INSURANCE
Via our ancillary services, we allow guests for example to choose their seats prior to departure, book their meals in advance and even enjoy up to 40kg in pre-booked check-in baggage.

Following the increase in fuel prices in 2011, we have placed even more emphasis on our ancillary business. In essence, we have adopted a three-pronged approach: 1) we increased the price of existing services, such as Pick A Seat; 2) we introduced fees for existing services that we are trying to discourage, such as domestic counter check-in; and 3) we introduced new ancillary services. As none of these services are mandatory, guests who are on tight budgets can avoid having to pay for them, for example by not pre-selecting their seats and by conducting self check-in. Hence, we earn from those who choose to pay.

Among our exciting new services is the AirAsia Red Carpet, which puts to bed traditional notions about low-cost carriers. Since its launch on 7 March this year, guests who choose to use Red Carpet get to check in at dedicated counters, relax at a Premium lounge before departure, whizz past immigration and security checks on fast lanes and be escorted into the plane first. When they arrive at their destination, they will enjoy priority baggage delivery.

To ensure a high take-up of our ancillary services, we employ various strategies to promote the options available. Guests are able to add on ancillary services at every point of interface with AirAsia, from the time they make their booking to the period before their departure, during check in, after check in, and even on board. We use our customer relationship management system to remind our guests a few days prior to departure of the pre-book options available as well as the possibility of upsizing their baggage (up to 40kg). Notices to this effect are also displayed at the check-in counters.

In 2011, the biggest revenue earner from our ancillary services was baggage fees, which saw an increase of 25% year-on-year. Baggage fees made up the bulk of our ancillary revenue last year (45%).

Meanwhile, food and beverage also performed well, with higher take-up rates in 2011 due to a further increase in variety on the in-flight menu. The Company took the initiative to customise to local taste buds based on the diverse culture of our guests, and this proved to be a hit. From our initial success story of the famous Pak Nasser Nasi Lemak, we are now able to offer Japanese Bento, Korean Bulgogi, Phad Thai and Indonesian Nasi Padang.

Our cargo service has been growing steadily, and we now cover 70 (80 including AirAsia X) destinations in over 20 countries. In countries we do not fly to, we tie up with other airlines with which we have special pro-rate agreements. This way, we have been able to extend our reach to East Asia, the Middle East and even Africa. Our edge in the cargo business is derived from our high flight frequencies which make for fast delivery; our low-cost structure; and our efficiency as measured in flown as booked which, at an average of 90%, is higher than the industry standard. Although we are still a relative newcomer in this business, we have attained international recognition. Last year, we bagged the Fastest Growing Foreign Airline for Cargo award from Guangzhou Baiyun International Airport, while in 2010 we took home the Air Cargo Industry Newcomer of the Year Award 2010 at the ACW World Air Cargo Awards.
Other significant sources of ancillary income in 2011 included priority boarding, seat allocation, in-flight services and products including duty free, and cancellation and documentation fees.

Thanks to concerted efforts to market our ancillary services, AirAsia’s ancillary income per passenger has more than tripled over the last five years, from RM14 in 2007 to RM45 in 2011. Income for the year 2011 would have been higher if not for the fact that, starting from the third quarter, the figures excluded contributions from AirAsiaGo, which has been brought under one of our new adjacency businesses. As mentioned, adjacency businesses are joint ventures that we enter into with established partners in order to draw from their expertise or resources so as to be able to chart further growth of AirAsia without having to raise funds or approach outside investors.

AirAsiaGo has been subsumed under AAE Travel Pte Ltd, a collaboration with Expedia Inc, the world’s biggest online travel agent. Two other ancillary businesses were established in the year - the Asian Aviation Centre of Excellence Sdn Bhd, in collaboration with CAE Inc, one of the world’s leading aviation training centres; and the BIG Loyalty programme under Think Big Digital Sdn Bhd in collaboration with Tune Money Sdn Bhd. As with our ancillary business, these ventures are low, or no, cost to us.

The idea of leveraging on our key assets has, in fact, been taken a step even further by the setting up of AirAsia i-Ventures. Via i-Ventures, we intend to integrate and monetise all our online assets and businesses; create new products and services; and interact more meaningfully with our guests via the social media to gain more insights about them. Among the benefits of this is the potential to cross-sell products and services from across our different businesses - from AirAsia Megastore to AirAsiaGo and AirAsia Expedia, AirAsiaRedTix, AirAsia Courier and our loyalty BIG programme.

We are confident of immense growth of our ancillary business, not only because of the resources that are there waiting to be tapped, but also because our passenger load keeps increasing, hence so does our market. In 2011, the Group carried more than 29 million passengers and we expect this number to exceed 45 million by the year 2014. Additionally, www.airasia.com is the largest e-commerce website in the region with a monthly average of 25 million unique visitors and 65 million page visits. The website provides an enormous market reach round the clock.

Our ancillary revenue stream currently is 18% of our total revenue. Our goal is to grow that number to around 25% in the medium term. As for the potential of our adjacency ventures, we believe they are veritable gold mines. Stay tuned!
Everyday in Asia...
People with Innovation

Reunification Palace, Ho Chi Minh City, Vietnam
“I love being in the backroom, seeing to the efficient scheduling of flights and making sure that all our resources - both manpower and machines - are maximised so that everything goes smoothly at minimum cost. It may seem very unglamorous but we’re the ones who make sure flights take off on time, and we’re the ones who have to deal with the drama of delays. This doesn’t happen much now but I remember an occasion in the early days when four aircraft were on the ground, when they should’ve been in the air, because of technical problems. This caused a domino effect and all flights thereafter were delayed. We worked like headless chooks trying to tie up loose ends. There were plenty of frazzled nerves, but because we worked as a team, everything turned out fine...by the next day.”

Hazrul bin Masri

From Flight Operation Assistant to Scheduler in Schedule Planning
Key Initiatives & Growth

Philippines’ AirAsia

Inspired by the success of AirAsia Group in democratising air travel in the region, the founders of Philippines’ AirAsia announced its formation in late 2010. From then, everything progressed like clockwork. The airline received its first aircraft in August 2011, was awarded its Air Operating Certificate in February 2012 and started operations in March 2012, from its base in Clark. The airline now has a fleet of two brand-new Airbus A320 aircraft that service three destinations with four daily return flights with at least two more destinations planned for the third quarter of 2012. Its dedicated team of 168 Allstars is raring to make AirAsia’s *Now everyone can fly* slogan a reality in the archipelago.

Philippines’ AirAsia shares the Group’s commitment to bringing together the communities of Asean, and has started doing so in its own backyard. The majority Filipino-owned airline connects Clark, just 80 km north of Manila in Luzon, to cities in the country’s two other major island groups: Kalibo in the Visayas and Davao in Mindanao. It has also begun flying to the tropical Eden of Puerto Princesa in the southwestern tip of Luzon. Starting June 2012, it will be flying to neighbouring Malaysia’s capital, Kuala Lumpur, which serves as a gateway to other Asean destinations.

With the help of the AirAsia brand, its local expertise and the Philippine government’s energised *It’s more fun in the Philippines* tourism campaign, Philippines’ AirAsia hopes to help the government meet its target of 4.6 million tourist arrivals in 2012 and 10 million by 2015. To support its growth, the airline plans to grow its fleet size from the two Airbus A320 currently to four by the end of 2012 and to 16 by 2015.
Key Initiatives & Growth
Philippines’ AirAsia
Mabuhay

Clark is a strategic choice as the airline’s hub. Firstly, it allows the airline to take advantage of the Diosdado Macapagal International Airport’s twin parallel runways and infrastructure necessary to support the planned increase in flights at the hub. Secondly, Clark boasts a catchment area of 27 million people and is easily accessible from the Greater Manila Area and neighbouring provinces via national highways. And, thirdly, in accordance with the Philippines’ Open Skies policy for secondary airports, other airlines in the Group can operate flights to Clark from their hubs in Malaysia, Indonesia, Thailand and soon, Japan, thus bringing in more tourists to the Philippines.

The choice of Clark as a hub also speaks volumes for Philippines’ AirAsia’s commitment to social and economic development. As Clark lies outside Manila, the airline will be contributing to development away from the capital, encouraging the decentralisation of modernisation to the provinces, be it in tourism, transportation infrastructure, cottage industries, retail, hospitality or education. It also spurs the creation of much needed jobs. Already, Philippines’ AirAsia has contributed 168 jobs to Clark, and has been acknowledged by both Clark International Airport Corp. and Clark Development Corp. for significantly contributing to jobs growth in Clark and its surrounds. What is more, the airline expects its payroll to increase to 3,000 staff by 2015. The airline hopes its economic contributions will help the country achieve its Millennium Development Goals by 2015 as well as support the realisation of the ASEAN Economic Community by 2015.

Philippines’ AirAsia helps the Group firmly entrench its lead in Asean. The Philippines, with its close to 100 million people, is the second most populous country in the region. Its archipelagic geography means air travel services are vital. Its location in the region’s northeastern frontier puts the colossal markets of Japan, China and Korea all within the four-hour radius flown by short-haul flights, and opens a gateway from Northeast Asia to Asean.

As the journey for Philippines’ AirAsia begins, MABUHAY!

Marianne Hontiveros
Chief Executive Officer
Philippines’ AirAsia
Looking back.

It helps you move forward.
Key Initiatives & Growth

AirAsia Japan

The New Dawn

AirAsia Japan, AirAsia’s maiden venture outside ASEAN, marks our entry into North Asia. The venture enables us to bring East Asia together and grow our market base from 600 million to more than 2 billion people, or a cool one-third of the world’s population.

AirAsia Japan is a joint venture between AirAsia and All Nippon Airways (ANA), one of the largest airline operators in Japan. Through AirAsia Investment Limited, AirAsia owns a 49% stake in the joint venture, while ANA owns the rest. The objective is to introduce the concept of affordable air travel to the population of more than 128 million who have been starved of it. AirAsia is also motivated by the fact that the Land of the Rising Sun is already a tourist magnet for people from all over the world who are attracted to its history and spring cherry blossoms.

AirAsia Japan will be based at Terminal 2, Narita International Airport, which serves the Greater Tokyo area and which, when combined with Tokyo’s other airport, Narita, ranks as the world’s third busiest city airport system. As it expands, however, the airline will consider opening hubs elsewhere in the country to bring it closer to the geographically dispersed Japanese communities.

The first AirAsia Japan flight is to be launched in the second half of 2012 and by end 2012, the airline will have a fleet of four Airbus A320 aircraft. Although it will initially focus on the domestic market, AirAsia Japan will eventually launch into international flights and capitalise on its proximity to China, Korea, the Philippines and Russia to connect to cities in these countries that are within a four-hour flight radius. Plans for China and Korea are especially exciting, given the partial Open Skies agreement between Japan, South Korea and China which involves 32 airports.

Japan boasts the highest GDP per capita in North Asia, which has contributed to a robust air travel industry. Currently this industry is dominated by two legacy airlines, Japan Airlines and All Nippon Airways. We believe, however, there is a huge market for low-cost air travel in the country for two reasons: one, the market is huge with a population of 128 million people; and two, Japanese are known to be practical, hence the concept of low-cost, no-frills, point-to-point air travel will have an immense appeal.

Moreover, Japan has historically been a close trading partner of ASEAN member countries, and its electronic consumer brands such as Sony and Nikon as well as food exports enjoy high sales in the region. Trade for the latter may, indeed, go back centuries, helping to forge special friendships and camaraderie that have strengthened with time. These relationships came to the fore in March 2011 when humanitarian missions in ASEAN sent aid to Japan following its earthquake-triggered triple disaster. ASEAN was among the first to dispatch aid, offering both material and manpower assistance to help in the immediate aftermath of the disasters and, subsequently, in the country’s recovery.

AirAsia played our part by running a To Japan With Love campaign, which drew generous contributions from our guests. We also sponsored the ASEAN Secretariat-backed ASEAN Youth Ambassadors of Goodwill’s visit to Japan to uplift the spirits of those most affected by the calamities through art and music. While our contributions are nowhere near those of the Fukushima 50 – who so inspired us with their beautiful affirmation of the human spirit – we are happy just knowing that we contributed what we could to our neighbour in its time of need.

Prospects

AirAsia Japan anticipates exciting growth from its very first year of operations. AirAsia, meanwhile, looks forward to flying guests through our expanding network, and to revolutionising air travel in a nation that has become so accustomed to exorbitant prices. The culture of air travel is already deeply entrenched in the social and business fabric of Japanese life; we will just make it that much more exciting... and affordable.

Kazuyuki Iwakata
Chief Executive Officer
AirAsia Japan
Key Initiatives & Growth

Customer Experience

The ease and convenience of technology; the comfort and reassurance of the personal touch. These are the two pillars that support our overarching commitment to enhancing the customer experience. From the time our guests make their bookings on the web and decide on the add-ons they would like, to the moment they check-in – either on the web or via the mobile or at our self check-in kiosks at the airports – their travel-planning is stress-free thanks to our innovative use of technology. Just when they think the going can’t get any better, they arrive at the airport and are greeted by our cheerful, smiling Allstars from Guest Services. Then, they board our aircraft, and our fun and friendly cabin crew provide the perfect fillip to their time with us.

At AirAsia, we strive daily to fulfil our brand promise to guests: to provide high quality service that matches or even exceeds the standards set by major legacy carriers. We may be a low-cost carrier in terms of our operating costs, and low-fare in terms of our ticket prices, but when it comes to serving our guests, we constantly reach for the skies. We benchmark ourselves against the best. Yes, there are occasions when we fall short of our aspirations but it definitely is not for want of trying. And, of course, there are the plentiful occasions when we are rewarded for our efforts by the gratitude of our guests. A couple of examples may help explain:

“I left my laptop in the seat pocket during a flight from Phuket to Bangkok. I realised this only the next day and rushed to the airport but with zero expectation of getting my laptop back. I checked with the AirAsia staff there and guess what? They had kept my laptop safely! I couldn’t believe it!!!! Thanks so much AirAsia and keep it going.”
The above was a Facebook message from Gabriel Marcolongo, one of the more than 135 million guests who have flown with AirAsia. It made our day!

Then, there was a lady who had used her maiden name in her booking, which didn’t match the name in her passport, and was almost certain to miss her flight because of this complication... but our ground staff literally ran from one office to another, and made numerous calls locally and internationally to ensure she would not have immigration problems at the other end. Everything was sorted and she boarded her flight at the very last minute, got to her destination, and breezed through without any problems. Mission accomplished!

So, when we say we provide first-class service to all our guests, we are just telling it as it is. We are, in fact, constantly improving on existing services and finding new ways to help our guests. For example, in 2011, we introduced AskAirAsia (http://AskAirAsia.com), a one-stop information and solutions centre through which we engage with guests in real time, worldwide. It is available for free to anyone from anywhere in the world. Via AskAirAsia, guests can send queries which our automated response technology system will respond to with bespoke answers. Alternatively guests can engage with us via live chat, email or twitter. While the automated response and e-mail services are available 24 hours daily, real-time Twitter and live chat services are available from Monday to Friday between 9am and 6pm (Malaysian time). A special version for smartphones is to be launched, in several languages, catering to our diverse customer base.

This super customer service impressed Web In Travel (WIT) so much that the Singapore-based content and community platform for the travel distribution, marketing and technology space presented us with its inaugural WITovation Customer Lover Award.

We also launched a service to facilitate multi-flight travel – Fly-Thru – which enables guests to perform one check-in for their entire trip. Initially, the service
Over the last three-and-a-half years, we have listened to them and made many changes in our policies. For example, PWDs can now travel unaccompanied on AirAsia; they are no longer required to sign Indemnity Forms; they have free use of wheelchairs; and special assistance is given upon request without charge. More than these policy changes, together with BEAT, we have also developed cross disability training modules which form part of the overall syllabus conducted at the Asian Aviation Centre of Excellence, AirAsia’s dedicated training academy. So, now, we actively train all our aviation personnel as well as those from other airlines to be able to manage the needs of PWDs in a professional and efficient manner.

Everyone matters to us, and we go the extra mile to serve anyone we can. A full account of our heart-warming social initiatives can be found in our Corporate Social Responsibility write-up, from Corporate Book pages 160 to 167. But as an example of what we do, take the case of young Muhammad Anas Sadiq. The 16-year-old suffers from Duchenne muscular dystrophy which makes breathing and walking difficult. But he really wanted to watch a Manchester United (MU) game. So we flew Anas and his parents to the UK, worked with a Malaysian sponsor of MU to arrange for them to watch a United game at Old Trafford, dine in a hospitality suite, tour the venerated stadium, and even meet team members at their training ground in Carrington. This was certainly a once-in-a-lifetime experience for Anas.

There was also a sweet moment for 15-year-old Ng Yong Shy whose eyes literally lit up as he experienced the flight simulator at our AirAsia Academy. This young boy was diagnosed with a congenital heart defect at birth and doctors told his parents he doesn’t have many years left. He has had a fascination for AirAsia since he was nine years old, when he travelled to Langkawi. It was actually his last opportunity to travel given the severity of his medical condition. At the request of his parents, via Tan Sri Dr. Tony Fernandes, he and his family were given a tour of the LCC Terminal office and the Academy where he was able to “take-off and land a plane” at one of our simulators.

In the same spirit that we made this young man’s dream come true, we aim to provide all our guests with great service, enhanced with that personalised touch. Why? Because it’s just who we are.
Dear AA, I like to comment on the great service I received yesterday at the KK LCCT sales office. I had problems on my boarding pass and I received top assistance from the two girls who attended to me. Excellent passion and commitment to serve. Kudos!

Natalie Kong

@AirAsia Web check in is so ez. Don't have to stress at the airport everytime we tour. Jakarta here we come! @lovemebutchband
@WingMeng

My first trip to overseas was in year 2009 with AirAsia. It's has been more than 10 flights with AirAsia since then. Thanks AirAsia for making my dream to travel around comes true!

MuJie

Your on-line Reservations System is just fantastic! Flying JKT/SIN/JKT on 16th March. Booking and Insurance Made, Paid - and Boarding Passes issued and printed - all in under 10 minutes. Boarding Passes already safely with Passport in my Document Wallet. Could any other Airline reservations site do that? Sure don't think so! Once again Air Asia leads in its Customer Service!!

Les Williams

Thanks AirAsia for offering free flight changes during Bangkok flood incident. Officer in Thailand Call Centre was great, I can change my flight for free with only 1 call.

Lovep1125

@Now @AirAsia can handle my luggage for transit. No more unnecessary drop box queuing. Nice improvement!

@Nukov

I would like to say thank you for the customer service of AirAsia is very very good. They are cheerful and helpful!

Watanabe Momoko

I always thought budget Airlines gave crap service but just back from a return journey to KL from Penang by AirAsia and boy their service was awesome all those impressions of them being Vampires sucking money and never smiling were all wrong..... Thanks for the great flying experience and exemplary service.

Kishin Sham Mahtani

“It’s AirAsia which took me to an complete unknown land in 2009 for my first time ever with their competitive prices and shining red body. Thank you!”

ParaParaStar

The Pilot and co-pilot who flew to KL - Bangalore route on 13th feb should be given best employee award. They really enjoy their job at the maximum. Interaction with passengers was in so funny, everybody was laughing like anything. Damn Good.

Pankaj Kumar

@AirAsia @AirAsiaPH Good job! now its more fun in the philippines coz airasia is here to stay!
@Rojay Dagoy

@AirAsia congratulations for achieving the value airline of the year. It is no doubt that flying @AirAsia is a real value for the pax.

Mohamed Shukry @shukryms
People with Vision

Pha That Luang Temple, Vientiane, Laos
“It’s been simply fantastic to see the airline grow over the last 10 years. But having personally contributed to developing Government sales from a few hundred thousand revenue to around RM89 million per annum within three years, has been immensely satisfying.”

Zulkeefli bin Mohammad Idris
From Head, Ground Operations to Head, Government & Middle East Business Development
Key Initiatives & Growth

Allstars

Allstars at a durian party while being entertained by a band to promote the spirit of togetherness and sharing simple pleasures.

Bootcamp – our Allstars just can’t get enough of working hard.

Free health check for our Allstars.

On top of Mt Arjuna - our Allstars get through great physical duress to finally enjoy the spectacular view from the summit.
Rise of the Allstars – our Allstars having great fun dressing up as transformers at a party to celebrate our third consecutive World’s Best Low-Cost Carrier win.

Encouraging the multi-cultural workspace through WOW Deepavali celebration.

Ushering in the Year of the Dragon, our very own Dragon - Tony Fernandes - dons the costume of the God of Prosperity.

Awesome fun at our 10th anniversary Awesome party.

In search for the next Lady Gaga.
Key Initiatives & Growth

Allstars

Our own Biggest Loser Challenge drew hefty competition, and in the end the winner got a free trip to New York.

You're not just greeted by smiling Guest Services officers at the LCC Terminal, but sometimes will even catch our Allstars break out in dance, like this pocok-pocok troupe.

De-stress time for our Allstars at a yoga retreat in Chiang Mai.

At the Allstars Regional Futsal Tournament.

Team Lotus members meet our Allstars at AirAsia’s LCCT office.

Enjoying some sun, sand and sea at a Beach Volleyball getaway in Kota Kinabalu.

SAFE

ETY

CONSCIOUS

FULL OF

INTEGRITY
Raring to conquer Mt Yong Belar in the Titiwangsa range, Malaysia

Thai AirAsia Allstars participating in the Songkran festival in Chiang Mai

Our shutterbugs at Indonesia AirAsia on a tour of the historical port of Sunda Kelapa and Kota Tua (old city of Jakarta)
Transform your business with Ricoh

imagine. change.
Helping AirAsia deliver a better customer experience today
Our Safety Commitment

At AirAsia, our Safety Management System is not just an add-on but is central to our business process. Throughout 2011, our commitment to risk assessment and mitigation via this Safety Management System helped us to identify safety hazards and address these before they could escalate into incidents or accidents.

The critical safety functions of senior management are in the areas of strategy and leadership. Senior management provide a vision for safety management and the resources required to maintain our targeted level of safety. Meanwhile, all staff are aware that the health and safety of the organisation is everyone’s responsibility.

Our Safety Management System is built on a sound and just reporting framework, which ensures that any hazard or safety deficiency detected is brought to the attention of those who have the authority to make changes. I pledge that no disciplinary action will be taken against any employee for reporting a safety hazard or concern to this company’s management. I pledge also that no member of staff will be asked to compromise on our safety standards to ‘get the job done’.

Our approach to safety ensures that authority and accountability co-exist. An essential component of AirAsia’s Safety Management System is employee training. We train our employees so they are able to perform their tasks in a safe and efficient manner. It is management’s responsibility to make available and carry out this training, while it is the employee’s responsibility to then follow all prescribed safe work practices.

The ultimate responsibility for safety in the company rests with me as the Chief Executive Officer/Accountable Manager. Meanwhile, the responsibility for making our operations safer for everyone lies with each one of us - from heads of department and/or managers to frontline employees.

Each head of department and/or manager is responsible for ensuring a safe work environment in his or her area of responsibility and, through oversight from the Corporate Safety, Security and Risk Management department, is held accountable to ensure that all reasonable steps are taken to prevent incidents and accidents.

Although the year got off to an unfortunate start when one of our aircraft was involved in a runway excursion accident, the swift and professional actions of our crew gave us reason to feel proud. They managed to safely evacuate all guests despite the heavy rain at night, with only some of the guests suffering minor injuries.

This bears testimony to the high standards and expectations that we place on safety and emergency procedures training for all crew members. Subsequently, independent investigations carried out by the Malaysian Department of Civil Aviation, Airbus and our own internal team ruled out pilot error as a possible cause of the accident.
We are committed to ensuring that safety excellence continues to be an integral part of our day-to-day aviation activities, as we realise this is crucial to the sustainability of our business. Safety values are at the core of this company, underlining our commitment to providing our employees and guests with the safest possible environment.

SAFETY POLICY STATEMENT

Safety is given top priority in all of our activities. We are committed to developing, implementing, maintaining and improving our safety strategy, management systems and processes to ensure that all our aviation activities are undertaken with balanced resource allocation, aimed at achieving the highest level of safety performance and meeting the highest international safety standards.

All levels of management are accountable for the delivery of the highest level of safety performance, starting with the Chief Executive Officer.

Our commitment is to:

a) Develop and embed a safety culture in all our aviation activities that recognises the importance and value of effective aviation safety management and acknowledges at all times that safety is paramount.

b) Clearly define for all staff their accountability and responsibility for the development and delivery of aviation safety strategies and performance.

c) Ensure that all staff are provided with adequate and appropriate aviation safety information and training, are competent in safety matters and are only allocated tasks commensurate with their skills.

d) Establish and implement a hazard identification and risk management process to minimise the risks associated with aircraft operations to a point that is as low as reasonably practicable/achievable, and conduct safety reviews to ensure that relevant action is taken.

e) Ensure that sufficient skilled and trained resources are always available to implement safety strategies, policies and processes.

f) Establish and measure our safety performance against realistic objectives and/or targets.

g) Ensure that the externally supplied systems and services that may have an impact on the safety of our operations meet appropriate safety standards.

h) Actively develop and improve our safety processes to conform to world-class standards while complying with and, wherever possible, exceeding legislative and regulatory requirements and standards.

i) Foster and encourage the maximum level of reporting and transparency with non-punitive safety/hazard reporting and by nurturing a just culture in the airline.

Tan Sri Dr. Tony Fernandes
Group Chief Executive Officer
Key Initiatives & Growth

Corporate Social Responsibility

When we started out as a brash young airline, we made the promise “Now everyone can fly”. Over the years we have not just kept to that promise but have actually expanded on it so that now, not only can everyone fly but they can fly just about anywhere in the ASEAN region. We operate 142 routes connecting 70 destinations, linking faces to places that were previously underserved, boosting tourism and the economy in the process.

This, more than anything, spells out what corporate responsibility means to us. It means being responsible to people – not just our guests, but also our own Allstars and communities in general. We are driven by the desire to assist people of all walks of life, no matter where they come from, to live a good life, to dare to dream and to achieve their long-held aspirations.

Because of the business we are in, we are privileged to be in a position to really make a difference to lives, and we make the most of the opportunity to do so. In 2011, we used our aircraft to lift individuals out of political hot spots while also sending supplies to areas that were hit by natural disasters. In early February, in the thick of the Arab Spring, we were the first airline to respond to distress calls seeking means to evacuate Malaysians stranded in Egypt. Over a period of five days from 3-7 February 2011, we operated eight rescue flights from Cairo and Alexandria, in Egypt, to Jeddah in Saudi Arabia, and one from Jeddah to Kuala Lumpur. We flew 1,200 guests on three Airbus A340 flights from Cairo to Jeddah and around 860 guests on five Airbus A320 flights from Alexandria to Jeddah. We also flew 320 guests on an Airbus A340 flight from Jeddah to Kuala Lumpur, the first batch of Malaysians to return home from the beleaguered country. In total, we helped to return to safety 2,380 Malaysians affected by the political turmoil. This rescue mission was led by our Deputy Group CEO, Dato’ Kamarudin Meranun, who went personally to Jeddah to make sure the entire operation was carried out smoothly.

In March, our SOS systems were reactivated when Japan was hit by the 9.0 magnitude earthquake then tsunami followed by the nuclear power station meltdown. The Malaysian government launched an aid campaign and AirAsia quickly responded by lending RM4 million worth of cargo space for the transfer of supplies. Once again, our Deputy Group CEO was involved in the mission. He collaborated with Datuk Abdul Azeez Abdul Rahim, President of Putera1Malaysia club, to deliver relief supplies to the Malaysian Embassy in Japan. But it would take months for conditions to return to normalcy in the worst affected regions in Japan’s north. Hence we launched a year-long fundraising drive across our network Group-wide, which raised a total of RM324,000, which we channelled to partner NGOs by end 2011. In the interim, we sponsored the flights of a group of participants in the ASEAN Youth Caravan of Goodwill to Northeast Japan. The caravan brought together youth volunteers from across ASEAN to support and convey goodwill to the Japanese people. The participants visited communities affected by the disaster to perform cultural shows and share experiences to ease some of the burden of the residents, and just to show that we in ASEAN cared.

Then, in late July, Thailand was inundated by floods that began in the northern regions and eventually spread in a southeasterly direction to hit Bangkok. A total of 65 out of 77 provinces in the country were declared flood disaster zones, more than 20,000 square kilometres of farmland was damaged, and more than 800,000
Key Initiatives & Growth

Corporate Social Responsibility
Powered For And By The People

Tony Fernandes launching the To Japan with Love campaign aimed at helping Japan get back on its feet after its triple disaster in 2011.

Philippines’ AirAsia carries 8.5 tons of goods for the victims of floods in Cagayan de Oro and Typhoon Sendong in Mindanao, and distributes meals to more than 82,800 survivors.

AirAsia collaborates with the Ruam Duay Chuay Kan (RDCK) Volunteer Network to help flood victims in Bangkok and its surrounding areas.

Asean youth entourage serving meals for the volunteers.
Key Initiatives & Growth

Corporate Social Responsibility

Powered For And By The People

AirAsia charters a plane to Nakhon Sawan province for the purpose of donating emergency kits to the flood victims.

AirAsia and the Surviva TV programme join hands to take hill-tribe children to the Chiang Mai Aquarium, following which they fly to Phuket to set free some 200 baby sharks in the sea.

Via the East Meets West initiative under the Allstars Junior Programme, Allstars' children from the different Malaysian states get together for an educational and cultural exchange.

Allstars regularly donate blood for the good of others; some have also signed up in organ donation drives.

AirAsia Allstars break fast with orphans and members of the media.
families were affected. The disaster has been said to be one of the most devastating in Thai history. Of course, AirAsia had to lend our hand. On 17-18 October 2011, AirAsia Thailand along with Seefah Restaurant teamed up to provide hot meals to the victims in one of the worst hit areas of Ayutthaya. Sixty staff volunteers set off on a rough bus and boat journey to provide more than 6,000 meals. In addition, the airline chartered a plane to Nakhon Sawan province on 19 October to distribute 2,000 sets of emergency kits containing canned goods, medicine, consumer products and other essentials. Over 100 staff and volunteers from the airline’s media partner, JSL Global Media, assisted in distributing these.

Thai AirAsia did not stop there. In late October, it used its connectivity to other destinations to collect large supplies of drinking water for distribution to residents in Bangkok and neighbouring provinces in collaboration with the Ruam Duay Chuay Kan Volunteer Network. Donation drop-off points were set up at all its counters in Thailand’s airports nationwide including Chiang Mai, Chiang Rai, Ubon Ratchathani, Udon Thani, Krabi, Hat Yai, Nakhon Si Thammarat, Surat Thani, Narathiwat and Phuket. These donations were then shipped along with containers of bottled water purchased by the airline from local suppliers outside of Bangkok.

Although about 40% of the airline’s own staff were directly affected by the floods, they continued to show up for work to make sure there was no disruption to air travel which had become the only reliable means of transport out of and into the affected areas. For its part, the management secured 200 hotel rooms near the airport for individuals and families who needed to relocate temporarily.

In September 2011, Typhoon Nesat unleashed its devastating force on the Philippines, leaving a trail of destruction in its wake. It was followed by another typhoon, Sendong, that hit the Philippines in December. In both instances, AirAsia lent its aircraft to lift supplies of food to the affected people in partnership with organisations such as CREST Malaysia, Philippine NGO Metro Ministries and the United Nations World Food Program.

AIRLINE WITH A HEART

While helping out communities in times of need, we do not forget individuals who are also struggling to cope with life’s challenges. Since 2010, we have been supporting the Children’s Wish Society of Malaysia (CWS) to fulfill the wishes of children affected by life-limiting diseases. Last year, we made the wishes of three special children come true.

Together with the Al-Bukhary Foundation, we helped CWS arrange for a 15-year-old with bone tumour from Penang to meet his hero, former Prime Minister Tun Dr. Mahathir Mohamad. We flew Muhammad Nur Nazari bin Hj Mohd, along with his mother Rohani binti Kader Gani and grandmother Jemah Bee binti Syd Mohd, to Kuala Lumpur on 14 January 2011, when a meeting with Dr. Mahathir and his wife Tun Dr. Siti Hasmah Mohd Ali had been fixed. Nazari was simply delighted. The boy, who had developed his tumour at the age of 12 and had already had his right shoulder amputated, passed away peacefully in Hospital Kuala Lumpur in February 2011. AirAsia is honoured to have been able to fulfill his dream.

On 9 March 2011, we flew two young leukemia patients – Mohd Nur Adha Sarifuddin, 12, from Perak and Intan Marisya Eilya Maryanizam, five, from Perlis – to Pulau Manukan at the Tunku Abdul Rahman Marine Park, off Kota Kinabalu.

Our affiliates also carry out numerous heart-warming projects with underprivileged children. On 29 July 2011, Thai AirAsia teamed up with a popular Thai TV programme, Surivipa, to take a group of hill-tribe children to the Chiang Mai Aquarium and then fly them to Phuket where they released 20 baby sharks into the sea. The children were thrilled as they had never flown before; nor had they ever experienced the sea. But, even better, they got to give 20 baby sharks a new lease of life!

Among the community outreach programmes run by Indonesia AirAsia was hosting a hearty breakfast for 40 orphans at Indonesia AirAsia’s office, and organising an Allstars Cycling Community trip in Lembang, Bandung, where the troupe visited an orphanage. There, one of the pilots, along with other Allstars, talked to the children about the workings of an airline and aircraft, donated some books and AirAsia merchandise while encouraging the children never to give up on their dreams.
Key Initiatives & Growth
Corporate Social Responsibility
Powered For And By The People

GOODWILL FLYING

Given our love for life, AirAsia takes every opportunity to spread goodwill and cheer, especially during the many festivals that are celebrated in the region. This saw guests on board flight AK 1362 from Kuala Lumpur to Bali, as well as flight QZ 8395 returning from Bali to Kuala Lumpur on 21 and 22 December being entertained by six of our very own Christmas carolers who were, of course, joined in by the flight attendants on duty.

Our Thai AirAsia Allstars, meanwhile, celebrated the Thai New Year, Songkran, by hosting a celebration in Chiang Mai from 12-15 April. Later, they participated in a traditional candle festival along with the residents of Ubon Ratchathani. Thai AirAsia proudly sponsored the entry of a carved candle crafted by the famed Sri Pradu candle carving training centre into the annual parade competition to give the local artisans greater exposure. The airline also flew Thai celebrity Tack Panranyu to Ubon Ratchathani to add to the air of festivity during the celebrations on 15-16 July 2011.

THE ALLSTAR WORKPLACE

The fun and vibrant culture at AirAsia transcends the public realm and into the work space. Many clubs have sprung into existence at the Company, almost organically, driven by the varied interests of our Allstars. At the Malaysian operations, we have the Allstars Outdoor Club, which organises mountain climbing expeditions and other physically challenging events such as cycling marathons - with the aim of bringing together members through their blood, sweat and tears. The club does not restrict its activities to Malaysia, but makes the most of our connectivity to take members to exotic locations around the region. Last year, for example, members trekked to the summit of the 3,339m (10,954ft) Mt Arjuna in East Java, considered one of the most spectacular mountain treks in the world. The club also arranged an expedition to scale Mt Yong Belar in Malaysia’s Titiwangsa range. Then there is the Allstars Running Club, whose members took part in the Gold Coast Marathon in Australia and the Phuket Marathon in Thailand, in addition to sweating it out at a number of local ‘fun runs’. The Allstars Sports club, meanwhile, organises various tournaments in popular sports such as badminton, futsal, bowling, football and volleyball, and even sends it sporting personalities to compete internationally. In 2011, the Allstars badminton team brought home honour and glory by becoming runners-up in the World Airline Badminton Championship in Dubai.

To further encourage a healthy lifestyle, the management runs numerous activities under our Health and Wellness Programme. These included, in 2011, a free health check, exercise Bootcamp for the hardier among the Allstars, a Chiang Mai Yoga Retreat for the more “chilled”, and the continuation of our Biggest Loser Challenge that began in 2010. We also believe in contributing to the well-being of the community in general and hold an annual blood donation drive at which staff can also sign up to donate their organs. In Indonesia, where Hepatitis is prevalent, our affiliate provided free Hepatitis B vaccination to all its staff.

To promote a healthy work-life balance, we run activities that involve our Allstars’ families. In 2011, we began an Allstars Junior Programme catering specifically to the children. The programme promotes mutual understanding between children from all over Malaysia, reinforcing the fact that although we come from different cultural backgrounds, we are all united in being Malaysians first and foremost.

Finally there are the social events. At AirAsia, we work hard but we also play hard. Almost any occasion is reason to celebrate. We celebrate cultural festivals by dressing in the appropriate traditional costumes and sharing in some traditional food. We celebrate momentous wins such as being named the World’s Best Low-cost Airline for the third time by Skytrax. We celebrate all our anniversaries, and had an extra big bash for our 10th recently. While celebrating we also raised funds for our colleagues in Thailand who are still recovering from the floods. We also throw parties as a fun way to raise funds. Last year, we had a durian party to raise money for the Red Heart Fund, which promotes alternative therapies among cancer patients for whom orthodox treatment has not worked.

Meanwhile, in Indonesia, our team is very active in the educational realm, holding talks on topics ranging from Insurance & Management Goals and Using Credit Wisely to Positive Parenting. It has also nurtured a popular photography club which caters to both budding and experienced shutterbugs. Trips are planned to scenic locations such as Sunda Kelapa, the historic port in north Jakarta which played a major role in the city’s development, where the members had a field day shooting their surroundings.

OPERATIONS GREEN

People are affected by the environment they live in; hence we are also committed to keeping our environment as healthy as possible. We realise that the aviation industry contributes significantly to global carbon emissions. However we also believe strongly that scrapping air travel in its entirety is not a viable option. Low-cost travel in particular brings about huge social and economic benefits that deserve to be protected. We do this by keeping our operations as environment-friendly as possible. Several initiatives have been adopted towards this end, beginning with our investment in the Airbus A320 back in 2004.

These aircraft were, and remain, the most efficient in terms of fuel consumption in the medium-sized aircraft category. By operating a 100% Airbus A320 fleet, we can safely say we have one of the lowest fuel burn rates in the world. What is more, we will consume even less fuel when the 200 Airbus A320neo we recently ordered start trickling in, from 2016 onwards. Using the GE Leap X engines, these aircraft will be 15% more fuel efficient than the current Airbus A320.

While we employ the most fuel-efficient engines, our quest to reduce our carbon footprint is further enhanced by our support systems. We have set up a Regional Fuel Efficiency Committee that meets at least once a month to discuss ways and means to improve fuel efficiency by optimising our operating procedures. Based on its recommendations, we plan to introduce a new and more precise Performance Based Navigation System to reduce our flight time and shorten our airfield approach. This will serve to further reduce fuel
Key Initiatives & Growth

Corporate Social Responsibility
Powered For And By The People

On the occasion of Children’s Day, AirAsia flys 32 youth leaders from Udon Thani to Bangkok to visit women prisoners in Klongprem Central Prison.

AirAsia celebrates Valentine’s Day by hosting a wedding ceremony for seven couples on the plane.

To celebrate Thai Mother’s Day, AirAsia takes five lucky winners and their mothers on an exciting trip to Yangon, Myanmar.

Indonesia AirAsia’s Allstars visit an orphanage in Lembang, Bandong to talk to the children and donate some educational books.

AirAsia Allstars spread Christmas cheer 38,000ft in the air.

AirAsia, in collaboration with Chiang Mai University, hosts activities to welcome the new freshmen class on 26 May 2011.

AirAsia flight attendants participate in the Ubon Ratchathani Candle Festival during which the airline proudly sponsors a carved candle.
Key Initiatives & Growth

Corporate Social Responsibility

Powered For And By The People

"Running is from your heart and mind, not your feet" is our motto! We raise funds for special causes.

Kota Kinabalu (BKI)
Charity Run

"Running is from your heart and mind, not your feet" is our motto! We raise funds for special causes.

AirAsia sponsors Queens Park Rangers’ “away” and “third” jerseys.

We were the title sponsor of the second edition of the ASEAN Basketball League (ABL).

Legendary Piyapong Pue-on leads AirAsia’s Fly to your Dreams campaign in a youth football clinic.

AirAsia welcomes Ajo Motorsport into our fold to form Team AirAsia-SIC-Ajo Motorsport with Fahmi as the team rider.

At the end of the season, Team Lotus became the Caterham F1 Team.
consumption. We are working with GE to roll out the new Performance Based Navigation System with air traffic control authorities across the region. We have also invested in more Ground Power Units (GPUs) to reduce our reliance on Aircraft Power Units (APUs), as APU's require 10 times the amount of energy of GPUs to keep aircraft powered while on the ground.

Such flight or aircraft related initiatives are complemented by other environment-friendly procedures. As guests are encouraged to book their meals online, we manage our inventory better and food wastage is kept to a minimum. Meanwhile, our extensive use of technology means that more than 90% of internal functions are conducted electronically, allowing us to virtually do away with paper. As of 2006, even salary slips are electronic, and our Allstars are encouraged to keep print-outs to a minimum. We also share these practices with our partners.

We believe that being environment-friendly contributes to our long-term sustainability, which is integral to our business practices and operations. To give our stakeholders a better understanding of our initiatives, we aim to publish our first Sustainability and Corporate Responsibility Report for the year 2012.

THE SPONSORSHIP CIRCUIT

As part of our branding as a youthful and fun organisation, AirAsia has gone into sports sponsorship in a big way. However, our involvement in sports, especially at the regional level, is not purely motivated by marketing purposes; we are also driven by a genuine desire to promote local sporting heroes and help them achieve world-class standards. So just as we are up there on the Formula 1 circuit with Team Lotus (now known as Team Caterham), which we supported for the second year running, we also provide sponsorship to young talents who need all the backing they can get to move up into the regional and then, hopefully, international scene. In 2011, for example, we boosted the career of 14-year-old Indonesian tennis star, Tami Grende, from Denpasar. Through our sponsorship, Tami, who has won two ITF junior titles, can travel on AirAsia to all destinations we cover so as to play in more tournaments in Australia and Asia.

Many of our sporting initiatives are long term, hence our activities in 2011 were continuations of sponsorships launched beforehand. For example, we continued in our role as the title sponsor of the second edition of the ASEAN Basketball League (ABL). Prior to being the title sponsor of the league, we were the official carrier for ABL’s 2009/2010 season, flying participating teams and fans to competition venues around the Asean region.

We also continued to work with the Sepang International Circuit in the MotoGP World Championship for the second year, and welcomed new partner Ajo Motorsport into the fold to form Team AirAsia-SIC-Ajo Motorsport with Muhammad Zulfahmi Khairuddin (Fahmi) as the team rider. We are extremely proud of Fahmi who, in his second full season at the MotoGP, crossed the finish line seventh in front of an ecstatic home crowd at the Malaysian Grand Prix on 21-23 October 2011. In addition to sponsoring him, we also supported four riders under Ajo Motorsports – Efren Vasquez (Spain), Johan Zarco (France) for Team Avant AirAsia Ajo and Danny Kent (UK) & Jonas Folger (Germany) under team Redbull Ajo.

On the other side of the globe, 10-12 June 2011 saw the second edition of the AirAsia British Grand Prix at the legendary Silverstone Circuit that was “painted” red as riders such as Casey Stoner and Valentino Rossi gave fans a thrilling performance.

In the second year of our Team Lotus sponsorship, the AirAsia Team Lotus Driver Development Programme (AATLDDP), led by former Malaysian Formula 1 driver Alex Yoong, was spawned. What started off as a development programme for Asean youth has grown into a worldwide programme in which young talents from Malaysia, Thailand and Singapore have been joined by compatriots from the US and UK. At the end of the season, the team announced a name change to Caterham F1 Team.

Finally, just as Queens Park Rangers (QPR) returned to top flight football, we sponsored the team’s “away” and “third” jerseys. So as the world focuses on this up-and-rising team during the Barclays Premier League games, fans will notice AirAsia’s logo proudly worn by the players. What better way for us to connect with guests than to share in a common passion and interest?

In the final analysis what drives us are people – their wants, their needs, even their quirks. That’s what makes us AirAsia, and that’s what makes corporate responsibility integral to our every action and decision. Because of this, our first promise “Now everyone can fly” has taken on a wider meaning. We do not just empower people to take to the skies; we also empower them to make their dreams come true.
INTRODUCING ASIA’S FIRST ANNUAL REPORT APP

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DIGITAL AND PRINT CRYSTAL PRODUCTION
Dear AirAsia,

Thank you for being with me for 10 record-breaking years and I look forward to many more TENS with you!

Your host,
Asean