



MALAYSIA AIRPORTS HOLDINGS BERHAD (487092-W)

Malaysia Airports Corporate Office, Persiaran Korporat KLIA
64000 KLIA, Sepang, Selangor Darul Ehsan, Malaysia
T • 603-8777 7000 F • 603-8777 7778

www.malaysiaairports.com.my

MALAYSIA AIRPORTS HOLDINGS BERHAD (487092-W)

Annual Report 2012

ANNUAL REPORT
2012

Connecting **With**





These are exciting times for the aviation industry, and especially for us at Malaysia Airports Holdings Berhad (MAHB). As a world-class airport operator, we are continuously enhancing and improving the way we connect with our customers, partners, stakeholders and investors, as we believe that maintaining strong relationships is a critical component of our business growth strategy.

This year's theme 'Connecting with U' showcases testimonials from customers, passengers, staff and clients covering various aspects of airport operations, facilities and services. Their experiences and impressions reflect the level of satisfaction we aspire to attain in our ultimate mission of achieving service excellence.



inside

this report

14th ANNUAL GENERAL MEETING

Date : 28th March 2013, Thursday
Time : 11.00 am
Venue : Ballroom, Level 1
Sama-Sama Hotel
KL International Airport



THE NEW WAY TO THE WORLD



Preface

- 2 Our Vision
- 3 Our Mission
- 4 Malaysia Airports Today
- 5 Key Milestones
- 6 Media Highlights
- 8 Letter from the Chairman
- 10 Notice of the 14th Annual General Meeting
- 14 Statement Accompanying Notice of the 14th Annual General Meeting
- 15 Location of the Annual General Meeting

Performance Review

- 18 Key Financial Highlights
- 19 Group Segmental Analysis
- 20 Statement of Distribution
- 21 Statement of Financial Position
- 22 Statement of Workforce
- 22 Group Quarterly Performance
- 23 Group 5-Year Summary
- 24 5-Year Financial Highlights
- 25 Share Price, Volume Traded & Market Capitalisation
- 26 Group Financial Performance Review
- 32 Airport Performance Benchmark
- 34 Dividend Policy
- 36 Financial Calendar
- 38 Investor Relations

Perspectives



- 42 Chairman's Statement
- 56 Managing Director's Review of Operations

Leadership

- 80 Board of Directors
- 96 Group Senior Management

Corporate Framework

- 110 Corporate Profile
- 114 Corporate Information
- 116 Group Corporate Structure
- 120 Group Organisational Structure
- 122 Calendar of Events 2012
- 137 2012 Awards
- 138 Past Awards & Accolades
- 144 Airports Operated by the Group
- 146 Malaysian Airports Location & Overseas Airports Managed by MAHB

Governance



- 150 Statement on Corporate Governance
- 176 Statement on Risk Management and Internal Control
- 184 Board Audit Committee Report
- 187 Statement of Directors' Responsibility

Financial

- 189 Financial Statements

Airports Statistics

- 305 MAHB (Malaysia Airports Holdings Bhd) Traffic 2012
- 306 Passenger Movements 2012
- 308 Passenger Movements (2003-2012)
- 310 Passenger Movements at KL International Airport 2012
- 311 International Passenger Movements by Sectors at KL International Airport 2012
- 318 International Passenger Movements by Sectors at Other International Airport 2012
- 320 Commercial Aircraft Movements 2012
- 322 Commercial Aircraft Movements at KL International Airport 2012
- 323 Commercial Aircraft Movements (2003-2012)
- 325 All Aircraft Movements (2003-2012)
- 326 Cargo Movements 2012
- 328 Cargo Movements (2003-2012)
- 330 Cargo Movements at KL International Airport 2012
- 331 International Cargo Movements by Sectors at KL International Airport 2012
- 338 International Cargo Movements by Sectors at Other International Airport 2012
- 340 Mail Movements 2012
- 342 Mail Movements (2003-2012)
- 344 Mail Movements at KL International Airport 2012
- 345 International Mail Movements by Sectors at KL International Airport 2012
- 349 Movements at MAHB STOLports in Sabah & Sarawak 2012/2011
- 350 Airlines Operating at KL International Airport 2012
- 351 Definitions
- 352 Statistics of Shareholdings
- 356 Shareholders and Investors Information
- 357 List of Properties
- 359 Group Corporate Directory
- 361 Airports Directory
- 362 Map To The AGM Venue
- Proxy Form



our**vision**

WORLD-CLASS AIRPORT BUSINESS



MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

3

ourmission

‘PROVIDING WORLD-CLASS AVIATION GATEWAYS;
MANAGING COST-EFFECTIVE AIRPORT NETWORK AND SERVICES;
AND EXCEEDING THE EXPECTATIONS OF CUSTOMERS,
SHAREHOLDERS AND OTHER STAKEHOLDERS’

malaysia airports today.

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

4



LEADING GLOBAL AIRPORT OPERATOR

- Operating **5 international airports**, **16 domestic airports** and **18 STOL airports** in Malaysia
- **3 overseas** airport investment – **2 airports** in India & **1** in Turkey



Over **8,000** employees serving **86** airlines & **67.0** million passengers per annum



Listed on Main market of Bursa Malaysia with market capitalisation of **RM6.25 billion**



Total Assets of **RM8.83 billion**

key milestones

2006

Malaysia Airports in Khazanah's Top 20 GLC for high performance

2009

New Operating Agreements Signed

2013

Completion of klia2

We have transformed ourselves from a government entity into a world-class full range profitable airport operator

1991

MAHB Incorporation

1998-1999

Opening of KLIA and MAHB's IPO

2004

50% MoF (Inc) stake transferred to Khazanah, ends up with 73%. Transformation initiatives kicked off.

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

5



Mandala lands at KLIA, its second foreign route

By the Editor Mandala Airlines will be the second foreign airline to operate from KLIA, joining Garuda Indonesia. The airline will fly to Singapore and Hong Kong.

Mandala Airlines, an Indonesian carrier, has secured a slot at KLIA for its new route. The airline will operate weekly flights to Singapore and Hong Kong. This move is expected to increase competition and provide more options for passengers.

KIA to put up Ramadan bazaar

By the Editor The Kuala Lumpur International Airport (KLIA) will be the first airport in Malaysia to host a Ramadan bazaar. The bazaar will be held in the airport's main terminal and will offer a variety of goods and services for pilgrims.

The bazaar will be open from the beginning of Ramadan until the end of the month. It will feature a wide range of products, including food, clothing, and religious items. The airport management expects a high turnout of pilgrims.

AirAsia 3,000 aircraft together on new terminal deadline

By the Editor AirAsia has announced that it will be the first airline to move its operations to the new KLIA terminal. The airline has a fleet of 3,000 aircraft and expects to handle a significant portion of the terminal's capacity.

The new terminal is set to be completed by the end of the year. AirAsia's move is a testament to the airline's confidence in the new facility and its commitment to providing a seamless travel experience for its passengers.

MAHB, consumers to benefit from entry of Malindo Airways: Analysts

By the Editor The entry of Malindo Airways into the Malaysian market is expected to benefit both MAHB and its consumers. Analysts predict that the new airline will increase competition, leading to lower fares and improved service.

Malindo Airways, a newly formed carrier, is set to begin operations soon. The airline's entry is seen as a positive development for the aviation industry in Malaysia, as it will provide passengers with more choices and potentially better value for money.

MAHB to raise RM616m

By the Editor Malaysia Airports Holdings Berhad (MAHB) has announced a plan to raise RM616 million through a public placement of shares. The funds will be used for various infrastructure projects and to strengthen the company's financial position.

The public placement is a key part of MAHB's strategy to expand its operations and improve its facilities. The company expects the funds to be allocated towards the development of new terminals and the enhancement of existing infrastructure.

T'gganu chosen as hub for new airline

By the Editor T'gganu has been selected as the base for a new airline. The location is strategic, offering easy access to various parts of the country and the region. The new airline is expected to start operations in the near future.

The choice of T'gganu as a hub is based on its geographical location and its potential to serve as a central point for regional flights. The new airline aims to provide convenient and affordable travel options for its passengers.

AirAsia, MASKargo win MAHB awards

By the Editor AirAsia and MASKargo have been awarded by MAHB for their outstanding performance in the aviation industry. The awards recognize their commitment to excellence and their contributions to the growth of the sector.

The awards were presented at a ceremony held by MAHB. AirAsia and MASKargo were praised for their innovative services and their dedication to providing high-quality customer service.

MAHB in talks with Russian airline

By the Editor MAHB is currently in discussions with a Russian airline regarding a potential partnership. The partnership could involve the operation of flights between Malaysia and Russia, providing passengers with direct routes to Europe and Asia.

The discussions are at an early stage, but MAHB is optimistic about the potential benefits of the partnership. It would allow MAHB to expand its network and offer more international flight options.

MAHB benefits from stiff competition among airlines

By the Editor The intense competition among airlines in the Malaysian market is benefiting MAHB. The competition has led to lower fares and improved service, which has increased passenger traffic and revenue for the airport.

MAHB is well-positioned to capitalize on this growth. The airport's infrastructure and services are designed to handle a high volume of passengers and cargo, ensuring a smooth and efficient travel experience.

MAHB expects higher passenger growth at Penang airport next year

By the Editor MAHB expects a significant increase in passenger traffic at Penang International Airport next year. The growth is attributed to the expansion of flight routes and the implementation of new terminal facilities.

MAHB is committed to providing a world-class airport experience. The new terminal will offer more amenities and services, making the travel process more comfortable and convenient for passengers.

Railier re-elected to head AG Asia-Pac

By the Editor Railier has been re-elected as the head of AG Asia-Pacific. The re-election is a testament to his leadership and his commitment to the region. He will continue to oversee the company's operations and drive its growth.

Railier's extensive experience in the aviation industry makes him a valuable asset to the company. He is expected to lead the company through a period of continued expansion and innovation.

Garuda increases KL-Jakarta flights

By the Editor Garuda Indonesia has announced an increase in its flights between Kuala Lumpur and Jakarta. The airline will add more frequent flights to meet the growing demand for travel between the two cities.

The increase in flights is a result of Garuda's commitment to providing reliable and comfortable service. Passengers can now enjoy more options and shorter travel times on this popular route.

Kuala Lumpur welcomes Bangkok Airways

By the Editor Kuala Lumpur International Airport (KLIA) has welcomed Bangkok Airways. The airline's arrival at KLIA marks a new chapter in its expansion into the Malaysian market.

Bangkok Airways is expected to offer a variety of flight routes from KLIA, providing passengers with direct connections to Bangkok and other destinations in Southeast Asia.

KK International Airport to be regional air travel hub

By the Editor KK International Airport is being developed as a regional air travel hub. The airport's strategic location and its state-of-the-art facilities make it an ideal choice for this role.

The development of KK International Airport as a hub will significantly boost the region's connectivity and economic growth. It will attract more airlines and passengers, creating a vibrant aviation ecosystem.

MAHB goes green

By the Editor MAHB has implemented a series of initiatives to promote sustainability and reduce its carbon footprint. These include the use of renewable energy and the implementation of waste management programs.

MAHB is committed to being a responsible corporate citizen. By going green, the company aims to contribute to a more sustainable future for Malaysia and the world.

Skypark aims to be destination for shopping, dining

By the Editor The Skypark at KLIA is being developed as a premier destination for shopping and dining. The park will feature a wide range of retail outlets and restaurants, providing passengers with a unique and enjoyable experience.

The Skypark is a key part of MAHB's strategy to enhance the airport's facilities and services. It will attract more passengers and increase the airport's revenue.

'New Sibu terminal ready by month-end'

By the Editor The new Sibu terminal is expected to be completed by the end of the month. The terminal will provide passengers with a more comfortable and efficient travel experience, with improved facilities and services.

The completion of the new Sibu terminal is a significant milestone for MAHB. It demonstrates the company's commitment to continuous improvement and its dedication to providing the best possible service to its passengers.

Big plans for Batu Berendam Airport

By the Editor MAHB has announced a series of major plans for Batu Berendam Airport. These include the construction of a new terminal and the expansion of the airport's infrastructure.

The plans for Batu Berendam Airport are part of MAHB's long-term strategy to expand its operations and improve its facilities. The new terminal will be a state-of-the-art facility, providing passengers with a world-class travel experience.

MAHB's Kuching bid to co-host aviation event

By the Editor MAHB has submitted a bid to co-host a major aviation event in Kuching. The event would attract a large number of industry professionals and passengers, boosting the local economy and promoting aviation in the region.

MAHB is confident in its bid and believes that Kuching has the potential to become a major aviation hub. The event would be a significant achievement for the company and the region.

MAHB appoints new chairman

By the Editor MAHB has appointed a new chairman to lead the company. The new chairman brings a wealth of experience and expertise to the role, and is expected to drive the company's growth and innovation.

The appointment of the new chairman is a testament to MAHB's commitment to excellence and its dedication to providing the best possible service to its passengers.

Award in honour of MAHB chief

By the Editor A special award has been presented to the MAHB chief in recognition of his outstanding leadership and contributions to the company. The award is a testament to his dedication and his commitment to the growth of the aviation industry.

The award was presented at a ceremony held by MAHB. The chief expressed his gratitude and his commitment to continuing to lead the company towards success.

MAHB honours airport retailers

By the Editor MAHB has honored a group of airport retailers for their exceptional service and commitment to excellence. The retailers were recognized for their dedication to providing a high-quality shopping experience for passengers.

The honor is a testament to the retailers' hard work and their commitment to MAHB's vision of providing a world-class airport experience.

MAHB's Faizal Mansor bags Best CFO award

By the Editor MAHB's Faizal Mansor has been awarded the Best CFO award for his exceptional performance in managing the company's finances. The award recognizes his leadership and his commitment to the company's financial success.

Faizal's expertise and dedication have been instrumental in MAHB's growth and success. He is a true professional and a valuable asset to the company.

MAHB gets inaugural PATA honour

By the Editor MAHB has received the inaugural PATA honour for its outstanding performance in the aviation industry. The honour is a testament to MAHB's commitment to excellence and its dedication to providing the best possible service to its passengers.

The PATA honour is a highly prestigious award, and MAHB's receipt of it is a significant achievement. It recognizes the company's leadership and its contributions to the aviation industry.

Now all can relax in luxury at KLIA

By the Editor KLIA has introduced a new luxury lounge, providing passengers with a more comfortable and relaxing travel experience. The lounge offers a wide range of amenities and services, including comfortable seating, refreshments, and business facilities.

The new lounge is a testament to KLIA's commitment to providing a world-class airport experience. It will attract more passengers and increase the airport's revenue.



Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to enclose herewith a copy of the Annual Report and Audited Financial Statements of Malaysia Airports Holdings Berhad ("the Company" or "MAHB") for the year ended 31 December 2012. The Annual Report also contains the Notice of the Fourteenth Annual General Meeting ("the AGM") and a map showing the location of the Meeting. The AGM will be held at Gateway Ballroom, Level 1, Sama-Sama Hotel, Kuala Lumpur International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan on Thursday, 28 March 2013 at 11.00 a.m.

As a world-class airport operator, one of our priorities is to consistently enhancing our shareholder value for you. We are continuously improving the way we connect with our customers, partners, stakeholders and investors, as we believe that maintaining strong relationship is a critical component of our growth strategies. Thereby, it is apt that the theme of our Annual Report 2012 to be "Connecting with U".

The Annual Report and Audited Financial Statements provide comprehensive statement of our strategic direction, latest undertakings, achievements and awards, corporate responsibilities and governance-initiatives, as well as the Company's financial disclosures for the shareholders' attention and review. These documents can also be accessed at our corporate website at www.malaysiaairports.com.my.

Letter from the chairman

For the year 2013, twelve (12) resolutions are proposed for consideration at the AGM. The purpose and reasons for each of the resolutions are explained under the Explanatory Notes of the Notice of AGM. I hope that you will find the brief explanations helpful in order to make a better decision.

In line with the Company's dividend policy to distribute a dividend payout ratio of at least 50% of the consolidated annual net profit after taxation and minority interest annually, subject to availability of distributable reserves, the Board is recommending the payment of a final single-tier dividend of 7.63 sen per ordinary share for the financial year ended 31 December 2012, subject to the shareholders' approval at AGM. The Board



had on 20 February 2013, determined that the Dividend Reinvestment Plan ("DRP") will apply to the entire final dividend. Therefore the notice of Book Closure date, the Entitlement date and the Payment date will only be announced on the day the Issue Price of the shares to be issued under the DRP is announced.

At the AGM, the Board is recommending the re-election of five (5) Directors who are due for retirement, namely, Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah, Dato' Syed Faisal Albar bin Syed A.R. Albar, Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin, Datuk Alias bin Haji Ahmad and Jeremy bin Nasrulhaq, and being eligible, offer themselves for re-election.

I also believe that you should be able to comprehend the rest of the agenda/proposed resolutions which include, amongst others, the presentation of the audited financial statements, the proposed payment of Directors' fees, proposed increase of Directors' fees, the re-appointment of the auditors, the authority to issue and allot shares and the renewal of authority to allot and issue shares in relation to the DRP whereby brief explanations are also provided under the "Explanatory Notes" for your understanding.

The Board believes that all the proposed resolutions as set out in the Notice of the AGM are in the best interest of the Company and its shareholders and further recommends that the shareholders vote in favour of all the resolutions.

Shareholders who are unable to attend the AGM would still be able to exercise their rights to vote, by completing the Proxy Form as enclosed in the Annual Report, according to the instructions as provided in the Form, and submit it to the Registered Office of the Company at Malaysia Airports Corporate Office, Persiaran Korporat KLIA, 64000 KLIA, Sepang, Selangor Darul Ehsan, not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.

I look forward to meeting all the shareholders at the forthcoming AGM and be able to share the latest issues and activities concerning the Company.

Yours sincerely,

Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah

Chairman

Malaysia Airports Holdings Berhad

Agenda

AS ORDINARY BUSINESS

Resolution 1

To receive the Audited Financial Statements for the financial year ended 31 December 2012 together with the Reports of the Directors and Auditors thereon.

Explanatory Note:-

Pursuant to Section 169 (1) of the Companies Act, 1965, it is the duty of the Board to present to the shareholders the Audited Financial Statements for the financial year ended 31 December 2012 together with the Reports of the Directors and Auditors.

Resolution 2

To declare and approve the payment of a final single-tier dividend of 7.63 sen per ordinary share in respect of the financial year ended 31 December 2012 as recommended by the Directors.

Explanatory Note:-

In accordance with Article 154 of the Company's Articles of Association, the Board is recommending that the shareholders approve the payment of the final dividend. Pursuant to paragraph 8.26 of the Main Market Listing Requirements, the final dividend, if approved, will be paid no later than three (3) months from the shareholders' approval. The Book Closure date will be announced by the Company after the Annual General Meeting.

NOTICE IS HEREBY GIVEN THAT THE 14TH ANNUAL GENERAL MEETING OF MALAYSIA AIRPORTS HOLDINGS BERHAD ("MAHB" OR "THE COMPANY") WILL BE HELD AT GATEWAY BALLROOM, LEVEL 1, SAMA-SAMA HOTEL, KUALA LUMPUR INTERNATIONAL AIRPORT, JALAN CTA 4B, 64000 KLIA, SEPANG, SELANGOR DARUL EHSAN ON THURSDAY, 28 MARCH 2013 AT 11.00 A.M. FOR THE FOLLOWING PURPOSES:

Resolution 3

To approve the payment of Directors' fees for the financial year ended 31 December 2012.

Explanatory Note:-

In accordance with Article 112 of the Company's Articles of Association, the Board is recommending that the shareholders approve the payment of Directors' fees totalling RM387,600.00 to the Non-Executive Directors for the financial year ended 31 December 2012.

Resolution 4

To approve the proposed increase of Directors' fees with effect from 1 April 2013.

Explanatory Note:-

The proposed increase of Directors' fees is to reflect the increase in Directors' responsibilities and liabilities and to align their total remuneration to other public listed companies. The higher level of activities of the Group requires further involvement of Directors in the Group's operations. The proposal to increase Directors' fees reflects such increased participation and responsibilities.

The Ordinary Resolution proposed above is in accordance with Article 112(3) of the Company's Articles of Association, if passed, shall authorise the increase in monthly Directors' fees for Chairman from RM10,000.00 to RM15,000.00 and monthly Directors' fees for each Non-Executive Director from RM3,000.00 to RM9,000.00, to be effective from 1 April 2013, totalling approximately RM885,000.00 for the financial year ending 31 December 2013.

Resolution 5

To re-elect Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah who shall retire in accordance with Article 129 of the Company's Articles of Association and being eligible, offers himself for re-election.

Resolution 6

To re-elect Dato' Syed Faisal Albar bin Syed A.R Albar who shall retire in accordance with Article 129 of the Company's Articles of Association and being eligible, offers himself for re-election.

Resolution 7

To re-elect Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin who shall retire in accordance with Article 129 of the Company's Articles of Association and being eligible, offers himself for re-election.

Explanatory Note for Resolutions 5 to 7:-

Article 129 stipulates that any newly appointed Director shall hold office only until the next following Annual General Meeting of the Company at which Director is due to retire under these Articles, when he shall retire but shall then be eligible for re-election.

Resolution 8

To re-elect Datuk Alias bin Haji Ahmad who shall retire in accordance with Article 131 of the Company's Articles of Association and being eligible, offers himself for re-election.

Resolution 9

To re-elect Jeremy bin Nasrulhaq who shall retire in accordance with Article 131 of the Company's Articles of Association and being eligible, offers himself for re-election.

Explanatory Note for Resolutions 8 to 9:-

Article 131 expressly states that in every subsequent Annual General Meeting, at least one-third of the Directors for the time being shall retire from office and the retiring Directors shall be eligible to seek for re-election thereof.

Resolution 10

To re-appoint Messrs. Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.

Explanatory Note:-

Pursuant to Section 172 (2) of the Companies Act, 1965, shareholders are required to approve the re-appointment of Auditors who shall hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration thereof. The present auditors, Messrs. Ernst & Young have indicated their willingness to continue their services for another year.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions:-

Resolution 11

Ordinary Resolution

– Authority to Issue and Allot Shares Pursuant to Section 132D of the Companies Act, 1965

“THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, where such approval is necessary, the Directors be and are hereby authorised pursuant to Section 132D of the Companies Act, 1965 to issue and allot shares in the Company at any time until the conclusion of the next Annual General Meeting, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued.”

Explanatory Note:-

This is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Companies Act, 1965, obtained from the shareholders at the last Annual General Meeting.

The Company had on 19 March 2012 issued 110,000,000 new ordinary shares of RM1.00 each through a private placement (“Private Placement”) pursuant to the mandate granted to the Directors at the 12th Annual General Meeting held on 28 April 2011 which had lapsed at the conclusion of the 13th Annual General Meeting held on 29 March 2012. The gross proceeds of RM616,000,000 raised from the mandate have been fully utilized to part finance the capital expenditure for klia2 project and defraying expenses incidental to the Private Placement.

PREFACE

PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

As at the date of the Notice, the Company has not issued any new shares pursuant to this mandate which was granted to the Directors at the 13th Annual General Meeting held on 29 March 2012 which will lapse at the conclusion of the 14th Annual General Meeting.

This mandate will provide flexibility for the Company to undertake future possible fund raising activities, including but not limited to placement of shares for purpose of funding the Company's future investment projects, working capital and/or acquisition(s) without having to convene another general meeting.

The Ordinary Resolution proposed above, if passed, will empower the Board to issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company, subject to compliance with regulatory requirements. The approval is sought to avoid any delay and cost in convening a general meeting for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

AND THAT the Directors and the Secretary of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements and documents as may be necessary or expedient in order to give full effect to the DRP with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed or agreed to by any relevant authorities or consequent upon the implementation of the said conditions, modifications, variations and/or amendments or at the discretion of the Directors in the best interest of the Company."

Explanatory Note:-

As at the date of the Notice, the Company has issued a total of 7,088,046 MAHB Shares pursuant to the implementation of the DRP approved by the shareholders on 30 November 2012 and the mandate was granted to the Directors at the Extraordinary General Meeting held on 30 November 2012.

The Ordinary Resolution proposed above, if passed, would allow the Company to allot and issue new MAHB Shares pursuant to the DRP from the coming Annual General Meeting until the convening of the next Annual General Meeting. It would also allow the Directors to fix the issue price of such new MAHB Shares at a discount of up to 10% of the adjusted five (5)-day VWAP of MAHB Shares immediately prior to the price-fixing date.

The Ordinary Resolution proposed above, if passed, would allow the Directors and the Secretary to act on behalf of the Company in executing and giving effect to all the relevant and necessary transactions, arrangements and documents pertaining to the implementation of the DRP in the interest of expedience and efficiency subject always to the best interest of the Company.

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

By Order of the Board

SABARINA LAILA BINTI DATO' MOHD HASHIM
LS 0004324
Company Secretary

Sepang
Selangor Darul Ehsan
6 March 2013

Resolution 12

Ordinary Resolution

- **Proposed Renewal of the Authority to Allot and Issue New Ordinary Shares of RM1.00 each in MAHB ("MAHB Shares"), for the purpose of the Company's Dividend Reinvestment Plan ("DRP") that provides the Shareholders of MAHB ("Shareholders") the option to elect to reinvest their cash dividend in MAHB Shares**

"THAT pursuant to the DRP as approved by the Shareholders at the Extraordinary General Meeting held on 30 November 2012 and subject to the approval of the relevant authority (if any), approval be and is hereby given to the Company to allot and issue such number of new MAHB Shares from time to time as may be required to be allotted and issued pursuant to the DRP until the conclusion of the next Annual General Meeting upon such terms and conditions and to such persons as the Directors may, in their sole and absolute discretion, deem fit and in the interest of the Company PROVIDED THAT the issue price of the said new MAHB Shares shall be fixed by the Directors at not more than ten percent (10%) discount to the adjusted five (5)-day volume weighted average market price ("VWAP") of MAHB Shares immediately prior to the price-fixing date, of which the VWAP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price and the issue price may not be less than the par value of MAHB Shares at the material time;

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

1. All resolutions at the Meeting will be decided on a show of hands, unless otherwise instructed.
2. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(a), (b) and (c) of the Companies Act, 1965 shall not apply to the Company. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in print or writing under the hand of the appointer or his duly constituted attorney, or if such appointer is a corporation, under its common seal or the hand seal of its attorney.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Malaysia Airports Corporate Office, Persiaran Korporat KLIA, 64000 KLIA, Sepang, Selangor Darul Ehsan not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.
5. Please note that in order to attend and vote at the Meeting, a member must be registered in the Record of Depositors at 4.00 p.m. on 21 March 2013 in accordance with Article 48(2) of the Company's Articles of Association. Any changes in the entries on the Record of Depositors after the abovementioned date and time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
6. Please be reminded that the AGM is a private meeting between the directors, shareholders, proxies, duly authorised representatives and the auditors. As such, non-shareholders are barred from entering the Meeting. However, any disabled shareholder may be allowed to enter the Meeting accompanied by a person who is not a shareholder.
7. Shareholders' attention is hereby drawn to the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, which allows a member of the Company which is an exempt authorised nominee, as defined under the Securities Industry (Central Depositories) Act, 1991, who holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") to appoint multiple proxies in respect of each omnibus account it holds.

PREFACE

PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:

- The Directors who are retiring pursuant to Article 129 of the Company's Articles of Association and seeking re-election are as follows:
 - Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah;
 - Dato' Syed Faisal Albar bin Syed A.R Albar; and
 - Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin.
- The Directors who are retiring pursuant to Article 131 of the Company's Articles of Association and seeking re-election are as follows:
 - Datuk Alias bin Haji Ahmad; and
 - Jeremy bin Nasrulhaq.

The profiles of the above Directors are set out in the section entitled "Board of Directors' Profile" from pages 82 to 94 of this Annual Report. Their shareholdings in the Company are set out in the section entitled "Statistics of Shareholdings" on page 355 of this Annual Report.



Location of the AGM

Gateway Ballroom, Level 1
Sama-Sama Hotel
Kuala Lumpur International Airport
Jalan CTA 4B, 64000 KLIA, Sepang
Selangor Darul Ehsan

Tel : 03-8787 3333
Fax : 03-8787 5555
Website : www.samasamahotels.com/

location of the annual general meeting



How to get there?

By Car

The Sama-Sama Hotel, Kuala Lumpur International Airport is 80 km drive from the Kuala Lumpur City Centre, 40 km drive from Petaling Jaya, and 30 km drive from Putrajaya/ Cyberjaya via the North-South Expressway Central Link (ELITE). The signposts are visibly placed with direction to the right location. Ample parking spaces are available at the Hotel and at the short term car park, KLIA.



By Express Rail Link

The Express Rail Link service can be boarded at the KL Sentral Station.



Additional Information

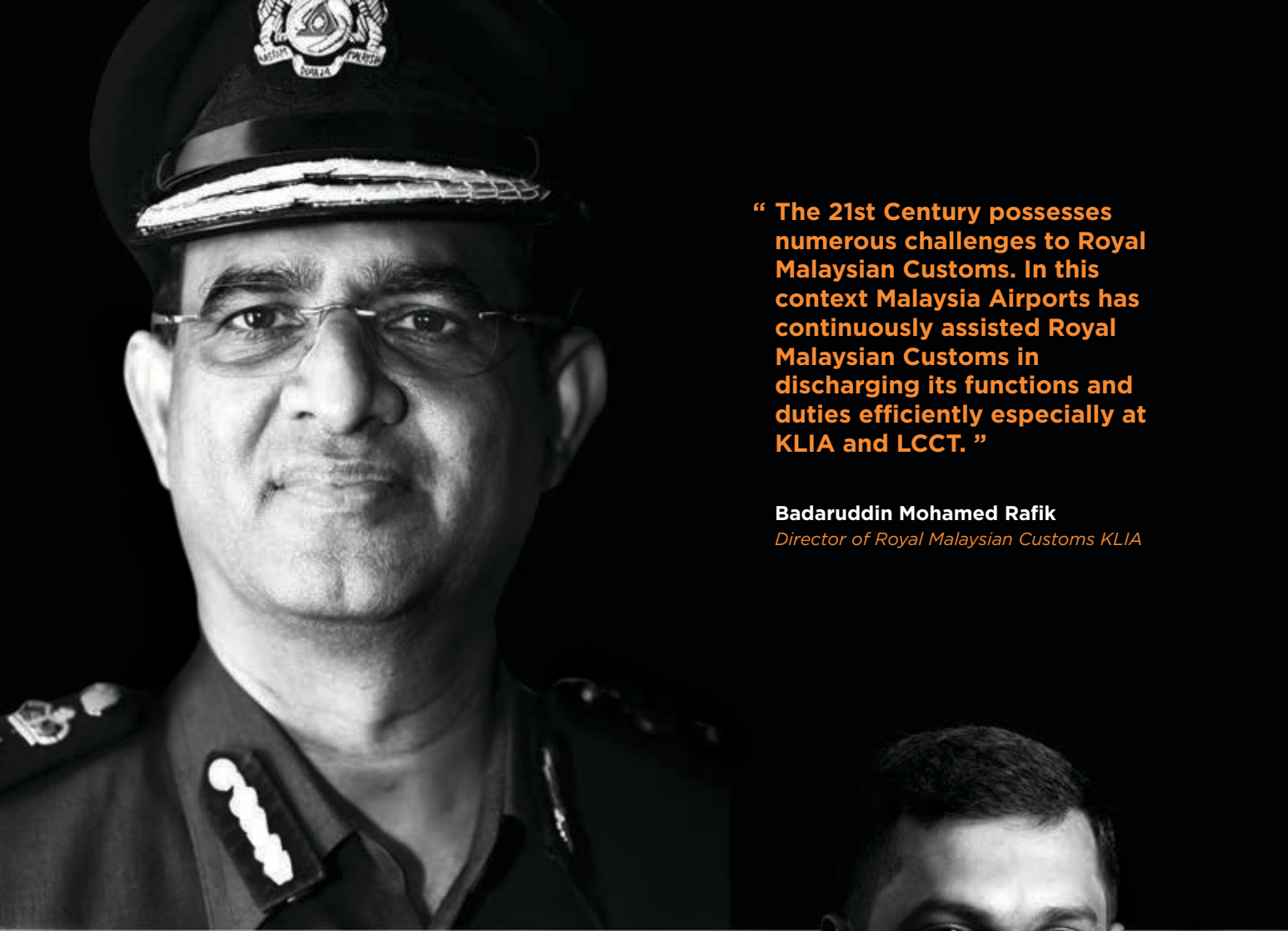
Mobile Phones

Please ensure your mobile phones are switched off during the Meeting.



Registration

Please register your attendance at the registration desks which are clearly located at the front entrance of the Meeting hall.



“ The 21st Century possesses numerous challenges to Royal Malaysian Customs. In this context Malaysia Airports has continuously assisted Royal Malaysian Customs in discharging its functions and duties efficiently especially at KLIA and LCCT. ”

Badaruddin Mohamed Rafik
Director of Royal Malaysian Customs KLIA



“ When KLIA was awarded the Skytrax's Best Immigration Service Award in 2010 and 2011, it is a testament of strong cooperation, open communication and uncompromised responsibility between the Immigration Department and Malaysia Airports, towards safeguarding the national interest. ”

Saravana Kumar a/I Marimuthu
Head of Immigration KLIA



**GROW
WITH US**



INCOME STATEMENT for financial year ended 31 December 2012

	2012 RM Million	Restated 2011 RM Million	% Change
Revenue	3,548.1	2,754.8	28.8
Operating profit	708.5	652.1	8.6
Finance costs	(19.0)	(18.8)	1.2
Impairment of investment in associate company	(68.9)	–	–
Share of results of associates	(17.5)	(59.8)	70.7
Share of results of jointly controlled entities	(0.3)	0.7	(142.9)
Profit before tax and zakat from continuing operations	602.8	574.2	5.0
Taxation and zakat	(208.5)	(173.0)	20.6
Profit from continuing operations, net of tax	394.3	401.2	(1.7)
Profit/(loss) from discontinued operations, net of tax	0.2	–	–
Profit attributable to:			
Owners of the parent	394.5	401.2	(1.7)
Minority interests	–	–	–
	394.5	401.2	(1.7)
Earnings per share attributable to owners of the parent (sen per share)			
– basic, for profit from continuing operations	33.24	36.47	
Return on equity	9.97%	11.70%	

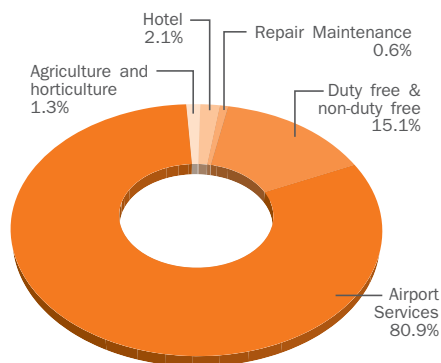
MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

18

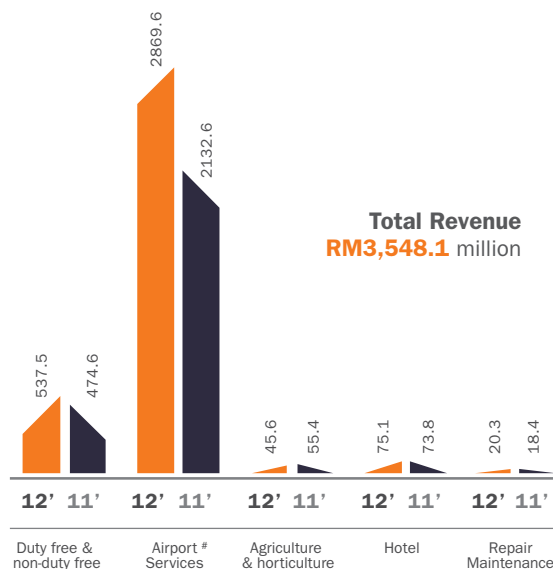
CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2012

	2012 RM Million	Restated 2011 RM Million	% Change
Assets			
Property, plant and equipment	348.8	320.2	8.9
Investments	366.9	333.9	9.9
Intangible assets	6,198.0	4,727.2	31.1
Other non-current assets	412.5	403.6	2.2
Current assets	1,513.5	1,641.9	(7.8)
Assets of disposal group classified as held for disposal	0.1	0.4	(75.0)
Total assets	8,839.8	7,427.2	19.0
Equity and liabilities			
Share capital	1,210.0	1,100.0	10.0
Share premium	1,320.4	822.7	60.5
Retained earnings	1,826.8	1,625.2	12.4
Fair value adjustment reserve	5.1	0.8	532.5
Other reserve	2.6	2.6	–
Foreign exchange reserve	(5.6)	(4.4)	27.3
Total equity	4,359.3	3,546.9	22.9
Non-current liabilities	3,646.9	3,001.5	21.5
Current liabilities	833.5	878.7	(5.1)
Liabilities of disposal group classified as held for disposal	0.1	0.1	–
Total liabilities	4,480.5	3,880.3	15.5
Total equity and liabilities	8,839.8	7,427.2	19.0
Net asset per share (RM)	3.60	3.22	11.8
Return on assets	4.5%	5.4%	

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

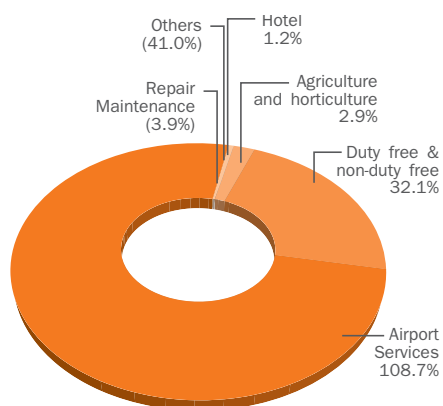


Revenue 2012

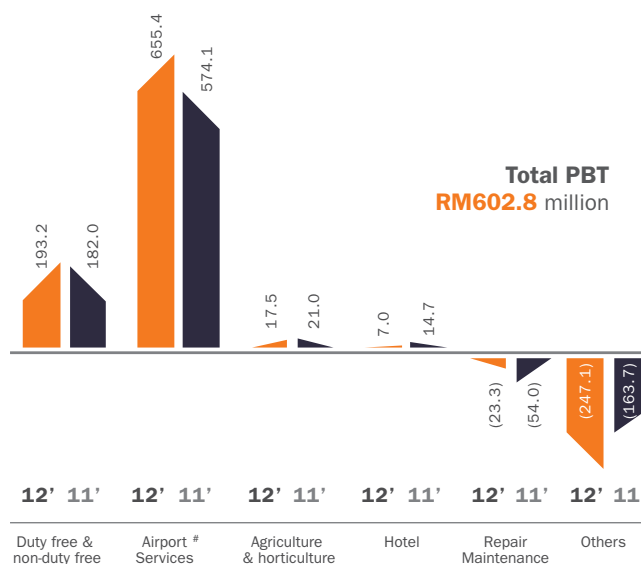


MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

19



Profit before taxation 2012



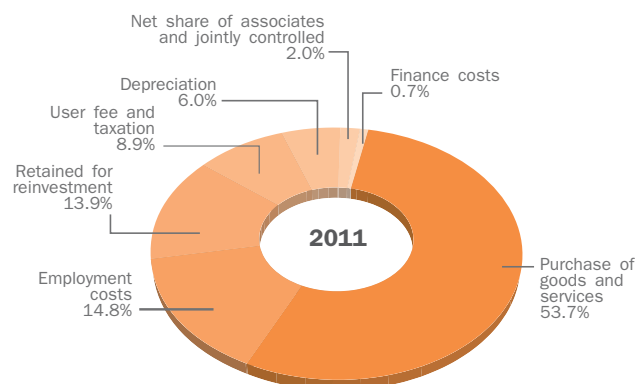
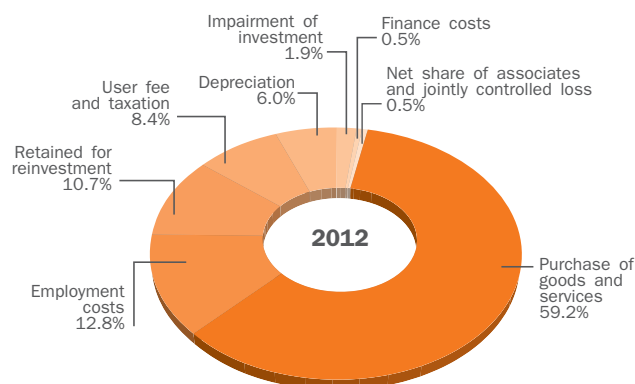
PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

Note: The group segmental analysis above excludes inter-segment transactions.

Airport Services revenues include IC 12 construction revenues amounting to RM1,385.0 million and RM820.5 million in FY2012 and FY2011 respectively.

Airport Services profit before taxation include IC 12 construction profits amounting to RM63.3 million and RM38.2 million in FY2012 and FY2011 respectively.

STATEMENT OF DISTRIBUTION



MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

20

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

Current income available for distribution

To supplier

Purchase of goods and services

To employees

Employment costs

Utilisation of assets

Depreciation

To financier

Finance costs

To government

User fee and taxation

To impairment

Impairment of investment

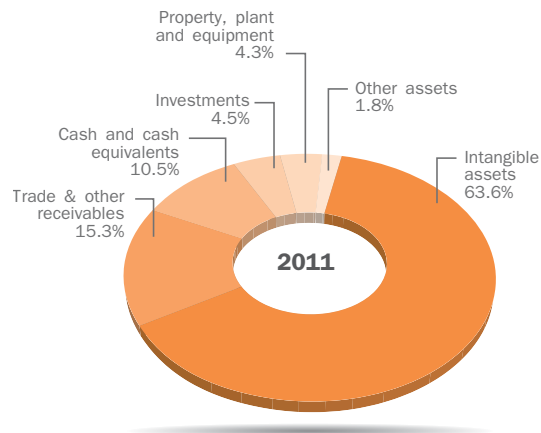
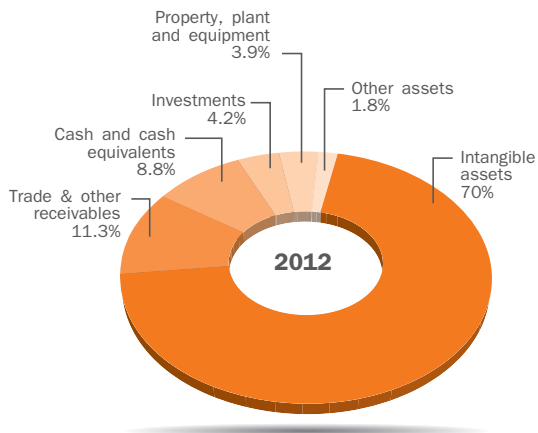
To net associate loss

Net share of associates and jointly controlled loss

Retained for re-investment and future growth and dividend payment current year

2012 RM Million	%	2011 RM Million	%
3,673.1		2,886.3	
2,172.7	59.2	1,548.8	53.7
471.4	12.8	426.8	14.8
221.3	6.0	174.4	6.0
19.0	0.5	18.8	0.7
307.7	8.4	257.2	8.9
68.9	1.9	–	–
17.8	0.5	59.1	2.0
394.3	10.7	401.2	13.9
3,673.1	100.0	2,886.3	100.0

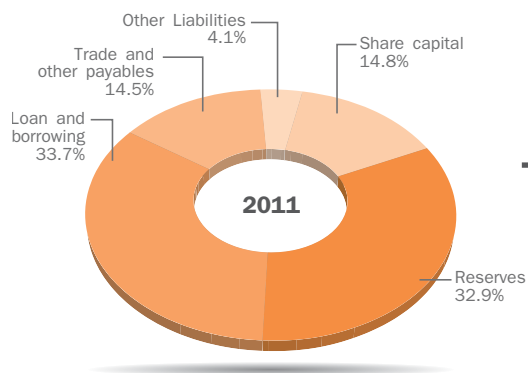
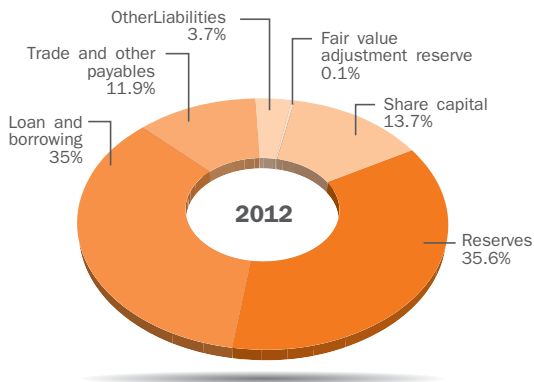
Assets



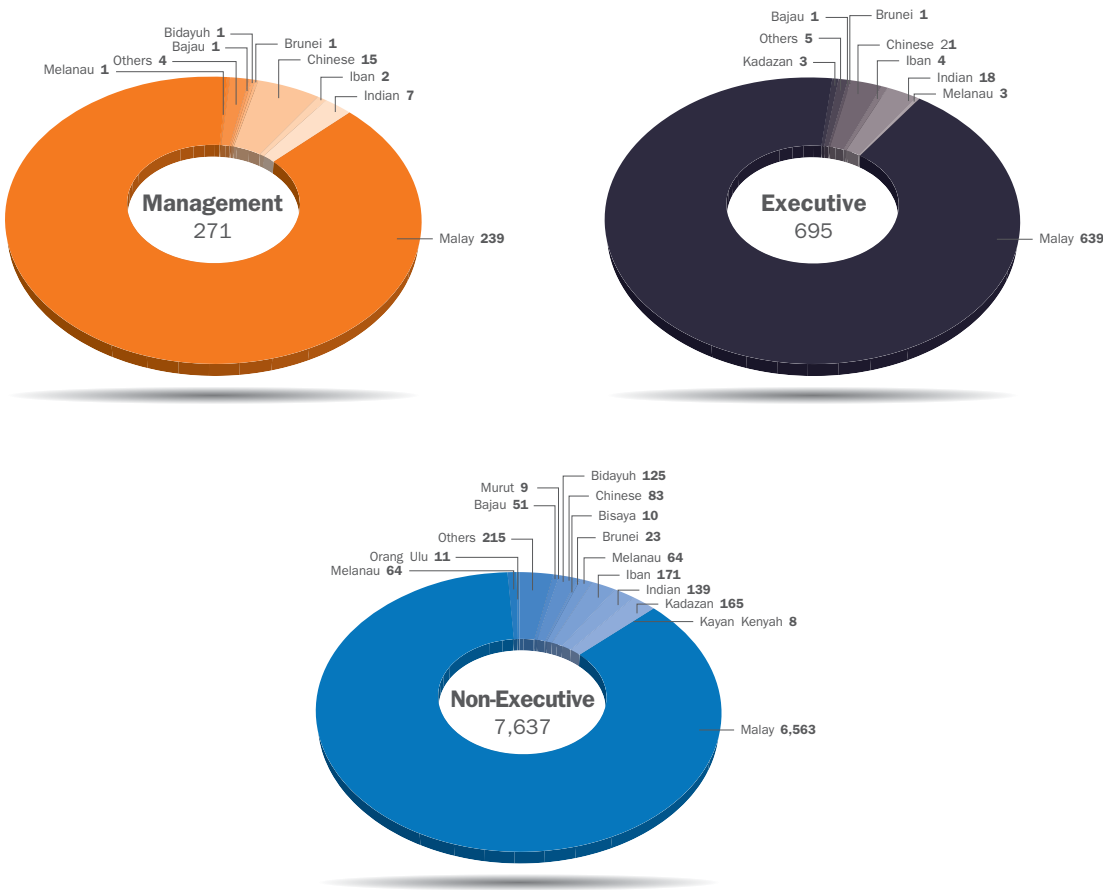
MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

21

Equity and Liabilities



PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC



MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

PREFACE

PERFORMANCE REVIEW

PERSPECTIVES

LEADERSHIP

CORPORATE FRAMEWORK

GOVERNANCE

FINANCIAL STATEMENTS

AIRPORTS STATISTIC

GROUP QUARTERLY
PERFORMANCE

Year 2012
In RM Million

Financial Performance
Operating revenue
Profit before tax and zakat
Profit for the period
Earnings per share (sen)

Restated
Year 2011
In RM Million

Financial Performance
Operating revenue
Profit before tax and zakat
Profit for the period
Earnings per share (sen)

1st Quarter	2nd Quarter	3rd Quarter	4rd Quarter	Year 2012
657.7	807.8	754.2	1,328.3	3,548.1
153.7	141.4	172.8	134.8	602.8
102.7	100.7	113.0	78.0	394.5
9.22	8.32	9.34	6.45	33.26

1st Quarter	2nd Quarter	3rd Quarter	4rd Quarter	Year 2011
617.8	662.7	661.2	813.2	2,754.8
140.9	143.3	154.1	135.9	574.2
96.2	91.0	117.2	96.8	401.2
8.74	8.28	10.65	8.80	36.47

INCOME STATEMENT

Year ended 31 December

	2012 RM Million	Restated 2011 RM Million	2010 RM Million	2009 RM Million	2008 RM Million
Revenue	3,548.1	2,754.8	2,468.0	1,609.6	1,435.0
Profit before tax and zakat from continuing operations	602.8	574.2	475.0	452.6	422.2
Taxation and zakat	(208.5)	(173.0)	(157.5)	(100.2)	(123.3)
Profit from continuing operations, net of tax	394.3	401.2	317.5	352.5	298.9
Profit/(loss) for the year from discontinued operations, net of tax	0.2	–	–	(1.4)	6.9
Profit for the year	394.5	401.2	317.5	351.1	305.8
Profit attributable to:					
Equity holders of the Company	394.5	401.2	316.8	350.4	305.2
Minority interests	–	–	0.7	0.7	0.6
Profit for the year	394.5	401.2	317.5	351.1	305.8
Earnings per share attributable to equity holders of the Company (sen per share)					
Basic, for continuing operations	33.24	36.47	28.80	31.98	27.12
Basic, for profit/(loss) from discontinued operations	0.02	–	–	(0.12)	0.63
Basic, for profit for the year	33.26	36.47	28.80	31.86	27.75

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

23

STATEMENT OF FINANCIAL POSITION

Year ended 31 December

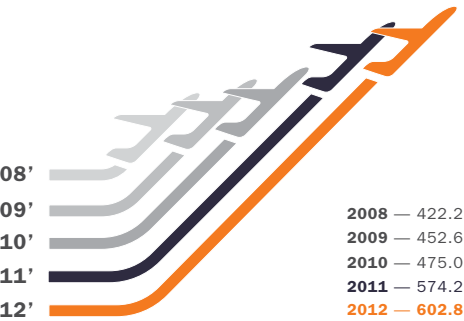
	2012 RM Million	Restated 2011 RM Million	2010 RM Million	2009 RM Million	2008 RM Million
Assets					
Non-current assets	7,326.2	5,784.9	4,814.8	4,210.2	3,584.8
Current assets	1,513.5	1,641.9	2,295.7	963.1	1,403.2
Assets of disposal group classified as held for disposal	0.1	0.4	0.5	0.5	4.3
Total assets	8,839.8	7,427.2	7,111.0	5,173.8	4,992.3
Equity					
Share capital	1,210.0	1,100.0	1,100.0	1,100.0	1,100.0
Share premium	1,320.4	822.7	822.7	822.7	822.7
Retained earnings	1,826.8	1,625.2	1,387.0	1,421.4	1,257.0
Fair value of adjustment reserve	5.1	0.8	0.1	–	–
Other Reserve	2.6	2.6	–	–	–
Foreign Exchange Reserves	(5.6)	(4.4)	(5.4)	(2.0)	(1.2)
	4,359.3	3,546.9	3,304.4	3,342.1	3,178.5
Minority interests	–	–	5.5	4.7	4.1
Total equity	4,359.3	3,546.9	3,309.9	3,346.8	3,182.6
Non-current liabilities	3,646.9	3,001.5	3,073.6	1,114.8	434.6
Current liabilities	833.5	878.7	727.3	712.0	1,372.4
Liabilities of disposal group classified as held for disposal	0.1	0.1	0.2	0.2	2.7
Total liabilities	4,480.5	3,880.3	3,801.1	1,827.0	1,809.7
Total equity and liabilities	8,839.8	7,427.2	7,111.0	5,173.8	4,992.3
Net asset per share (RM)	3.60	3.22	3.01	3.04	2.89

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

Revenue
(RM Million)



Profit before taxation
(RM Million)



MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

PREFACE

PERFORMANCE REVIEW

PERSPECTIVES

LEADERSHIP

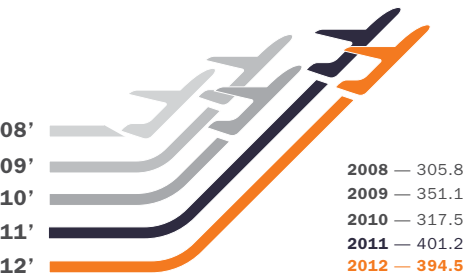
CORPORATE FRAMEWORK

GOVERNANCE

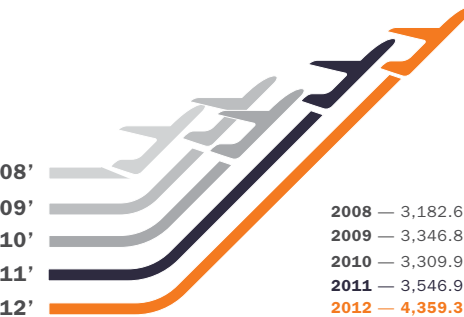
FINANCIAL STATEMENTS

AIRPORTS STATISTIC

Profit of the year
(RM Million)



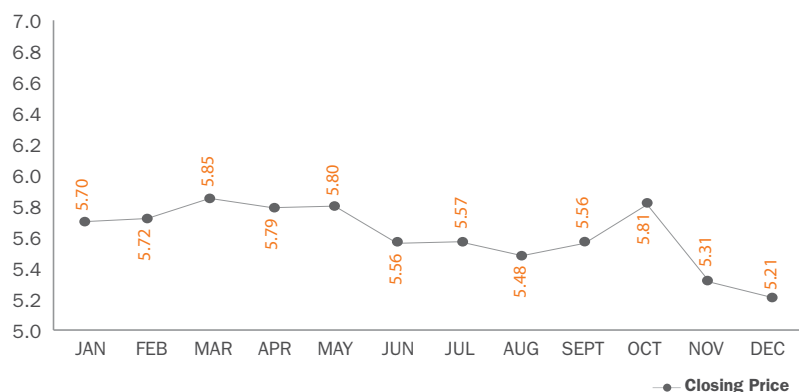
Total equity
(RM Million)



2012 Monthly Trading Volume & Share Price Statistics

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Volume ('000)	12,572	18,952	20,702	7,837	12,191	13,164	6,206	11,387	11,747	20,877	24,538	23,134
High (RM)	5.75	5.84	5.97	5.89	5.80	5.80	5.69	5.52	5.62	5.93	5.87	5.38
Low (RM)	5.65	5.60	5.53	5.65	5.52	5.52	5.49	5.30	5.23	5.56	5.18	5.17
Closing Price (RM)	5.70	5.72	5.85	5.79	5.80	5.56	5.57	5.48	5.56	5.81	5.31	5.21

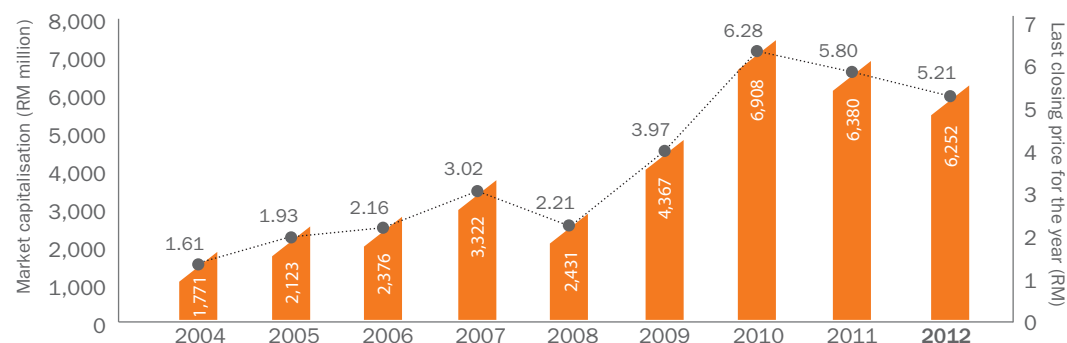
Share Price Movement



MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

25

Market Capitalisation



PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

KEY FINANCIAL PERFORMANCE

Malaysia Airports Holdings Berhad (MAHB) financial performance for the year ended 31 December 2012 (FY2012), indicate resilience amidst the challenges in the aviation industry and the global economic headwinds. The Group recorded revenues of RM3,548.1 million in FY2012, a growth of 28.8% compared to RM2,754.8 million recorded in the financial year ended 2011 (FY2011). This was mainly due to the performance in airport operations which was supported by demand for air travelling and higher contribution from retail business. Earnings before interest, tax, depreciation and amortisation (EBITDA) increased 12.5% to RM929.7 million in FY2012 from RM826.5 million recorded in the previous year. Profit before tax and zakat (PBT) of RM602.8 million grew 5% compared to RM574.2 million reported in FY2011. However, earnings per share (EPS) stood at 33.26 sen for FY2012, a declined of 8.8% compared to 36.47 sen in FY2011.

However, in November 2012, the Maldivian Government declared that the concession agreement with GMR Male International Airport Limited (GMIAL), which was awarded in 2010, as void. Thus, MAHB had provided for the impairment on the cost of investment and total share of profit recognised amounting to RM68.9 million. As a result, the Group's Return on Equity (ROE) of 9.97% was lower than the headline KPI target of 11.61%.

IC INTERPRETATION 12: SERVICE CONCESSION ARRANGEMENT

Malaysia Airports adopted IC Interpretation 12: Service Concession Arrangements (IC12) effective 1 January 2011. IC 12 addresses the accounting for “public-private” arrangements whereby a private sector operator involved in the construction and/or upgrading of infrastructure assets such as schools, roads and airports to be used in providing public service. The operator provides construction services to the grantor in exchange for an intangible asset, i.e. a right to collect revenue in accordance with the service concession arrangements.

Under IC 12, Malaysia Airports (the operator) provides construction services to the Government of Malaysia (the grantor) in exchange for an intangible asset, i.e. a right to collect revenue in accordance with the Operating Agreements. In accordance with the Financial Reporting Standard 138: Intangible Assets (FRS 138), Malaysia Airports recognises the intangible asset at its fair value. The fair value of the intangible asset is calculated by including certain mark-up on the actual cost incurred, estimated to reflect a margin based on the nature of works involved and consistent with other similar construction work. Malaysia Airports has applied mark-up of 4.5% and 7.5% on the construction costs incurred in respect of klia2 and Penang International Airport respectively.

In line with the requirement of Financial Reporting Standard 111: Construction Contracts (FRS 111), Malaysia Airports recognises the construction revenues and costs by reference to the stage of completion of the construction works of klia2 and Penang International Airport, which are public sector infrastructure assets and services currently being undertaken by Malaysia Airports. In FY2012 and FY2011, Malaysia Airports recognised the construction revenues in relation to the aforesaid projects amounting to RM1,385.0 million and RM820.5 million respectively. Malaysia Airports also recognised the construction costs amounting to RM1,321.7 million and RM782.3 million for the above projects in FY2012 and FY2011 respectively.

GROUP PROFITABILITY

Excluding the effects of IC 12, revenues for FY2012 was RM2,163.0 million, which represents an increase of 11.82% from RM1,934.3 million registered in FY2011. EBITDA increased 9.9% to RM866.4 million from RM788.3 million recorded in FY2011. PBT for FY2012 of RM539.5 million grew marginally by 0.7% from RM535.9 million in FY2011.

In spite of the strong revenue growth, the tepid PBT growth was a result of the provision for the impairment of investment in GMIAL, higher depreciation and amortisation on capitalisation of new completed projects and additional losses recognised from Istanbul Sabiha Gokcen International Airport (ISGIA).

OPERATIONS REVIEW

In 2012, the aviation industry was laden with challenges on the back of global economic headwinds, volatile fuel prices and geopolitical issues. Nonetheless, MAHB has remained resilient, benefiting from the rising demand for air travelling especially in Asia as well as the expansion by low-cost carriers into new markets. MAHB recorded a passenger growth of 5% in FY2012, with a total of 67.2

million passengers passed through MAHB's 39 airports in Malaysia. Both international and domestic passenger movements registered strong growth at 6.1% and 3.9% respectively. The total passenger movements in KLIA grew by 5.8%, where both KLIA-MTB & LCCT recorded positive growth of 2.3% and 9.9% respectively. All other airports recorded an aggregate growth in total passenger movements of 3.8%. Total aircraft movements grew by 2.3% to 646,535 aircrafts, with the international sector recording a higher growth of 6.1% compared to a flat growth in the domestic sector of 0.1%.

The increase in operating revenues was attributed to growth from the airport operations segment, driven by air travel demand. Excluding the IC 12 effects, revenues generated by our airport operations segment improved by 13.2%, to RM2,022.1 million compared to the previous year of RM1,786.7 million. Aeronautical revenues grew 16.6% to RM1,036.7 million from RM889.0 million on the back of stronger passenger numbers, while non-aeronautical revenue increased 9.8% to RM985.4 million in FY2012 from RM897.8 million in FY2011 underpinned by higher retail, rental and commercial activities resulting from the increased passenger volume.

The non-airport operations segment recorded revenues of RM140.9 million in FY2012, fell 4.5% from RM147.6 million recorded in FY2011, due to weaker revenues recorded in the agriculture and horticulture segment. Revenue contribution from the agriculture and horticulture declined 17.7% to RM45.6 million as a result of lower price attained for Fresh Fruit Bunches (FFB) per tonne and lower production volume for the year due to El Nino. Nonetheless, this was cushioned by the growth of 10.0% to RM20.3 million from the Project and repair maintenance segment. Hotel segment grew 1.7% RM75.1 million, mainly attributed to higher food and beverages (F&B) income but offset by lower revenue from room occupancy due to the closure of five levels of hotel for renovation.

**TYPES OF REVENUE: AERONAUTICAL
AND NON-AERONAUTICAL REVENUE**

Malaysia Airports' revenue base can be broadly classified under aeronautical and non-aeronautical revenues. Aeronautical revenue is mainly derived from airport operations business which entails the collection of passenger service charge (PSC), landing and parking fees, and other ancillary charges to airlines. Meanwhile, the non-aeronautical revenue is broadly derived from commercial activities in the airport operations business, and the non-airport operations business.

Commercial activities in the airport operations business comprises revenue from lease of commercial spaces (rental), operations of duty free and non-duty free outlets, management of food and beverages (F&B) outlets, management and operations of airport parking facilities, advertising business, the Airside Transit Hotel and the Free Commercial Zone at KLIA.

The non-airport operations business include revenue derived from Sama-Sama Hotel (formerly known as Pan Pacific KLIA Hotel) operations, agriculture and horticulture activities, project and repair maintenance services and other activities that may be described in the Group's financial statement.

Total non-aeronautical business continues to be a key in MAHB's earnings driver, accounting for 52.1%, or RM1,126.3 million, to the Group's revenue and this is in line with the Group's long term plan to further grow this branch of business.

BUSINESS SEGMENTS

The Group's business segment is divided into 2 sub-groups i.e. airport operations and non-airport operations.

Airport operations comprise of airport services and operations of duty free and non-duty free outlets. Airport services include aeronautical revenue generated from operating, managing and maintaining designated airports in Malaysia and providing airport related activities; and non-aeronautical revenue derived from rental and other commercial activities. The revenues generated from operations of duty free and non-duty free outlets are non-aeronautical revenue.

The non-airport operations comprise of agriculture and horticulture activities, hotel operations and project and repair maintenance services. All non-airport operations income is non-aeronautical revenue.

SEGMENTAL REVENUE

1. Airport operations

- (a) **Airport services:** This business segment comprises of aeronautical revenue from collection of passenger service charge (PSC), landing and parking fees, and other ancillary charges to airlines; and non-aeronautical revenue generated from rental and other commercial activities. The aeronautical revenue increased 16.6% to RM1,036.7 million on the back of growth in passenger traffic as well as the implementation of higher rates of passenger service charges, landing and parking rates. In addition, this was helped by the lower Airline Incentives of RM65.0 million in FY2012 compared to RM103.7 million recorded in the previous year. The new approved Airline Incentive Programme ("AIP") which incentivise airlines on a year on year basis had initiated in January 2012 and is expected to end-December 2014. On the other hand, the previous programme, known as the Airlines Recovery Programme ("ARP") was based on airlines' performance as compared to the selected year was ended in 31 December 2011. Revenues from rental of space, advertising and other commercial segments grew by 5.8% to RM448.9 million in FY2012, contributed mainly by the addition of new tenants, higher tenant occupancy rate in 2012 and higher carpark revenue due to higher pax movements and airport visitors.
- (b) **Operations of duty free and non-duty free outlets:** This business segment includes the operations of duty free and non-duty free outlets and management of F&B outlets at designated airports. This business segment grew by 13.3%, outpacing the overall passenger traffic growth of 5.0%, to RM537.5 million in FY2012. This was due to an increase in passenger volume and higher retail spending per passenger.

REVENUE ▲
28.8%

PAT ▼
1.7%

PBT ▲
5.0%

2. Non-airport operations

- (a) **Agriculture and horticulture:** The agriculture and horticulture business segment activities include the cultivation and sale of oil palm and other agriculture products. Due to lower production volume and aggravated by the weaker price of FFB per tonne (2012: RM572/78,285MT vs. 2011: RM681/79,681MT), revenue contribution from the agriculture and horticulture segment fell to RM45.6 million in FY2012, which was 17.7% lower than the RM55.4 million registered in FY2011. The reduction was due to the occurrence of El Nino in recent years which have affected the oil palm yields.
- (b) **Hotel:** The Hotel segment manages and operates the Sama-Sama Hotel. The hotel segment grew 1.7% to RM75.1 million, mainly attributed to higher revenue from food and beverage related services which grew 10% on increase in catering business. Nonetheless, this was offset by lower revenue from room occupancy despite the higher average room rates as five levels were closed for renovation.

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

29

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

- (c) **Project and repair maintenance services:** The main activities include provision of mechanical, electrical and civil engineering services and the airport business consulting, maintenance and technical services. This segment recorded a growth of 10.0% to RM20.3 million in FY2012, mainly due to higher revenue from operation and facilities maintenance.

SEGMENTAL PROFITABILITY

Note: The following segmental profitability analyses exclude inter-segment Transactions

1. Airport operations

- (a) **Airport services:** Following an increase in the airport services revenue, the segmental PBT grew 14.2% to RM655.4 million in FY2012 compared to RM574.1 million reported in FY2011. This was attributed to higher passenger movements, implementation of new aeronautical charges and addition of new tenants.
- (b) **Operations of duty free and non-duty free outlets:** PBT for this segment grew 6.2% to RM193.2 million in FY2012 from RM182.0 million in FY2011, on the back of higher revenue in line with passenger growth and increased retail spending per passenger.

2. Non-airport operations

- (a) **Agriculture and horticulture:** The agriculture and horticulture business recorded PBT fell 16.7% to RM17.5 million from RM21.0 million in FY2011 due to lower production volume and weaker FFB prices.
- (b) **Hotel:** Despite the marginal revenue growth, the hotel business records, PBT of RM7.0 million in FY2012 compared to RM14.7 million in FY2011, mainly due to a write-off of operational fixed assets of obsolete assets and assets in relation to the renovation works.

- (c) **Project and repair maintenance services:** This segment recorded a lower loss before-tax of RM23.3 million in FY2012 from RM54.1 million in FY2011, mainly due to higher revenue recorded.

ECONOMIC PROFIT

Economic Profit (EP) is used as a yardstick to measure shareholder value. EP is a measure of value created by a business during a single period reflecting how much return a business makes over its cost of capital, that is, the difference between the Company's rate of return and cost of capital. The Group recorded an economic profit of RM131.6 million for FY2012 as compared to RM150.3 million in FY2011. The lower EP was due to higher average invested capital resulting from cost incurred for the construction of klia2.

DIVIDENDS

MAHB had declared an Interim Dividend of 6.0 sen per ordinary share on 23 October 2012. On 30 November 2012, the Board of Directors had determined that the dividend reinvestment plan (DRP) shall apply to the entire dividend.

The reinvestment rate subsequent to be exercise was 46.2% of which RM33.5 million was re-invested in DRP while RM39.1 million was paid on 18 January 2013.

At the forthcoming Annual General Meeting, a net final dividend in respect of the financial year ended 31 December 2012 of 7.63 sen amounting to a net dividend payable of RM92.9 million will be proposed for the Shareholders' approval.

In addition, the Board of Directors had determined that the Dividend Reinvestment Plan (DRP) shall apply to the proposed final dividend and that the electable portion is applicable to the entire proposed final dividend. The total dividend in respect for the full year represents a dividend payout ratio of 50.0% (excluding effects of IC 12). This is in line with the Group's dividend policy of at least 50% of profit after tax and minority interest, subject to availability of distributable reserves.



FY2013 HEADLINE KPIs

The Headline KPIs are targets or aspirations meant to drive MAHB's performance in 2013. These Headline KPIs are disclosed publicly on a voluntary basis, signaling MAHB's commitment towards transparent performance measures and good corporate governance.

These Headline KPIs shall not be construed as forecasts, projections or estimates of MAHB or representations of any future performance, occurrence or matter as the Headline KPIs are merely a set of well-intended targets and positive aspirations of future performance aligned to the Company's strategy, mission and objectives.

The Headline KPIs are set based on MAHB's strategic plans and long-term targets that were developed under MAHB's Five Year Business Direction (2010-2014) planning. It is also based on the assumption that there will be no significant changes in the prevailing economic and political conditions, present legislation and/or government regulations, as well as with the expectation that the businesses will continue to grow as expected.

Klia2 is expected to commence operations on 28 June 2013 and will contribute positively to MAHB Group's revenue largely fuelled by higher passenger movements and complemented by enhancements in retail and commercial operations. However, klia2 is expected to incur higher operating expenditure due to its much larger capacity to accommodate for future growth in passenger and aircraft movements.

In addition, MAHB's EBITDA in FY2013 will be further impacted by the higher payment of Revenue Share to the Government (GoM). As set out in the Operating Agreements signed on 12 February 2009, MAHB is required to pay Revenue Share to the GoM which is equal to a specified percentage of revenue derived from activities at the airports as a consideration for the Concession Rights granted to MAHB. The

Measures	FY2013
i) <i>Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) without Construction Profit</i>	RM751 million
ii) Return on Equity (ROE)	–
iii) Airport Service Quality (ASQ) Awards	25 – 40 million passenger size category: KLIA Ranking Top 5

amount that has been recognised in the income statement represents half of the total Revenue Share payable to the GoM, while the other half is to reduce the amount due for the Balance Residual Payment arising from MAHB's restructuring exercise which was completed in February 2009. Upon the full settlement of the Balance Residual Payment in 1Q13, the Revenue Share thereafter will be fully recognised in the income statement.

With regards to ROE, the completion of klia2 will result in a significantly higher annual amortisation cost, thereby contributing to a lower ROE. The Malaysia Financial Reporting Standard requires concession assets including klia2 to be amortised within the shorter period of the remaining life of the Operating Agreements instead of the asset's useful life. Further to this, MAHB has raised the matter with the GoM and due to the ongoing discussions, MAHB has decided for the time being to exclude ROE from its Headline KPI for 2013.

Notwithstanding the above, MAHB Group remains committed to its course as guided by its Five Year Business Direction, "Runway To Success". MAHB's performance is expected to further improve in 2014 with the full year operations of klia2. As MAHB Group continues on its journey, it is clearly taking flight towards a highly promising and successful future.

airport performance benchmark

Airport benchmarking is a component of an airport's strategic planning process. Benchmarking assesses the implementation of an airport's mission statement by measuring the performance of airport functions and operations. Airport benchmarking has become more important with the liberalisation of air services, the trend towards airport privatisation, the need to provide reliable information about the performance of airports, to conform to an acceptable level of services, to ensure sufficient current & future capacity to meet demand and as a tool for reviewing airport charges. Airport performance benchmark could be categorised under financial and operational aspects.

As many airports have transformed from being state owned/operated entities commercial enterprises, priority has changed from being infrastructure service providers to profit centres undertaking commercial activities which generate revenues. There has been increased interest in utilising benchmarking to improve performance and efficiency.

With various airport operational models such as fully privatised airports, partially privatised airports and publicly owned airports, airport benchmarking has become complicated because of comparability problems. There are difficulties in making such comparisons on a level playing field. Among others, this is due to:

- > Differences in development financing;
- > Varying regulatory framework;
- > Differences in economic conditions;
- > Accounting practices in different countries.

The International Civil Aviation Organisation (ICAO) produces annually airport financial statistics but it is published not early enough while the financial information on airports is limited and difficult to obtain. In addition, for airport operators that are listed, the available data from published accounts is for the whole Group. For example Malaysia Airports Holdings Berhad is listed and accounts are consolidated but not presented for individual airports separately.



Other organisations which have done airport benchmarking include Airports Council International, Skytrax and International Air Transport Association ("IATA"). Figures from IATA suggest that Kuala Lumpur International Airport is competitive in terms of passenger service charges & passenger security service charges and landing charges compared against other airports in the region.

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

32

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

- > Differences in activities performed, especially with respect to aeronautical and commercial services;
- > Level of government involvement in relation to economic and social objectives;
- > Traffic mix with respect to international, domestic and general aviation operations;
- > Airports cost structure with respect to fixed and variable costs;
- > Physical characteristics of airports;
- > Forms of ownership and management;

On the passenger traffic side, preliminary traffic data released by Airports Council International (“ACI”) shows that KLIA registered lower growth in the region in 2012 due to among others some capacity cuts and route alignments by Malaysian carriers, which began in the last quarter of 2011. The traffic performance of some airports in the region is as follows:

Airport	2012	% Change
Hong Kong International Airport (HKG)	56.5 million	↑ 4.7
Suvarnabhumi Airport Bangkok (BKK)	52.4 million	↑ 9.3
Changi International Airport Singapore (SIN)	51.2 million	↑ 10.1
Kuala Lumpur International Airport (KUL)	39.9 million	↑ 5.8
Incheon International Airport Seoul (ICN)	39.0 million	↑ 11.1

Source: ACI (preliminary)

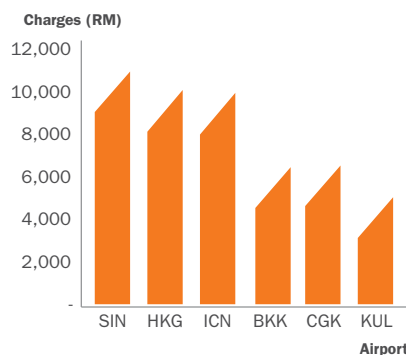


Nevertheless, airport performance benchmarking has been utilised to examine a number of different aspects of the airport business:

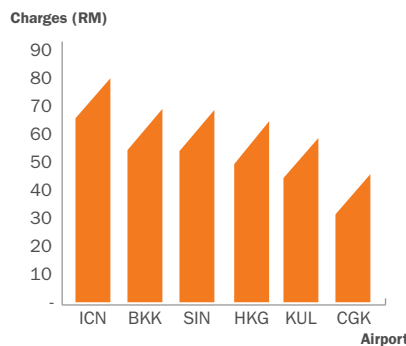
1. Pricing – benchmarking airport charges
2. Service quality – passengers satisfaction level
3. Productivity – analyse inputs and outputs of airport

Benchmarking of airport charges provides a glimpse of airlines and passengers cost for using an airport. Benchmarking of specific services under Airport Service Quality (“ASQ”) measures level of services enjoyed by passengers, amongst others baggage clearance time, minimum walking distances, minimum connecting time and time taken for check-in, is to improve quality and customer satisfaction. Good airport service

Landing Charges B747-400



International Passenger Service & Related Charges paid by Passengers



* Exchange rate as at 31 December 2012

– Source: IATA Airport Charges Monitor/website

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

33

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

quality for passengers will provide more pleasant, safe and comfortable travel for passengers. With increasing emphasis to increase non-aeronautical revenue, ASQ Retail was developed to benchmark airport commercial services in order to improve the performance of food & beverage and retail activities.

In respect to benchmarking of airport charges, airports globally structure their charges in different ways. Some airports may have higher charges than other airports due to revenue optimisation reasons, charge structure reasons as well as due to provision of higher level of facilities and services. For measure of productivity, airports which are congested may appear to have higher productivity, in the form of higher passenger & aircraft movements per hour when in fact they reduce the economic efficiency of commercial aviation.

EPS ▼
33.26

PAYOUT RATIO
50%

The dividend policy is one of the most important financial policies as shareholders' equity is an important source of a company's working capital.

A good dividend policy always serves in the best interests of a company and its shareholders. A company may use dividends as a signal to inform outsiders regarding the stability and growth prospects of the company. Apart from maximisation of shareholders' wealth, the company may be able to earn the confidence of the shareholders and attract prospective investors to invest in its shares, which further increases the value of the company. A dividend policy may also reduce investors' uncertainty as they seek to secure income in terms of stable or steadily increasing dividend.

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

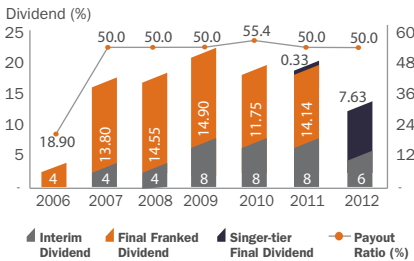
34

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

The rationale for the dividend policy is as follows:

- (i) to return excess cash of MAHB to shareholders
- (ii) improves the return on equity of the Group
- (iii) consistent with best practices of listed companies

The summary of dividends declared and paid to the shareholders of MAHB for the financial years ended 31 December 2006 to 2012 are tabulated below:



* Total dividend for FY2012 represent full year dividend payout ratio of 50.0% of Net Profit After Taxation and Minority Interest (excluding the effects of IC 12)

The graph above shows that MAHB has been able to maintain high dividend levels resulting from the improved earnings of the Company.

The dividend payments signal management's expectation of high future earnings as well as commitment to its shareholders.

DIVIDEND REINVESTMENT PLAN

In our commitment to reward shareholders as well as to strengthen capital base, MAHB had proceeded with the establishment of a dividend reinvestment plan (DRP). The DRP allows shareholders of MAHB to reinvest their dividends into new ordinary share(s) of RM1.00 each in MAHB Shares.

The rationale for the DRP is as follows:

- (i) enhance shareholders' value via the subscription of new MAHB Shares where the issue of a new MAHB share shall be at a discount

- (ii) provide the shareholders with greater flexibility in meeting their investment objectives by providing a choice of receiving cash or reinvesting in MAHB
- (iii) dividends that are reinvested are utilised to fund the continuing business growth of the Group
- (iv) improve liquidity of MAHB Shares on the Main Market of Bursa Malaysia Securities Berhad

The Board of Directors of MAHB on 20 February 2013 had determined that the DRP will apply to the entire proposed final dividend.



MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

35

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

FINANCIAL YEAR 2012 Quarterly Results Announcements

Unaudited consolidated
results for the 1st quarter
ended 31 March 2012.

26

April 2012

Unaudited consolidated
results for the 2nd quarter
ended 30 June 2012.

27

July 2012

Unaudited consolidated
results for the 3rd quarter
ended 30 September
2012.

23

October 2012

Unaudited consolidated
results for the 4th quarter
ended 31 December
2012.

20

February 2013

financial calendar

Headline Key Performance Indicators Announcement



2012 Headline Key
Performance Indicators.

5

December 2011



2013 Headline Key
Performance Indicators.

31

December 2012

Dividends

Single-Tier Interim Dividend of 6 sen per ordinary share

Notice of Book Closure date.

30

November 2012

Entitlement date.

20

December 2012

Payment date of which the Dividend Reinvestment Plan was applied to the dividend payment.

18

January 2013



Final Single-Tier Dividend of 7.63 sen per ordinary share

The Board had on 4 February 2013, recommended a final single-tier dividend of 7.63 sen per ordinary share in respect of the financial year ended 31 December 2012.

The Board had on 20 February 2013, determined that the dividend reinvestment plan ("DRP") will apply to the entire Final Dividend. Therefore the Notice of Book Closure date, the Entitlement date and the Payment date will only be announced on the day the Issue Price of the shares to be issued under the DRP is announced.

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

37

General Meeting

Notice of Extraordinary General Meeting.

14

November 2012

Extraordinary General Meeting.

30

November 2012

Notice of 14th Annual General Meeting.

6

March 2013

14th Annual General Meeting.

28

March 2013

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

Quarterly Financial Results and Analyst Briefing

MAHB organises presentations with teleconferencing during briefings to equity and fixed income analysts as well as fund managers for its quarterly financial disclosures. The Group CFO together with the Head of Investor Relations and attended by the Management team represents the company to provide the investing community better understanding of the financial and operational performance of the company.

Presentations on Quarterly Financial Results

MAHB further emphasises on disclosure through the circulation of presentation materials. Presentation slides of financial performance are prepared in concise without compromising detailed information of the company's financial results and performance. These materials are made promptly on MAHB's website subsequently to the release of results announcement. A hardcopy of the presentation is also disseminated to participant's who attend the briefings.

Investor Engagement

- **One-on-one Meetings, Conference Calls and Investor Conferences**

The Managing Director, CFO and Investor Relations team actively participate in meetings and conference calls with investors, fund managers, rating agencies held in Malaysia as well as abroad. In addition, the team had extended its participation in conferences in London,

Hong Kong, Boston and Singapore. The team's efforts have not come unnoticed, as the company's representative had bagged awards by the Malaysian Investor Relations Association (MIRA). MAHB's CFO, Faizal Mansor had received the Best CFO award for Investor Relations (Mid Cap Category) in the 2nd Annual MIRA Malaysia Investor Relations Award Ceremony held on 6 June 2012. While Vinie Chong Pui Ling, Senior Manager of Corporate Finance & Business Advisory won 4th place for the Best IR professional (Mid-Cap) category which further proves MAHB's commitment and professionalism in communication best practices.

- **Investor Relations Portal**

In further efforts to enhance access with various stakeholders, the Investor Relations unit maintains a portal, <http://ir.chartnexus.com/malaysiaairports/index.php> or alternatively via the company's website, <http://www.malaysiaairports.com.my>. The website offers a wide range of information for shareholders and the general public. The portal contains various sets of information including annual reports, financial results, presentation materials, press releases, investment calculator, news updates, disclosures to Bursa Securities and etc. In tandem, we are cognisant of the important of feedbacks from the investing community, thus are able to be communicated via the our dedicated email address at investorrelations@malaysiaairports.com.my



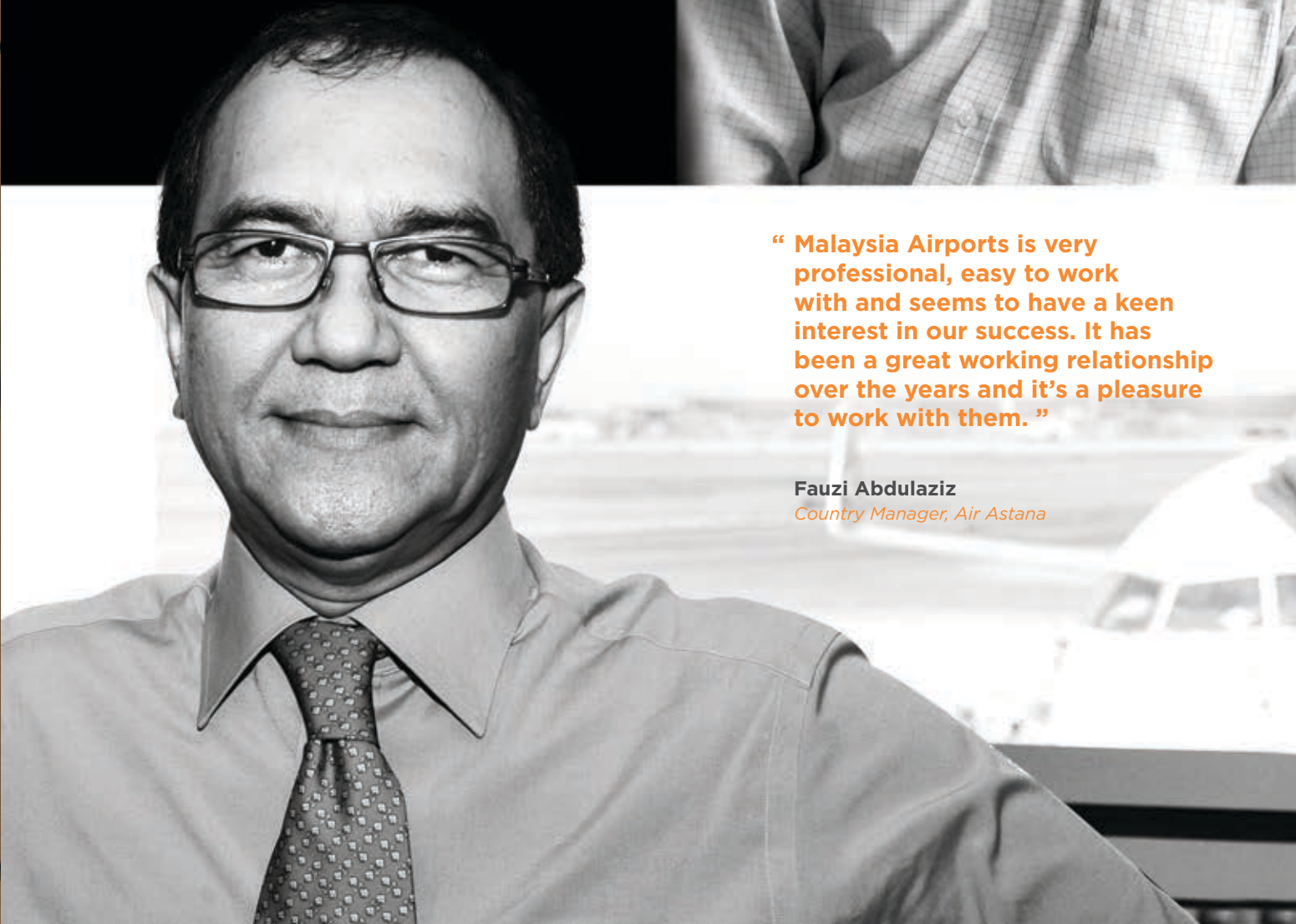
“ To me, friendship is the basis of any relationship. Our working relationship with Malaysia Airports has been more than a partnership; it is a friendship. By being friends, both Royal Brunei Airlines and Malaysia Airports had experienced wonderful years together and greatly appreciated by our airline. ”

Mokhtar Othman
Station Manager West & East Malaysia, Royal Brunei Airlines



“ Malaysia Airports is very professional, easy to work with and seems to have a keen interest in our success. It has been a great working relationship over the years and it's a pleasure to work with them. ”

Fauzi Abdulaziz
Country Manager, Air Astana





**PROSPER
WITH US**



chairman's statement

DEAR SHAREHOLDERS,

Let me begin by expressing how honoured and privileged I feel to be appointed as Chairman of Malaysia Airports Holdings Berhad, with effect from 7 June 2012. It is an exclusive feeling to be given the trust to chair an esteemed and highly experienced board of directors, and to work alongside the talented, outstanding and dedicated individuals that form the dynamic management team of Malaysia Airports.

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

42

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC





MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

43

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

TAN SRI DATO' SRI DR. WAN ABDUL AZIZ WAN ABDULLAH
Chairman

It gives me great pleasure to announce to you that Malaysia Airports has once again registered an outstanding performance in the year under review. The Group recorded a healthy revenue growth of 28.8% in financial year ended 31st December 2012 (FY2012) to RM3,548.1 million from RM2,754.8 million revenue recorded in the financial year ended 2011 (FY2011). Our financial performance remain robust and once again we outperformed our headline KPI with higher earnings before interest, tax, depreciation and amortisation (EBITDA) without construction profit of RM866 million compared to our target of RM822 million for FY2012.

The Group's overall revenue growth was contributed by the improvement in the aeronautical performance that recorded a growth of 16.6% over FY2011. The aeronautical revenue improvement was a result of the higher passenger and aircraft

business is our achievement in the Airport Service Quality (ASQ) Survey. In 2012, our flagship airport KL International Airport (KLIA), was ranked 3rd in the category of airports with 25-40 million passengers, successfully achieving our target of being in top 5 place in this category. I am pleased to note that as a country, Malaysia has performed very well on the global aviation stage. Despite our relatively small population of 29 million, in 2011 we were ranked 17th for domestic traffic and 19th for international traffic, worldwide. These are very encouraging statistics and I believe that Malaysia is well positioned to play a major role in the global aviation scene.

Nationwide airports operated by Malaysia Airports recorded 5.0% growth above 2011. The growth could have been higher if not for the fact that there was significant reduction in capacity and

I AM PLEASED TO NOTE THAT AS A COUNTRY, MALAYSIA HAS PERFORMED VERY WELL ON THE GLOBAL AVIATION STAGE. DESPITE OUR RELATIVELY SMALL POPULATION OF 29 MILLION, IN 2011 WE WERE RANKED 17TH FOR DOMESTIC TRAFFIC AND 19TH FOR INTERNATIONAL TRAFFIC, WORLDWIDE. THESE ARE VERY ENCOURAGING STATISTICS AND I BELIEVE THAT MALAYSIA IS WELL POSITIONED TO PLAY A MAJOR ROLE IN THE GLOBAL AVIATION SCENE.

movements, as well as partly from the implementation of the new aeronautical rates.

Likewise, the Group also registered an encouraging 5.0% growth in passenger traffic in FY2012 compared to FY2011 recording over 67.2 million passengers, far surpassing the traffic growth objective as stated in our Business Direction document, Runway to Success, which is to record 60 million passengers annually by the year 2014. Another key element to our

termination of services by local carriers in early 2012. Overall, we saw a higher growth in the international passenger traffic that achieved 6.1% growth over the domestic sector that registered a 3.9% increase. Meanwhile, our flagship airport KLIA registered 5.8% passenger growth for 2012, recording international and domestic traffic at 6.4% and 4.4% growth respectively. Although December is typically the busiest month of the year, in 2012 we achieved a record high for passenger movements ever handled by Malaysia



Airports group of airports with 6.6 million movements. The global passenger growth performance of above 5.0% for 2012 as reported by the International Civil Aviation Organisation (ICAO) and the International Air Transport Association (IATA) could be an indication of the resilience of the industry and improving conditions.

In celebrating these achievements, we recognise the critical role played by our major business partners, namely the airlines, government agencies, the airport concessionaires and service providers. Together, we continuously strive for mutually beneficial collaborations with all our partners to enhance the facilities and services offered at all our airports.

Towards fortifying our business expansion and growth plans, our business plan includes strategic investments and extending our airport management



expertise to overseas airports. Any kind of investment will pose some form of risk, hence each investment value, potential and risk is carefully and thoroughly deliberated prior to decision-making, bearing in mind that long-term returns are our priorities. In regard to our overseas ventures for FY2012, the operating losses of Sabiha Gokcen

International Airport (SGIA) in Turkey, and the nationalisation of the Ibrahim Nasir International Airport (INIA) in Maldives as of November 2012 will not pose an adverse impact towards our financial performance and future earnings as these situations are well managed. In the case of SGIA, it has only been three years since we started operations. As with any new business venture involving airport development and management, there will be a ramp up period of at least five years before the venture will turn in profits. We are confident of the rewarding nature of this project from its anticipated returns and capital appreciation in the future.

The more recent exercise of our participation in the international bidding for a stake in Stansted Airport in London served to reiterate our expertise and capability in managing airports internationally. Our ability to partake in the competition and to be short listed against established airport investor giants further proved that Malaysia Airports is already in a different league as an airport investment company, and now a force to be reckoned with in the global aviation industry.

klia2

klia2 epitomises Malaysia Airports' progression and forward-thinking towards becoming a world-class airport business. It is built as a national infrastructure to cater to the needs of the airlines, government and public, and designed and constructed with superior facilities to be a more passenger-friendly terminal for low cost carriers and travellers alike. In complying with the requirements of the Government of Malaysia as well as the international aviation standards established by the International Civil Aviation Organisation (ICAO), klia2 enables full segregation of international and domestic passengers.

Featuring a much larger terminal footprint than the current Low Cost Carrier Terminal (LCCT-KLIA) at 257,000 sq. metres, 68 contact stands with aerobridges and a fully automated baggage handling system, klia2 will be the world's largest purpose-built terminal for low-cost carriers (LCCs) that will raise the level of comfort for passengers with enhanced safety and security standards.

klia2 will spot the first airport skybridge in Asia that will give the added advantage of greater aircraft manoeuvrability at the apron while providing a spectacular view of the airside to passengers crossing to the satellite building. Added to that is another high-speed train (ERL) stop that will connect the klia2 terminal with KLIA's Main Terminal Building and KL city centre, as well as an integrated complex that will house various commercial offerings and multi-modal public transportation, creating a seamless connectivity and convenience for our passengers. A new runway and air traffic control tower complements the terminal facilities for overall efficiency of aircraft operations.

The LCCT-KLIA which was constructed in 2006 as a temporary solution to then meet the need of the emerging low cost carrier sector, has long since exceeded its capacity. In 2012, the LCCT-KLIA recorded traffic of over 19 million passengers. In many ways, Malaysia Airports' decision to build the dedicated terminal had contributed significantly in facilitating and supporting the sector's phenomenal growth that we are all witness to over the last few years.

In the last decade, the explosive growth experienced by the low cost carriers was attributed by the rapid demographic and economic progress in the Asia Pacific region. The air traffic in Asia Pacific has grown very fast to become the world's largest aviation market at the time of this report. The rapidly growing middle class population with higher disposable income coupled with liberalised air travel in the region are contributing to the upward trend in the region's air travel sector. Low fares tend to stimulate demand for air travel and in order to capture a bigger portion of the market, the low cost carrier business model has been seen to evolve over time. The no-frills model is increasingly incorporating some features of conventional carriers such as airport lounge services, wider network connectivity and other passenger services.

Recognising this, klia2 is designed with flexibility to serve future variance of the low-cost carrier models as well as capacity growth. At this juncture, we are well ahead of our competitors. klia2 is the biggest terminal for low-cost carriers in the world with the capacity to serve up to 45 million passengers annually, setting a new benchmark for future terminals of its kind.

On the local front, we look forward to begin the operations at klia2 by the end of June 2013. The Group anticipates higher traffic growth with the opening of this purpose-built mega terminal for low-cost carriers as it projects to attract more airlines to fly into Malaysia and to bring in more passengers. On top of that, with our strategic commercial proposition for klia2 as the lifestyle shopping destination that aims to cater to all walks of travellers, the opening of the new terminal is seen to boost our revenue and strategic offerings in the long term. This augurs well for the Group.

Together with our longstanding strategic approach and innovative initiatives to expand our capacity and capability as an airport operator and manager, we are that much closer to meet all our Business Direction's objectives of Traffic Growth, Service Excellence and Commercial Development by the year 2014.

More is shared about klia2 in the article above and I encourage you to read the article to fully appreciate this new purpose-built mega terminal for low-cost carriers.

THE BUSINESS SETTING

The international economic climate for the year 2012 was challenging for many industries and also to some extent impacted the air transport industry. Among some of the issues that clouded the economic climate were the Eurozone debt crises, the United States of America's (the US) sluggish economic and fiscal issues, China's lower growth and the volatile geopolitical condition in some of the North Africa and Middle East countries to name a few. The International Monetary Fund (IMF) revised the 2012 global GDP forecast downwards from 3.5% to 3.2% in view of the uncertain landscape. Nevertheless, the outcome of the uncertainties turned out to be less damaging than expected. There were some positive developments in both Eurozone and the US that managed to contain major impacts in the interim.

The high oil prices and low economic growth globally continue to pose major challenges to the air transport industry. Price of jet oil, the main cost component of airline operations, remained relatively in the high average USD130 range throughout 2012. Airlines and aircraft manufacturers are capitalising on innovation for more fuel efficient aircrafts such as the latest A320neo and A380.

Malaysia Airports welcomed the first A380 from Emirates Airlines to its runway in January 2012, and followed by Malaysia Airlines' A380 in June the same year. Malaysia Airports has long foreseen the need to provide enhanced facilities to support new aircraft models, hence the A380 infrastructure has been ready at KLIA as early as 2008. Implementation of facilities and procedures that lower aircraft turnaround time at the airports can further avoid traffic delays and allow airlines to efficiently use and effectively reduce jet fuel consumption. Insofar as Malaysia Airports' commitment to support energy-efficient initiatives of the industry, our new Runway 3 is being built to a full length 4 km runway at KLIA to support the overall airport efficiency. It will not only ease congestion, reduce taxiing time and serve as a backup runway but also enable airlines to save a significant amount of fuel during take-off and landing.

Moreover, KLIA will be amongst the first in the region to have a third runway and it is seen to give us a competitive advantage in terms of airside capacity to cater to the exponential growth demand in the Asia Pacific region. Our neighbouring peers are also acknowledging the

need of the burgeoning growth of the low cost travel and are looking at optimising their airside as well as terminal capacity. Bangkok recently reopened its Don Mueang Airport to take the pressure off the increasingly congested Suvarnabhumi International Airport, while Singapore is building Terminal 4 at Changi International Airport primarily for low-cost carriers with a capacity of 16 million passengers per annum in place of its now defunct budget terminal. Two other regional airports looking into optimising their runway capacity by planning a third runway, are Jakarta's Soekarno-Hatta International Airport and Hong Kong International Airport.

The Regional Performance

Malaysia had enjoyed a good growth in 2012 backed by strong domestic demand, private and public consumption, and government investments. Essentially, higher incomes, accommodative monetary policy and government spending had supported the growth of Malaysia's economy. Locally, our economy largely depends on domestic demand. The Government of Malaysia is strategically pushing ahead with the Economic Transformation Programme to ensure it achieves the target to lift the nation into a high income economy by 2020.

There is strong positive correlation between the passenger traffic and economic growth. As the economy continues to grow and the gross domestic product per capita improves, the traffic performance would continue to be resilient as well. The growth of 5.6% in the nation's gross domestic product (GDP) mirrored some impressive year-on-year growth in private and public consumption and it is largely domestic driven with more inflow of income from the construction, tourism and service sectors, of which the development of klia2 is one of the major contributors. The construction sector had recorded an impressive 18.5% GDP growth by sector in 2012, contributing largely to Malaysia's GDP with an estimated multiplier impact of about 6.8 times. In the case of klia2 project, it not only serves as an economic stimulus by providing job opportunities but also, as mentioned before, by boosting the tourism sector as it attracts more airlines and subsequently more visitors into the country. Additionally, klia2 is envisioned as a platform to elevate our commercial business to the next level as well as to drive Malaysia's retail opportunities through our Retail Hub strategy.

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

47

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

Similarly, the Asia Pacific region is already experiencing a dynamic growth with the rising of per capita income, rapid urbanisation, and the rising mobility attributed to low cost alternatives that have also played a significant part in our encouraging traffic growth. World Bank's update in December 2012 reported the growth in China and developing East Asia to be at 7.5% in the face of weak external demand. In tangent to this, Airports Council International reported highly correlated passenger traffic growth of 7.1% for Asia Pacific. ASEAN countries in particular are showing their strength more than ever this year as they remain to be the fastest growing region; as a regional economic force that is expected to be the global game changer and emerge as the free trade hub of Asia. Its growth is being driven by a growing middle class population and its economic integration not just intra-ASEAN but equally with some of the bigger economies in the world such as China, India, Japan and the US. The region also benefits from being in proximity to the Chinese and Indian markets, and becoming the critical access point to China. ASEAN countries also have the upper hand of being the important gateway of air and sea transportation, whereby multinational companies are inclined to choose the region as their production base and in turn elevating ASEAN in the global value and global logistics chains into one of the most important geographics.

Economic activity in Asia has picked up in 2012 following the previous year's slowdown in view of the strong economic and policy fundamentals that helped buffer the region's economies against spill-over from Eurozone crises and anaemic growth in the US. As the middle income group continues to grow, travelling which was once deemed a luxury, is now seen as almost a necessity. More people have access to a higher disposable income that allows them to travel more often, either for business or leisure purposes. The affordability of air travel has been made possible by the dramatic growth of the low-cost airlines.

Overall, the economic scenario was favourable for us and we remain positive going into 2013. The industry is expected to further improve in 2013 driven by a gradual economic recovery. However, we are still mindful of the uncertainties in the world trade and economic climate. We have to be careful and cautious in our spending, taking a more vigilant stand in terms of financial position but nevertheless continue to be aggressive in our investments.



Airline Incentive Programme (AIP)

Commercial airlines typically operate a particular route based on factors such as market demand and potential yield. These factors are especially critical in view of the highly competitive and low profitability environment that characterises the airline industry in general. Given this backdrop, airlines are increasingly focused on keeping costs down.

Malaysia Airports has always been conscious of this operating environment and has been very supportive of airlines in firstly, providing a low cost base of operations for airlines, and secondly in providing, at its discretion, incentives to airlines to spur growth.

Global benchmarks indicate that airport related costs represent only about 4% of an airline cost structure. Malaysia Airports, having amongst the lowest aeronautical charges in the world, has thus consistently provided in general, even a lower cost base for airlines to operate in. Notwithstanding the low aeronautical charges, Malaysia Airports has been able to provide sufficient airside capacity in a timely manner, reducing the occurrences of congestion or delays on the runways of our main airports and rendering the airlines with better fuel efficiency and saving. Airlines in Malaysia can therefore be confident of operating in a stable, low cost base environment.

In addition to the low aeronautical charges which in itself are an incentive for airlines to operate at our airports, Malaysia Airports has also provided growth related incentives for airlines since 2002. While providing incentives to airlines is a privilege offered by the airport, its capacity to do so would depend almost entirely on the airport's affordability.

Previously in 2009, Malaysia Airports implemented an incentive scheme incorporating a fixed base passenger element in the scheme. The fixed base scheme known as Airlines Recovery Programme (ARP) was meant to support our airline partners during the 2008/2009 economic downturn and was valid for 3 years until 2011. The ARP had been successful in assisting our airline partners in facing tough times, and was recognised by the International Air Transport Association (IATA) as a key criteria in awarding Malaysia Airports the prestigious Eagle Award for Best Airport in 2009, amongst other special recognition of outstanding performance in customer satisfaction, cost-efficiency and continuous improvements. The incentive quantum provided by Malaysia Airports amounted to RM216 million over the 3 years of the ARP.

With the recovery well underway and some airlines already showing signs of growth and good profits alongside increased appetite to add capacity, Malaysia Airports has now introduced a new programme, the Airline Incentive Programme (AIP) based on the fundamentals of our business affordability, to all airlines. Under the AIP, new airlines and routes as well as additional frequencies will continue to benefit from a 3-year free landing scheme. New airlines and routes will also enjoy RM10 payment per arriving passenger for the first year, while at the regional airports it is RM25 per arriving passenger. On top of that, a passenger growth scheme is added where any growth in arriving numbers over the previous year is rewarded RM10 to RM15 per passenger depending on the level of growth.

Needless to say, Malaysia Airports has always and will continue to reward airlines for their growths while maintaining the low charges according to our affordability.

BUSINESS NOT AS USUAL

Opportunities are everywhere and our value proposition is our ability as an airport company to create new and relevant business initiatives that will offer the most value for our stakeholders. It is important for us to determine our niche market in order to compete effectively. As we are at mid-journey of our 5-year Business Direction, our focus is on the growth driver for the medium phase which entails the commercial and KLIA Aeropolis development. In November 2012, Malaysia Airports signed the Memorandum of Understanding with Mitsui Fudosan Co. Ltd. to develop Mitsui Outlet Park, the first upscale Japan factory outlet park in Malaysia as well as in Southeast Asia. This venture is a catalyst to future KLIA Aeropolis development and it is seen to contribute to the economic growth in general and is a good opportunity to further expand our non-aeronautical revenue base.

The Group ended 2012 by taking another bold step forward in expanding our business in a niche service of hospitality and setting a new direction for the future growth of our hotel business. We consolidated our airport airside and landside hotels, and created a new brand identity called Sama-Sama for the hotels that we own. Sama-Sama is a Malay word that carries the meaning of "Togetherness" as well as "You're Welcome". This meaning is embedded into the service culture whereby guests of the hotels are welcomed to an environment that connects them to a multifaceted experience where different cultures and ethnic backgrounds come together.



This is the opportune moment for the Group to position our Airport Hotel business and the services it offers as a unique and specialised product brand. We intend to expand the offerings to the overseas airport market in the future.

SERVING OUR STAKEHOLDERS

We are ever committed to create long term and sustainable growth for our business and we know that in order to create optimum shareholder value, we must look beyond profit and loss. It is of the utmost importance for our contribution as part of the aviation industry to always be value enhancing because it has a substantial multiplier effect of 12 times to Malaysian economy. For this to be true, the industry must have access to the right level of resources to grow and be self-sufficient. As GLCs transform into competitive organisation in their own rights, there is a need for us to be self-reliant and be less dependent of government funding for our investments, especially so for the airports development programmes.





I am pleased to inform that the inaugural Dividend Reinvestment Plan (DRP) announced by the Group in the middle of the year, which was applied to the FY2012 interim dividend, was well-received by our shareholders with acceptance rate of 46.2%. The DRP provides our shareholders with greater flexibility to meet their investment objectives, which is an opportunity to reinvest their dividends in new shares in lieu of receiving cash. At the same time, this exercise offers capital management benefits for our long term investments.

Malaysia Airports is in a league of its own with a diverse portfolio of airports in its ambit which is a rare set-up. The 39 airports under our stable of operations nationwide range from international gateways, with KLIA being the flagship, to domestic, community based airports and the STOLports (Short Take-Off and Landing ports) located in rural areas. Each airport evidently is characterised by different operating requirements, varying commercial offering and growth prospects resulting in mixed financial performance, whilst still serving the same purpose of providing connectivity.

Malaysia Airports has, over the years, been steadfast in growing its non-aeronautical business which now remains consistently above 50% to 60% of the Group's total revenues. This approach has enabled us to cross-subsidise domestic travel in general, as well as the domestic airports and STOLports. The STOLports in East Malaysia for example, are operated on a corporate responsibility basis, with no airport tax or Passenger Service Charge (PSC), being imposed on travellers. These STOLports serve a critical purpose of transporting basic needs such as food and medical supplies, and connecting remote, hard to reach communities to the outside world. Whereas domestic travellers, while accounting for more than 50% of Malaysia Airports' total passenger traffic, pay a minimal fee for PSC, as domestic PSC is set at RM6 and RM9, depending on the airport.

Consequently, the cross-subsidisation mechanism allows Malaysia Airports to keep its PSC, as well as its aircraft landing and parking charges to be among the lowest in the world.

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

51

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC



MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

52

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC



The Government of Malaysia (GoM) has played an integral role in funding airport development, having spent more than RM20 billion thus far, in addition to the several billions spent by the Group. Both Malaysia Airports and GoM have delivered impressive results in terms of providing modern and comfortable airport infrastructure for the benefit of the airlines and passengers. It is, however, critical to ensure an adequate and continuous flow of funds for the long term development, to cater to the growth and demands of air travel, as well as to remain competitive and attractive. For a sustainable growth of aviation, we believe that air transport should be self-sustaining as far as possible, as envisaged in the International Civil Aviation Organisation's (ICAO) Economic Manual and Policy on Charges. Reducing the need for substantial government spending on this public infrastructure would effectively channel tax payers' monies, otherwise used for airport development, elsewhere such as for modernising learning and medical institutions, alleviating poverty and funding innovation, amongst others.



Many airports around the world including those in United Kingdom, Singapore, India and Canada apply an airport development related fee or contribution as part of their charges.

In looking at these practices as a comparison, we see adopting an airport development related fee as strategic and critical in bridging the funding gap and ensuring timely provision of airport capacity and infrastructure. Nevertheless, the GoM as well as Malaysia Airports will continue to ensure that our charges remain competitive against industry benchmarks.

Another key aspect in our business is service excellence, where providing a world-class service standard is a culture we continue

Our steadfast commitment to provide a high level of service was recognised worldwide when we received the 'Best Airport Staff in Asia' Award in the 2012 World Airport Awards for KLIA. A recognition that comes from such renowned organisation, this award speaks volume of our efficient and excellent services to our customers. Congratulations to all KLIA's staff and I am proud of their dedication in providing the best service to our customers.

In line with our commitment to offer memorable airport experiences and being the best at our business, we feel a deep sense of responsibility towards the environment, society and community. In our journey to be a world-class airport business, we strive to incorporate sustainable solutions into

OUR STEADFAST COMMITMENT TO PROVIDE A HIGH LEVEL OF SERVICE WAS RECOGNISED WORLDWIDE WHEN WE RECEIVED THE 'BEST AIRPORT STAFF IN ASIA' AWARD IN THE 2012 WORLD AIRPORT AWARDS FOR KLIA. A RECOGNITION THAT COMES FROM SUCH RENOWNED ORGANISATION, THIS AWARD SPEAKS VOLUME OF OUR EFFICIENT AND EXCELLENT SERVICES TO OUR CUSTOMERS.

to nurture within our employees. We always ensure that the best service and facilities are provided to all our stakeholders, be it our passengers, airline partners, concessionaires, agencies or service providers and other customers at our airports. In November 2012, we launched the Guidelines for Customer Service. The handbook, distributed to the airports' staff and community, serves as a guide for all front-liners to ensure excellent customer service standard is practised consistently and, more importantly, at a level that exceeds our customers' expectations.

our business processes and implement environmental friendly strategies whenever possible. Furthermore, we advocate employee participation in corporate social responsibility activities championed by Malaysia Airports. To know more about our corporate sustainability and responsibility programmes and all the involved stakeholders, I encourage you to read our fourth annual Sustainability Report, which is published correspondent to this annual report.



MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

54

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

OUTLOOK FOR 2013

Our people are the engine of our growth. Malaysia Airports' pool of talented, highly-skilled and experienced employees has enabled us to reach numerous milestones since its incorporation. Their passion and commitment have rendered another successful year for the Group. We are optimistic with the future outlook as it remains to be positive for us, but of course, not without any challenges ahead. The industry has evolved so much over the last few decades. With our expertise in airport operation and management, and our skilled and experienced people, we believe that we can continue to innovate and manage the risks outward.

We are now in a different era of aviation; therefore it is important that we position ourselves well by creating a niche in which we have the competitive advantage over our competitors in the industry. It is critical that we look at the bigger picture in terms of positioning ourselves in the market and we must be able to effectively compete in both domestic and global market. In order to do so, we must leverage on our strengths and improve our weaknesses.

For the year 2013 and in our journey forward, we have taken the steps to identify our brand culture essence, by capitalising on our root strengths as an organisation, and we embarked on transforming our people and work culture to support our vision to be a World-Class Airport Business. We must not be afraid to change the way we do things and it is important that we have the right people and talent to continue growing. Getting good and talented people, as well as investing in grooming the talent within the organisation should go hand-in-hand with our business plan. Our successes were all made possible through effective execution from these talented people and this is the key if we are to continue marking further successful milestones in the future.

We are also gearing our people and resources to continually meet and exceed our airline partners' and the industry's expectations. 2013 would see increased vigour from both low-cost and full-service airlines. AirAsia Group, Malaysia Airlines and also foreign airlines have already and are in the process of further increasing their capacity offerings. The new requests to operate additional frequencies and routes both at the international and domestic levels have been encouraging. Additionally, AirAsia's recent move to acquire 100 new Airbus aircrafts is a good indication and prospect for us as it may render us with more network connectivity and additional frequencies. Likewise, the **oneworld** alliance and A380 operations are expected to revitalise Malaysia Airlines. Entry of Malindo Air, Air France and a few more established airlines will further enhance the market outreach. With the Visit Malaysia Year 2014 on the horizon, the on-going promotional efforts for it would provide the impetus to air travel demand expansion. Assuming a GDP in the range of 4.5%-5.5%, it is estimated that Malaysia Airports' passenger movement would grow by 7.1% in 2013 whereby good growth is expected in both low-cost and full-service airline segments.

THE BOARD

During the year 2012, there were three new appointments to the Board of Director. On behalf of the Board, I would like to welcome Tunku Dato' Mahmood Fawzy bin Tunku Muhyiddin, Dato' Syed Faisal Albar bin Syed A.R. Albar and Chua Kok Ching to the Board. Their appointment to the Board has brought to the Group their broad experience and knowledge in investments, finance, accounting and business management.

We also saw the resignation of Hajah Jamilah binti Dato' Hj Hashim from the Board in the same year. I would like to take this opportunity to thank Hajah Jamilah for her contribution to the Group during her tenure as a Director in the Malaysia Airports' Board.

At the juncture of my appointment, the Board saw the retirement of Tan Sri Datuk Dr. Aris Othman, with effect from 6 June 2012. Tan Sri Datuk Dr. Aris Othman has chaired the Board of Malaysia Airports

for nine years since 2003 and his contribution to the Group was extensive and tremendous. I would like to extend my gratitude to Tan Sri Datuk Dr. Aris Othman for his stewardship in providing guidance and direction for the numerous business strategies in establishing the Group's solid foundations. His broad knowledge in banking, finance and economics, whilst strongly advocating the best practices of corporate governance and internal controls, has seen the company rise to where it is today.

It will not be an easy assignment to replicate the success of my predecessor, but I am determined to take the baton passed on to me, to lead the company in charting new heights.



laurels, and in order for us to compete and remain relevant in this ever challenging industry, we must change progressively. And I would like to assure on behalf of the Board of Directors and Management Team, that we are here to facilitate this change and to work together with all our stakeholders towards a common objective and success.

Last but not least, thank you to all our customers for your continued support in our business year in, year out.

Thank you.

Yours sincerely,

Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah
Chairman

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

55

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

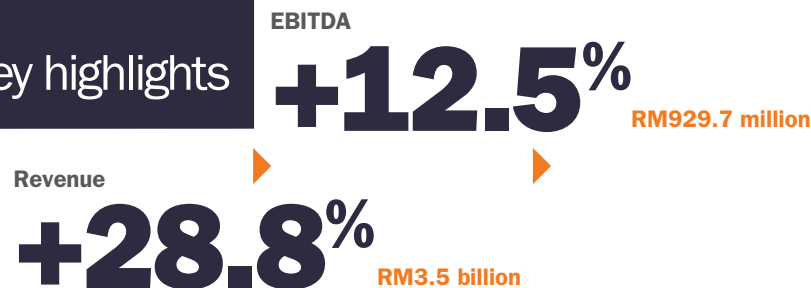


Malaysia Airports' reassuring financial performance in FY2012 indicated resiliency amidst the challenges in the aviation industry and the global economy, having benefitted from the rising demand for air travel in the region and expansion of low-cost carriers into new markets.

TAN SRI BASHIR AHMAD
BIN ABDUL MAJID
Managing Director

managing director's Review of operations

2012 key highlights



HIGHLIGHTS OF FINANCIAL YEAR 2012

- Malaysia Airports recorded revenues of RM3,548.1 million in FY2012, representing a growth of 28.8% compared to RM2,754.8 million recorded in FY2011.
- Earnings before interest, tax, depreciation and amortisation (EBITDA) increased 12.5% to RM929.7 million in FY2012 from RM826.5 million recorded in FY2011.
- EBITDA without construction profit of RM866 million outperformed the headline KPIs target of RM822.4 million.
- KLIA won the 'Best Airport Staff in Asia' in the Skytrax 2012 World Airport Awards.
- Malaysia Airports received the 'Exceptional Service to Aviation' by Pacific Asia Travel Association (PATA) in recognition for our leadership in the aviation industry in the region.
- KLIA received the Platinum status in the Earth Check Certification and has been a member of the Green Globe 21 (GG21) since 2004.
- Malaysia Airports recorded a total of 67.2 million passengers, representing a growth of 5.0% from the previous year.
- We welcomed Bangkok Airways, Airphil Express, Mandala Airlines, Ethiopian Airlines, BB Airways, Zest Air, AirAsia Philippines and South East Asian Airlines to our runways.
- KLIA welcomed A380's operations by Emirates Airline and Malaysia Airlines.
- The new Airline Incentive Programme was launched and implemented to replace the Airline Recovery Programme that ended in December 2011.

The year 2012 proved to be quite an interesting and challenging year for Malaysia Airports as the global economy remained uncertain. Nevertheless, the global aviation industry remains resilient despite the economic slowdown and recorded an increase in global passenger traffic. According to IATA, global international traffic rose by 5.3%, while global domestic traffic rose by 2.8% in 2012.

The Asia Pacific region showed robust growth in international passenger traffic performance, led by airports in Southeast Asia and China. Having recorded a growth of 5.2%, Asia Pacific now account as the largest aviation market in the world in terms of passenger traffic. In line with the regional growth, Malaysia Airports Holdings Berhad and all its subsidiaries (from here onwards referred to as Malaysia Airports or the Group), continued to record a steady growth performance.

This year, Malaysia Airports' Annual Report 2012 is also being published concurrently with our Sustainability Report 2012. The aforesaid is the fourth instalment of its kind for the Group written in accordance with the Global Reporting Initiative (GRI) and the first report to be verified by SIRIM. It was written to complement this annual report, whereby some of the material normally and previously written in our annual reports will only be stated in the Sustainability Report 2012 for the purpose of avoiding repetition. Our Corporate Sustainability and Responsibilities practices, which are classified under the four pillars as recommended under Bursa Malaysia's Corporate Responsibility Framework, namely the Workplace Development, Marketplace Development, Community Development and Environmental Sustainability are also reported in the said report.

Thereby, it is highly recommended that this annual report be read together with the corresponding sustainability report to get a comprehensive overview in regard to the Group's Corporate Sustainability and Responsibilities initiatives and efficiency improvements for the year 2012.

OUR FINANCIAL PERFORMANCE

Malaysia Airports' reassuring financial performance in FY2012 indicated resiliency amidst the challenges in the aviation industry and the global economy, having benefitted from the rising demand for air travel in the region and expansion of low-cost carriers into new markets.

Malaysia Airports continued to record a steady growth, registering revenues of RM3,548.1 million for the financial year ended 31st December 2012 (FY2012) representing a growth of 28.8% compared to the revenues of RM2,754.8 million recorded in FY2011. The Group's financial performance in FY2012 was very encouraging and our earnings before interest, tax, depreciation and amortisation (EBITDA) for FY2012 recorded a growth of 12.5% to RM929.7 million from RM826.5 million in the previous year. Meanwhile, the Group registered profit before tax and zakat (PBT) of RM602.8 million, representing a growth of 5.0% from RM574.2 million reported in FY2011. The strong performance in airport operations contributed to this encouraging growth and backed by continuous intra-regional air travel demand as well as higher contribution from the Group's retail business.





However, the nationalisation of the Ibrahim Nasir International Airport (INIA) by the Government of Maldives had resulted in the impairment on the cost of investment and total share of profit recognised from 2010 to 2012 which amounts to RM68.9 million. Consequently, the Group's Return on Equity (ROE) of 9.9% was lower than the headline KPI target of 11.61%.

Effective 1 January 2011, the Group adopted the IC Interpretation 12: Service Concession Arrangements (IC12) and in accordance with the Financial Reporting Standard 111: Construction Contracts (FRS 111), we recognise the construction revenues and costs of the public sector infrastructure assets and services currently being undertaken by Malaysia Airports namely the klia2 and Penang International Airport. The construction revenues from the above projects recognised by the Group in FY2012 and FY2011 amounted to RM1,385.0 million and RM820.5 million respectively. Whereas the construction cost recognised in FY2012 and FY2011 amounted to RM1,321.7 million and RM782.3 million for these projects respectively.



MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

60

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC





Removing the IC 12 effects, the Group's revenues for FY2012 was recorded at RM2,163.0 million, representing an increase of 11.8% from RM1,934.3 million registered in FY2011. Meanwhile, EBITDA increased 9.9% to RM866.4 million from RM788.2 million recorded in FY2011 and PBT of RM539.5 million for FY2012 grew a marginal 0.7% from RM535.9 million in FY2011. The marginal growth in PBT despite the encouraging revenue growth was a result of higher depreciation and amortisation on capitalisation of newly completed projects and the provision for the impairment of investment in INIA.

Malaysia Airports' aeronautical revenues grew by 16.6% to RM1,036.7 million from RM889.0 million on the back of stronger passenger numbers.

Under the newly approved Airline Incentive Programme (AIP) initiated in January 2012, a total of RM54.0 million would be distributed to our airline partners. The programme, which was conducted on a year-on-year basis, is expected to end in December 2014. The new programme was formulated to replace the Airlines Recovery Programme (ARP), which measures airlines' performance against a set base year over a three year period. The ARP was implemented during the global economic crisis of 2008/09 and was aimed at supporting our airline partners in weathering the storm.

Operations Performance

Malaysia Airports' total non-aeronautical business continues to be a strong driver of our earnings, accounting for 52.1% or RM1,126.3 million of the Group's revenue in FY2012. This is in accordance with the objectives of our 5-year Business Direction, Runway to Success 2010-2014, that positioned commercial development as the main revenue driver for our long term growth plan.

The increase in passenger volume and higher retail spending per passenger had greatly contributed to the growth in the Group's non-aeronautical earnings. Our non-aeronautical revenue (airport operators) increased 9.8% to RM985.4 million in FY2012 from RM897.8 million in FY2011 due to higher retail, rental and commercial activities in our airports. Revenues from rental of space, advertising and other commercial segments grew by 5.8% to RM448.9 million in FY2012, contributed mainly by the addition of new tenants, higher tenant occupancy rate in 2012 and increased carpark revenue due to higher passenger movements. Likewise, the Group's duty-free and non-duty free outlets have shown a robust growth of 13.3%, outpacing both the overall passenger traffic growth of 5.0% to RM537.5 million, as well as the estimated 6.0% growth in downtown retail, as projected by the Malaysia Retailers Association.

The Group's non-airport operations segment recorded revenues of RM140.9 million in FY2012, 4.5% lower from RM147.6 million recorded in FY2011. This is due to the lower revenues recorded in the agriculture and horticulture segment, which declined 17.7% to RM45.6 million in FY2012 from RM55.4 million registered in FY2011. The plantations recorded a low production volume of the oil palm on top of lower price attained for fresh fruit bunches per tonne. The low production volume was in consequence to the 1,721 hectares of land surrendered for the construction of klia2 and other land development initiatives to date.

However, our project and repair maintenance services recorded a growth of 10.0% to RM20.3 million in FY2012, an encouraging achievement for the segment as it had recorded a decline in FY2011. This had softened the impact of the low revenue from the agriculture and horticulture segment.

Our hotel segment grew 1.7% to RM75.1 million, mainly attributed to higher revenue from food and beverages (F&B) related services but was offset by lower revenue from room occupancy due to the closure of hotel rooms for renovation. The year 2012 was exciting for our hotel segment as we decided to take over the management of the landside hotel from the Pan Pacific Hotels Group, consolidating it with the airside airport hotels owned by the Group, giving them a new brand identity. Malaysia Airports' landside and airside hotels were given a superior and impressive face-lift in conjunction of the new brand identity, called Sama-Sama Hotel that was launched on 1 January 2013. The new brand identity, Sama-Sama is shared in detail in page 75 of this review.

TRAFFIC GROWTH

Our traffic performance has remained buoyant despite the on-going risks and slowdown in the global economy, as well as some route and capacity cutbacks by the local carriers. Asia Pacific carriers' positive growth of 5.2% was driven by the revival of Asian economies and continued to become the primary contributor to the growth in our passenger movement.

KL International Airport (KLIA) is well positioned to be a key hub for the Southeast Asian region. This is because Malaysia is excellently placed in the growth area of Asia Pacific generally, and Southeast Asia specifically, enabling us to tap on the catchment area of more than 400 million people who live an average of less than a 4-hour flight radius from Kuala Lumpur. To date, we have far surpassed our Business Direction's target of welcoming 60 million passengers per annum by 2014 as we received over 67.24 million passengers in 2012 alone.

Passenger Movement

All airports in Malaysia operated by the Group registered a total of 5.0% growth in passenger traffic to 67.2 million passengers in FY2012, whereby the international sector grew 6.1% to 32.8 million passengers and domestic sector grew 3.9% to 34.4 million passengers. KLIA's total passenger movements grew by 5.8%, where KLIA and LCCT-KLIA recorded healthy growth of 2.3% and 9.9% respectively. Meanwhile, all other airports in the nation operated by us also recorded a steady growth with an aggregate of 3.8% in total passenger movements.

Malaysia continued to be the destination of choice by travellers around the world with the Southeast Asia sector being the biggest contributor as it recorded the highest number of passengers for FY2012.

Aircraft Movement

In tandem with the growth in passenger movements, Malaysia Airports recorded a growth of 2.2% in overall aircraft movements, to a total of 646,183 aircraft movements in FY2012 compared to 632,136 aircraft movements in FY2011. The growth was contributed mainly by the international sector at 6.1% growth compared to the small 0.03% growth of the domestic sector. The growth in the international sector was attributed mainly by the increase in flight frequencies and introduction of new routes from existing foreign airlines as well as the commencement of new foreign airlines' operations at KLIA and Kota Kinabalu International Airport.



Cargo Movement

Air cargo movements recorded a slight dip, falling 1.4% to 886,955,513 kg from the total 899,826,561 kg registered in FY2011. Both international and domestic cargo movements declined 1.3% and 1.4% respectively. This mirrored the downward global trend in air cargo demand that was due to the declining world trade and the general preference for using marine shipping to transport bulk commodities by the global traders. The Asia Pacific region suffered from the slowdown in demand from Western markets despite being the world's major manufacturing centre and having the largest air cargo players in the market.

FORTIFYING THE CULTURE OF EXCELLENCE

Our Promise of Service Excellence

In line with the Government's aspiration for GLCs in Malaysia to be global customer service leaders, Malaysia Airports has participated in a joint committee of GLCs to develop a National Customer Service Index (NCSI). One of the initiatives is the GLC Customer Satisfaction Index (GCSI) Programme implemented under Government Transformation Programme (GLCT) in 2012. As a start, we worked closely with the GCSI Circle consisting of GLCs customer service experts, Malaysia Productivity Corporation (MPC) and Khazanah Nasional Berhad as the secretariat, to establish a baseline on customer satisfaction index at GLCs as the stepping stone towards creating the NCSI.

On top of that, in our pursuit to give a world-class service standard through enhancing the customer's airport experience, we launched the Guidelines for Customer Service, a common handbook as a reference for all KLIA front-liners. On the same date, we also held the KLIA Service Quality Conference 2012 as a platform for the KLIA community to share their achievements and successes in terms of service excellence.

Driving Operational Excellence and Innovation

New facilities and services were launched at KLIA with the aim to enhance our passenger experience and to provide greater service and operational standards. In October 2012, we simultaneously launched the new Customer Information Counter (CIC) and the state-of-the-art flight information display system called Skymap located at the Main Terminal Building at KLIA. At the same time, a centralised Lost and Found Centre was also launched with the aim to provide a hassle-free,

systematic reclaiming service for our passengers. The new CIC serves as a one-stop centre for airport users and passengers alike to obtain more information about our airports and service offerings. Skymap is a brand new technology tracking system that displays accurately tabulated Estimated Time of Arrival (ETA) of airlines flying into KLIA and incorporates real-time global weather patterns, local time, weather and temperature at major cities around the world. In addition to its function as a key interface between the airport and passengers, the Skymap display has been a delight to our passengers and never fails to catch their attention. Increasingly the need for IT systems to consistently deliver a high quality of service becomes paramount in our daily operations. With the rapid change in technology and business demands, people are now connected to the internet more than ever before. As many electronics devices like mobile phones, tablets and laptops come with built in Wi-Fi hardware, we are seeing a great demand for superior Wi-Fi access. With this in mind, we have enhanced the Wi-Fi function throughout KLIA to ensure connectivity for our passengers.

In addition to infrastructure and technology enhancements, we are also mindful of the importance of other aspects of continuous improvement, namely productivity and process improvement through approaches such as LEAN management. A total of 211 continuous improvement initiatives were identified in 2012 which contributed RM20.3 million to our EBITDA. Included in these initiatives was the extension of the Airport Turnaround Plan (ATP) that was initiated in 2011, to an additional four airports, namely our airports at Kota Bharu, Melaka, Ipoh and Lahad Datu.

Malaysia Airports has also participated in the newly established GLC Innovation Index (GII) Survey which has allowed us to benchmark our innovation strengths and weaknesses against other GLCs and multinationals within the same industry verticals. The results and recommendation of the GII would form the basis for implementation of action plans to drive innovation within the Group.

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

63

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC



Malaysia Airports has provided a platform for our employees to nurture their creativity and innovative ideas through Malaysia Airports' Innovative and Creative Circle (ICC) competition. The winning projects were then presented at both the Regional and National ICC Convention, organised by Malaysia Productivity Corporation (MPC). Malaysia Airports' Baggage Handling System Unit (BHS) emerged as the champion in the second Malaysia Airports Innovative and Creative Circle (ICC) Competition in May 2012 and was then selected to compete in the Regional ICC Convention held in Shah Alam Convention Centre in July 2012. The winning team, named Boomerang, won the 3 Gold Star Award in the convention. Consequently, the team qualified to compete in the National ICC Convention held in Kuala Lumpur Convention Centre in October 2012 and won the national level of 3 Gold Star Award. Additionally, another team from BHS Unit known as One BHS also won the 3 Gold Star Award in the International Convention on QC Circle.

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

64

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

DEVELOPMENT AT OUR AIRPORTS

Penang International Airport

The expansion and upgrading of Penang International Airport (PIA) was substantially completed in November 2012 and was carried out over three main packages which included the extension of the domestic wing as well as the departure kerbside. The departure and arrival corridor was also expanded to allow proper segregation between international and domestic passengers. With this extension, the current terminal footprint was doubled to 54,582 sq. metres thus increasing the terminal building handling capacity to 6.5 million passengers per annum (mppa) from 5 mppa previously. The airport now boasts an upgraded façade, newly installed in-line baggage screening system and upgraded airside and landside facilities. The upgrading of landside facilities includes a multi-storey car park to cater for 2,000 parking lots whereas the upgrading of airside facilities involves new aircraft parking stands and a helicopter apron.

Apart from the expansion of PIA and the development of klia2, two other airports had undergone redevelopment works in 2012, namely Sibu Airport in Sarawak and Sultan Azlan Shah Airport in Ipoh, Perak.



Sibu Airport

The redevelopment works at Sibu Airport which began in September 2010, was fully completed in September 2012. The redevelopment works included an expansion of the terminal building from 8,050 sq. metres to 15,240 sq. metres, apron extension that included a new apron parking for helicopters and general aviation (GA), and provision of an additional 200 carpark lots.

Sultan Azlan Shah Airport, Ipoh

The redevelopment works at the airport mainly focused on the airside with terminal façade improvement. The current runway was extended from 1,798 metres to 2,000 metres and widened from 36 metres to 45 metres to cater for A320/B737-800 operations. Resurfacing of the existing runway and taxiways was also carried out. The apron was expanded for simultaneous parking of three aircrafts with Power-In Power-Out (PIPO) configuration. The redevelopment works was completed in November 2012.

Other Airports

In addition to these upgrading works, Malaysia Airports also submitted two separate proposals to upgrade Sandakan Airport, Sabah and to upgrade the aircraft parking apron at Miri Airport, Sarawak.



AIR SERVICES DEVELOPMENT

Welcome To Our Runways

The continuous economic growth in emerging markets within Asia Pacific has resulted in strong and steady growth in demand for air travel, from which Malaysia Airports has benefitted.

We have been diligently courting airlines by consistently employing several marketing initiatives, activities and rendering services to airlines which have been proven to be effective in attracting eight more new airlines to commence operations at our airports in 2012. Malaysia Airports welcomed Bangkok Airways, Airphil Express, Mandala Airlines, BB Airways, Zest Air, Ethiopian Airlines, AirAsia Philippines and South East Asian Airlines to our runways where seven of these airlines fly to Kuala Lumpur, either to KLIA itself or the LCCT-KLIA. South East Asian Airlines, or also known as SEAIR, flies to Kota Kinabalu International Airport.

SEAIR is a premier leisure airline from the Philippines and flies daily from Clark Airport to Kota Kinabalu. Three more airlines from the Philippines ply the Manila-Kuala Lumpur route, namely the low cost carriers, Airphil Express, AirAsia Philippines and Zest Air, offering more option for travellers to and from Manila. Meanwhile, Bangkok Airways flies from Koh Samui to Kuala Lumpur and vice versa daily, adding the connection to Thailand's already long list of favourite tourist destinations. Ethiopian Airlines, the flag carrier of Ethiopia and a major African airline commenced its service from Addis Ababa into Kuala Lumpur via Bangkok with three times weekly frequency. Another Indonesian carrier, Mandala Airlines offers double daily services from Jakarta to Kuala Lumpur and vice versa. We also welcomed BB Airways, a full service carrier from Nepal that operates to Kuala Lumpur from Kathmandu with four time weekly services in 2012.

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

65

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

KLIA charted another milestone when it welcomed the world's largest and most energy-efficient passenger aircraft, the Airbus A380, from two renowned airlines with strong presence in the aviation industry, namely Emirates Airline and Malaysia Airlines (MAS). We welcomed their A380s on 1 January 2012 and 1 July 2012, respectively.

It has been over a decade since our first participation in the Route Development Forum and we have benefitted from the programme as it presents a platform for us to directly meet and discuss partnership potentials with our peers in the aviation industry.

At the regional level, the 10th Regional Route Asia Forum that had taken place in Chengdu, China from 15 to 17 April 2012 had attracted more than 500 delegates from about 80 airlines, various airport authorities and operators and other aviation-linked companies from the world over. Our participation this year was strengthened with the inclusion of our new partner, Sarawak Tourism, who was there to promote Kuching not only as a popular tourist destination, but also as the future host of the Routes Asia Forum 2014. As a first time participant, Sarawak Tourism found the event very useful and valuable and had echoed their desire to continue supporting us at future events.

Subsequently, from 29 September to 2 October 2012, we participated in the 18th World Route Development Forum that had taken place in Abu Dhabi, United Arab Emirates. The event had attracted more than 3,000 delegates from approximately 260 airlines and other industry stakeholders worldwide. In this forum, Sarawak Tourism once again joined Malaysia Airports in its efforts to promote Malaysia as a desired travelling destination.

Thanks to the Government's well documented efforts in turning Malaysia into a high income nation through the Economic Transformation Programme, full-service carriers are increasingly recognising Malaysia as a business destination in its own right. This augurs well with our aim to attract more high-yield travellers into our airports. In addition, MAS's entry into the oneworld Alliance in 1 February 2013 would further fortify our position as a major player in the region alongside other major hubs.

OUR COMMERCIAL PERFORMANCE

Malaysia Airports' commercial business segment had contributed significantly to the Group's financial performance. The revenues from our commercial segment include revenues from retail activities, concession and F&B outlets, as well as from our land development, advertising, car parking and space rentals income. Through our Commercial Strategic Planning and Operations Plan, we aim to revolutionise the retail experience at our airports and ultimately, drive new income streams to more than double the Group's revenues by 2014. The strategies developed had taken into account industry challenges, best practices and various other business opportunities with the ultimate aim of enhancing commercial value and the airport retail experience of passengers and visitors. This plan aligns with our Runway to Success. Malaysia Airports' annual Indulge Till You Fly (ITUF) Campaign, launched in conjunction with the Malaysia Mega Sale Celebrations, was held from 19 July 2012 to 28 February 2013 at all our international airports, namely KLIA, Penang International Airport, Langkawi International Airport, Kuching International Airport and Kota Kinabalu International Airport. The campaign was also enhanced with the expansion of the iButterfly Asia promotion, a captivating iPhone/iPad application, that was launched in 2011. The iButterfly initiative, forming part of our ITUF Campaign, is a creative and fun way to bring across our message that airports are credible lifestyle destinations for shopping and dining. These activities will broaden our appeal as an exciting retail destination – not just for travellers but also for visitors, business partners and even employees. Our concessionaires had taken advantage of this digital platform and developed appealing promotional activities to tap into today's growing consumer profile characterised by dependence on mobile technology.

Championing the Partnership Model

There are many parties involved in delivering a memorable airport experience to our customers, and this include our concessionaires. In view of the need for our retail partners to be similarly focused in business growth and service excellence, Malaysia Airports conducts an annual Concessionaires Conference. This provides a platform for engagement and dialogue, as well as sharing of best practices.

Malaysia Airports' annual Concessionaires Conference in 2012 carried the theme "Passion to Perform" and was attended by approximately 200 participants representing more than 100 concessionaires from our international airports. Topics of the conference were aimed at giving participants an insight into the future of travel retail trends, digital marketing and customer's expectations and experience. In encouraging our concessionaires to strive for the "Passion to Perform", Malaysia Airports had accorded Excellence Awards to deserving concessionaires.

Refined Retail Offering

Malaysia Airports Niaga Sdn Bhd (MAN), had a rewarding year in FY2012, operating a total of 47 retail and F&B outlets throughout the international airports in Malaysia. As Malaysia Airports continued to strive for excellence to provide the best and most relevant in the travel retail and duty free industry in Malaysia, our business strategies in MAN were multi-pronged. We aimed to focus and further develop on our key strengths and core product categories, to boost our brand and product offering for Lifestyle and Fashion as well as F&B. In the process, we actively explored new business opportunities and grew our business while consistently pursuing customer service excellence. Our leadership position in core product categories, which comprise perfumes & cosmetics, wines & spirits, tobacco & tobacco products, and chocolates & confectionaries, was further enhanced when we had the exceptional opportunities to work with established brand principals and business partners. Through these partnerships, we had the opportunity to launch trade exclusives.

In 2012, MAN is the only airport retailer given the privilege to carry two distinctive fragrances from Flora by Gucci range, to be the only retailer to carry the iconic spirits 'I Love Malaysia' from Alexander Grappa by Bottega for the Asia Pacific region and being the first and only partner in the Asia Pacific entrusted by the premier name in chocolates, Lindt, to establish the Lindt Pick & Mix Bar at the Contact Pier in KLIA. These are just some of the brilliant corporate milestones in retail operations that the Group has achieved.

Fresh and exciting developments were also in store at our Lifestyle and Fashion Division front where we saw our fashion line, Flying Nomad, chalked up impressive sales after making its foray into Labuan Airport, fresh

from its fruitful maiden effort at Kuching International Airport. The brand also successfully launched both its Spring/Summer and Autumn/Winter 2012 collections, and landed its first retail presence at KLIA with its accessories line.

Another feather in the cap for our retail business segment was the introduction of Swarovski into the airport travel retail arena in Malaysia. This success story was further replicated when our retail outlet for Bally made its equally significant appearance, which signalled a prelude to its forthcoming representation at Zone F, an ingenious multi-brand lifestyle emporium, opening soon in second quarter of 2013.

As previously reported in the Annual Report 2011, Malaysia Airports through MAN will be opening a number of new F&B outlets throughout 2012, adding further breadth and depth to our business. One of the outlets opened was the Apron Café at Kuching International Airport. The café is part of the Apron series of practical and convenient local and international cuisine specially created for the frequent traveller on the move that was launched in 2011. Another line from the Apron series is Apron Marché, an open-air 'market place' eatery and a restaurant-style seafood paradise that is slated to be open in 2013 at the Kota Kinabalu International Airport. It will complement Apron Bites, a quick-serve delicatessen, which debuted with success at the same airport. On top of that, the fourth Marrybrown outlet was opened at KLIA's Contact Pier, currently being the biggest of the franchise outlets operated by us.

Riding on the tremendous success of Malaysia Airports inaugural issue of 'Celebration' launched in 2011, two more issues of the shopping and dining catalogue was launched in 2012. The catalogue, which was part of an integrated marketing exercise, featured must-have travel essentials, regional travel retail and duty-free exclusives as well as promotions from the broad range of product categories available across all the retail, lifestyle and F&B outlets.

Shifting into a higher gear, our retail arm is ready to meet the challenges of the forthcoming opening of klia2. This will see a total of 22 new outlets opening in over 7,200 sq. metres space dedicated for retail and duty-free, lifestyle and F&B at the new terminal.



Airport Commercial Model

Under Malaysia Airports' Airport Commercial Model (ACM), the commercial development of our airports is classified into four models namely Lifestyle, Leisure, Community and Corporate Responsibility, taking into consideration the different roles that each airport plays in its respective region and its customers' profiles. The pioneering airports that have completed the ACM development in 2012 were Kuching International Airport, Miri Airport and Mulu Airport, and each are classified under Lifestyle, Leisure and Corporate Responsibility, respectively.

Another Lifestyle airport that has undergone critical expansion to cater to the ever growing numbers in passenger movements is Penang International Airport (PIA). In accordance with being classified as a Lifestyle airport, PIA now boasts of more than 60 retail, F&B and services outlets. Adopting an island concept that embodies the *Pinang* tree, travellers and

visitors would be surprised at the interesting offerings at the airport that encompasses both local and international brands.

Langkawi International Airport is the first Leisure airport that had undergone interior design enhancement to frame the airport to be in line with the Langkawi blueprint, which is to turn the island into a holiday destination. The retail space and revenue at the airport has seen an increase of 5% and 15% respectively as a result of the implementation of the ACM, making the airport a true success story in terms of retail optimisation.

Meanwhile, the Kuala Terengganu Airport spearheaded the Community Airport category and the airport has successfully increased its commercial space by 138% and its commercial revenue by 85%. In addition to the passengers, the product and service offerings in a Community airport also cater to the surrounding community.



Setting The Benchmark In Airport Commercial Through klia2

klia2 is set to be the standard bearer of future low-cost carrier terminals to come, with a tremendous commercial business potential that complements its capacity of handling up to 45 million passengers per annum. Therefore, from the onset klia2 has been earmarked as the Change Platform where the commercial business process reengineering had infused elevated policies and procedures as well as inculcated business driven processes and systems to provide enhanced customer experience and improve revenue performance.

The purpose-built mega terminal is designed to be the "Airport in the mall, Mall in the airport". In conceptualisation and planning for klia2, our objective is to transform it into a destination that provides opportunities for leisure, shopping, tourism, business opportunities and employment. Therefore,

The aspirations for klia2 was founded by a comprehensive market research that allowed us to understand our travellers and key contributors to gross retail sales and top performing categories such as duty free products, chocolates and confectionery, perfumes and cosmetics, and high fashion.

Business process reengineering endorsed a policy review that supports the financial objective of klia2 while aiming to enhance customer experience and performance. Additionally, the policy review had led the means to tender and contact rewriting with the key objectives of portraying a more business friendly, structures and concise documentation to facilitate the ease of understanding as well as support the partnership model. Meeting international retailers' standard, the review in documentation translated to more confidence among potential business partners that eventually led to an overwhelming response.

IN CONCEPTUALISATION AND PLANNING FOR KLIA2, OUR OBJECTIVE IS TO TRANSFORM IT INTO A DESTINATION THAT PROVIDES OPPORTUNITIES FOR LEISURE, SHOPPING, TOURISM, BUSINESS OPPORTUNITIES AND EMPLOYMENT.

with the end in mind, over and above its operational facilities, klia2 is constructed with one of the highest percentage of retail space offered by any commercial airports. When completed, it will be the ultimate airport-based platform to showcase brands, products and services all within the main flow of travellers, providing high visibility and ease of accessibility.

The overwhelming tender response for klia2 was a result of new approaches introduced, indicating a validation of best practices that we plan to migrate to other airports. New channels of engagement was also introduced particularly for pre-selling with potential business partners as well as enhancing customer engagement to widen our reach especially through digital platforms such as iButterfly.

Taking The Lead In Delivering A Memorable Airport Experience

Running an airport is not just about providing facilities and amenities for airlines and its arriving and departing passengers, but it encompasses the service of creating a safe and secure terminal, extending the service to create a memorable airport experience for all our airport users. Under the ASQ CFT umbrella, we have embarked on a few programmes to enhance our airport ambiance. In KLIA, passengers can indulge in creative and artistic showcase by visiting the Mini Art Exhibition and Live Artist Demo located at Satellite Building, where independent artists can be seen showcasing their talents and artwork to passengers. This initiative is a win-win partnership approach with Balai Seni Visual Negara, in which local talents get the first hand opportunity of promoting their artwork to the incoming tourists that have just arrived at the airport as well to be in the mind of the passengers as they are about to leave the country.

Additionally, in support of global events namely the London 2012 Olympics Games, EURO 2012 Football Championship and Formula 1 Petronas Malaysia Grand Prix as well as the major festive celebrations, we had presented fascinating and engaging activities for customers at KLIA. Designated event areas were installed with interactive games and large screen TVs during the sporting events so that travellers could keep abreast with the progress and winnings of their favourite teams. During the festive period, KLIA was also adorned magnificently to emanate the warmth of festive cheer to give travellers a moment to bask in jovial celebration mood. Lively activities such as cultural

dance performances, traditional game competitions and giveaways were among some of the attractions available at KLIA during the festive seasons.

In further extending our effort to create a memorable and enriching airport experience for the passengers, we have introduced KLIA-TV at KLIA, a multi-media platform offering the most comprehensive and fastest review of information and global news.

TOUCH, Customer Service Excellence Campaign

Malaysia Airports has been focused in trying to achieve the goal of transforming our international airports into lifestyle destinations. We have, thus far, looked at our Airport Commercial Models, our product and services offerings and our pricing. Having strengthened our 'hardware' in terms of brand and product varieties, we now look at enhancing our customer service delivery to complete the total customer experience.

Hence, the TOUCH campaign was conceived with our front-liners in mind. The campaign seeks to assist operators and front-liners at KLIA to inculcate and cultivate world-class customer service practices through structured service standards and guidelines, assessment and recognition.

Through TOUCH, our promise is Delivering **T**otal Customer Satisfaction through **O**utstanding Service Practices with **U**nforgettable Smiles yet **C**onservant and **H**umbly Pleasant.

The campaign highlights the importance of the front liners' role in the entire customer service excellence value chain. TOUCH completes our aim of positioning airports, particularly KLIA as lifestyle destinations because the way we interface with our customers and how we make them feel is as much a part of lifestyle as the offerings that we have.



MORE THAN JUST AN AIRPORT COMPANY

OVERSEAS VENTURES

Malaysia Airports' overseas investments continued to register encouraging traffic growth. Turkey's Sabiha Gokcen International Airport (SGIA), in which we have a 20% stake, registered an 8.4% growth in passenger traffic to 14.8 million passengers. The dominant Turkey's flag carrier, Turkish Airlines, has only just announced extensive plans to begin deploying an expanded presence in the low-cost carrier focused airport. Needless to say, prospects remain bright for the third largest airport after KLIA and the Indira Gandhi International Airport (IGIA) in Delhi, India that Malaysia Airports is part of.

In a challenging year for airlines in India in 2012, passenger traffic was adversely affected by a combination of industrial action by airline workers, operational disruptions by some airlines that ran low on cash and the discontinuation of services by some foreign carriers into India. As a result, passenger traffic at the IGIA fell to 33.9 million passengers from 34.7 million passengers from the year before. Malaysia Airports holds debentures in IGIA that represent 10% of IGIA's equity shareholding. In Hyderabad's Rajiv Gandhi International Airport (RGIA) where we have an 11% equity stake, despite a healthy double-digit increase in international passengers, overall traffic performance was flat due to the abovesaid business interruptions at 8.3 million passengers.

Malaysia Airports also participated in a bid for the Stansted Airport in London as part of a consortium. It is notable that Malaysia Airports' track record qualified our consortium of having the necessary capabilities to potentially inject competition into the London air travel market which is regarded as one of the world most popular, dynamic and coveted destination.

Airports Consultancy

Malaysia Airports Consultancy Services Sdn Bhd (MACS) has proven its track record in managing airport quality of service and positioning KLIA as one of the best airports in the world in the 25-40 million passengers category, and also other airports in Malaysia. In 2012, we expanded our expertise in facilitating the Airport Service Quality (ASQ) benchmarking programme to Ibrahim Nasir International Airport (INIA) in Maldives. The Group has taken great care to understand the ever changing customer needs and in tandem with that, suggested the improvement plans in various aspects of the airport. We had the opportunity to witness

the success of the improvement plans before the nationalisation of the airport when INIA's ASQ results improved beyond what was expected for 2012.

Malaysia Airports spread its wings further by venturing into one of the wealthiest nations of the Arabian Peninsula, Qatar. We participated in a tender exercise to provide facilities management services to the New Doha International Airport (NDIA) under Malaysia Airports Consultancy Services Gulf LLC, a limited liability company that was incorporated on 1 October 2012.

On 5 December 2012, MACS had participated in the tender for pre-qualification exercise for Private Sector Participation in the Development of Yangon International Airport in Myanmar.

MACS also ventured beyond airport consultancy to include jetty terminal and jetty cargo development projects. The Government of Malaysia through Jabatan Laut Malaysia Maritime Department and Jabatan Kerja Raya, has offered MACS to plan and design development works for Kuah Jetty Terminal in Langkawi, and relocation feasibility study for Pangkor cargo ramp in Pangkor Island.

AEROPOLIS DEVELOPMENT

In positioning KLIA as one of Asia Pacific's major passenger hubs, our proposition is to transform it into a destination in its own right, an international meeting place and a centre for business and entertainment. As airports become an increasingly important link to global markets and a major determinant of a country's competitiveness, KLIA's vast land bank gives us a unique opportunity to establish KLIA Aeropolis as an airport city.

The development mix of commercial real estate will position the airport as a destination for international business, retails, tourism and conferences, and enables Malaysia Airports to tap global supply chains through cargo, warehousing and logistics facilities.

The development of the Mitsui Outlet Park KLIA, a premium retail outlet, as mentioned in our Annual Report 2011, is coming closer to being realised upon the signing of a Memorandum of Understanding (MoU) with Mitsui Fudosan, one of Japan's largest property developer and retail operator. The MoU was signed in November 2012 and following that, an agreement between Malaysia Airports and Mitsui Fudosan is expected to be signed in the first quarter of 2013. The RM335 million development is estimated to be open for public in the last quarter of 2014.

Additionally, an integrated complex is being developed as part of the klia2 construction package and is expected to be completed in time for the opening of this new terminal. The complex, located in front of klia2, will not only serve as the terminal's carpark but also boasts compelling retail facilities that complements the retail proposition planned for klia2.

Another interesting development that will take place is the conversion of the existing 650,000 sq. ft. LCCT-KLIA into a cargo logistic centre upon migration of the low-cost carrier operations to klia2. This is to accommodate the increasing demand for apron fronting cargo processing facilities and to date, the request for its space had exceeded the availability thus paving the way for further development of cargo warehousing at KLIA.

AGRICULTURE AND HORTICULTURE

MAB Agriculture-Horticulture Sdn Bhd (MAAH), a certified ISO 9001:2008 company fully involved in the cultivation and management of over 5,300 hectares of oil palm and 127 hectares of coconut plantations for Malaysia Airports, has continuously registered growth and contributed to the Group's revenue. These plantations also serve to mitigate the effects of noise pollution and display a relaxing view to the surrounding areas in KLIA besides providing a stable source of recurring revenue.

However, due to lower production and coupled with lower fresh fruit bunches price per tonne, MAAH registered a turnover of RM45.6 million, representing a shortfall of 17.7% or RM9.8 million compared to RM55.4 million revenue posted in FY2011. For FY2012, sales of fresh fruit bunch accounted for 98.7% of the total turnover, whilst landscape activities and coconuts made up the

remaining 1.3%. The new klia2 that is being built only a few kilometres away from KLIA took up a total of 1,721 hectares of the plantations in 2012 that was given up for the construction of the new terminal. Nevertheless, MAAH continues have a positive outlook for 2013 given the expected higher yield and projection of improved crude palm oil price, which is seen to make positive contribution to the Group's revenue.

AEROSPACE CENTRE

2012 marked the 7th year of the establishment of Malaysia International Aerospace Centre Sdn. Bhd. (MIAC), the subsidiary spearheading the development of the nation's vision to be a global aerospace player. MIAC is managed as a business entity that provides facilities and infrastructure as well as competitive leases to attract industry players to invest in the centre. MIAC's development clusters include Maintenance, Repair and Overhaul (MRO) services, Helicopter Centre, General Aviation Centre, Aerospace Technology Centre, Aerospace Centre of Excellence and Business Support Centre. Several developments by both foreign and local companies have successfully been completed throughout 2012 while some others are still ongoing and in various stage of development.

The aerospace sector had grown to become quite a competitive playing field for Malaysia Airports where emerging economies such as India, Vietnam, Indonesia and Thailand is beginning to show an increasing interest in the sector. Notwithstanding these potential strong competitors, the Group through MIAC continued to up the ante by providing a holistic service to the investors in the aerospace centre. Among the key tenants include Spirit Aerosystems Malaysia Sdn Bhd, Zetro Aerospace Sdn Bhd, Subang Skypark Sdn Bhd, Eurocopter Malaysia Sdn Bhd, Augusta Westland and UniKL-MIAT Campus.

INTEGRATED FACILITIES MANAGEMENT

Through our subsidiary, Urusan Teknologi Wawasan Sdn. Bhd. (UTW), we provide an Integrated Facilities Management solutions and services offering Operations and Maintenance, Facility/Property Management, Mechanical and Electrical Installation, Computerised Maintenance Management System and Facilities/Building Audit and Consultation services. In addition to KLIA, UTW's list of clientele includes among others the nation's most iconic and prestigious facilities and landmarks such as Sepang International Circuit, Suria KLCC, Petronas KLCC Tower 3, Spirit Aerosystems and Subang Skypark.

THE AEROSPACE SECTOR HAD GROWN TO BECOME QUITE A COMPETITIVE PLAYING FIELD FOR MALAYSIA AIRPORTS WHERE EMERGING ECONOMIES SUCH AS INDIA, VIETNAM, INDONESIA AND THAILAND IS BEGINNING TO SHOW AN INCREASING INTEREST IN THE SECTOR.



In 2012, UTW revenues grew by 17.0% compared to FY2011, by securing new contracts with external parties.

UTW has delivered service level standards of the highest quality at KLIA with the achievement of 99.6% in Equipment Technical Service Availability. To gain an edge over our competitors, we enhanced our customised 'E@Works' Computerised Maintenance Management System to encompass Holistic Integrated Facilities Management operations and act as the backbone of facilities management operations and reporting.

Sustainability of Airport Systems and Facilities

In ensuring the safety and reliability of airports operated by us, we developed a 5-year asset replacement programme for fire vehicles, baggage handling system, passenger boarding bridges, airfield ground lighting system and screening system.

An Energy Management Policy was formulated to promote efficient use of energy at all airports in line with the national target for reduction of carbon dioxide emission. We achieved a 10% reduction in both energy cost and usage in 2012 for KLIA and other airports, which were contributed by 'No Cost' energy efficiency initiatives.

For business process efficiency, we implemented the Engineering performance dashboard via SAP System-Plant Maintenance Module with integration to Financial Modules. 95 initiatives were undertaken under World Class Maintenance (WCM) for targeted equipments resulting in more than RM 500,000.00 in cost avoidance and savings.

As a commitment towards the growth of renewable energy in Malaysia, Malaysia Airports has appointed a private consortium to build and operate photovoltaic (PV) solar power plant facilities at KLIA and Penang International Airport for the generation of renewable electricity in conjunction with the Malaysia Feed-in-Tariff Programme. Moving forward, concession agreements will be signed to build solar PV facilities within Malaysia Airports premises.

SAFETY AND SECURITY

KLIA has been certified to be in full compliance with International Civil Aviation Organisation (ICAO) Standards and Recommended Practices (SARPs) under the second cycle of the Universal Security Audit

Programme (USAP) conducted by ICAO Auditors at the terminal. KLIA security was rated to be among the best in the world, again for its high scores implementation of the critical elements of aviation security oversight system.

In 2012, Malaysia Airports recruited 510 additional auxiliary police personnel for the klia2 operations and the Passing Out Parade was held at PULAPOL Jalan Semarak on 5 January 2013 and PULAPOL Langkawi on 9 January 2013. As required, all of these auxiliary policemen had successfully completed two months Basic Police Training at these PULAPOLs. Upon the completion of the training, these officers were given another two months Basic Aviation Security Training at Malaysia Airports Training College in Penang before attending the On-the-Job Training at KLIA. The training programme for Malaysia Airports Auxiliary Police is based on the International Civil Aviation Organisation (ICAO) Annex 17 – SECURITY and the security personnel competency requirement of the National Civil Aviation Security Program (NCASP) of the Department of Civil Aviation Malaysia.

As for our Airport Fire and Rescue Service (AFRS), the two focus areas are timely emergency response and efficient rescue services, whereby our AFRS personnel undergo yearly Rating Programme used as a basis to ensure the high level of physical fitness, skill and knowledge of rescue and fire fighting. As a prerequisite, AFRS personnel must pass this rating in order to be considered fit for AFRS operational duties.

In line with our dedication to always provide the best of service, we are in the process of reviewing AFRS Rating Policy, and the Individual Physical Proficiency Test (IPPT) element will be reviewed in collaboration with Institut Sukan Negara (ISN) and it is expected to be completed by March 2013. The rating policy will be used as a mandatory requirement in the process for job promotion, upgrading and acting position, and for the extension of retirement age from 56 to 58 years old.

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

73

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

Ensuring Security at klia2

The purpose-built terminal, klia2, is designed to comply with all regulatory requirements including total passenger segregation between international and domestic passengers as well as arriving and departing passengers. klia2 is also equipped with Inline Hold Baggage Screening System (ILHBS), sophisticated Closed Circuit Television (CCTV) and Access Control and Alarm Monitoring System. Gantry Vehicle Screening technology will be positioned at the Main Control Post to screen all vehicles carrying goods to the terminal building. The international passengers will be screened at the Pier Centralised Security Screening checkpoints, whereas the domestic passengers are screened at Domestic Centralised Facility.

Information Security And System Development

Physical safety is not the only aspect of security that we looked into when it comes to protecting our business. We place high priority in our information security, because like other business assets it is important to our business. Without proper protection our information, system and network face the risk of cyber threats that could cause setbacks to our business operations. We have taken the proactive step in strengthening our information security to prevent any future cyber attacks and to ensure business continuity by complying with the Information Security Management System (ISMS) certification. This certification is key to enhancing information security in order to be better prepared in facing the cyber threat.

All Critical National Information Infrastructure (CNII) sectors have been urged by the Government of Malaysia to obtain the ISMS ISO27001:2005 certification by February 2013, in which Malaysia Airports has been classified under the Transportation sector. In June 2012, our Procurement and Contract Division has been certified as the first non-IT scope with ISO27001:2005 certification in addition to our IT business unit, MA Technologies Sdn. Bhd. that was also recognised as the Information Security Organisation of the Year in the Malaysia Cyber Security Awards 2010.

This certification creates a delivery system that not only complies with current regulations but also meets the demand and satisfaction of the customers, employees, partners and stakeholders. By operating in a reliable, secure and controlled manner, we are demonstrating credibility that increases the trust and confidence in the delivery of our procurement services while also minimising the risks and the losses in the event of any untoward incident.

Time for Change: Technology Refresh for Airport Surveillance

Our airports constantly deal with threats of terrorism, explosive, and illegal substance. In enforcing strict rules and regulations, airport security personnel operate in a fast-paced environment that offers no room for mistakes. Our new IP surveillance technology and innovation in video analytics are helping us to enhance airport security. These video surveillance systems with digital surveillance streams-enabled are scalable to cater to our growth. The system is equipped with facial recognition technology and can detect specific activities predetermined as unusual, and scan for suspicious individuals.

NURTURING OUR TALENTED PEOPLE

It is no doubt that human capital is our most valuable asset. In a niche industry like airport business, specific expertise and skills set are critical determinants of success. Therefore it is highly important to retain and continuously develop the employees. To recognise employees, a Reward and Recognition programme was introduced and in 2012, 7 recognition initiatives were implemented. These initiatives have led to the increase of the employee's reward and recognition measurement in the annual 2012 Employee Engagement Survey (EES).

In 2012, our investment in human capital development had benefited 3,229 staff through various development programmes that includes trainings, workshops, conferences and educational programmes. In July 2012, the Group launched the Malaysia Airports Career Development Programme (MACDP) in collaboration with MITRANS from Universiti Teknologi MARA (UiTM), offering two Airport Management diplomas namely Corporate Diploma and Executive Diploma to our employees. This is the 3rd collaboration of its kind between Malaysia Airports and UiTM. MACDP is a comprehensive programme and has holistic approach to develop a pool of talents in ensuring a continuous supply of highly competent airport personnel for our immediate and future needs.

We also introduced the On-Boarding Programme in April, an initiative to officially welcome all new employees. The programme primarily aims to inform and educate new employees of Malaysia Airports' business and policies, the code of conduct, and to help familiarise them with the airport environment. A total of 135 new staff was involved in this programme in 2012.

In addition, Coaching and Mentoring Programme was introduced in June with the intention to raise employees' knowledge and enhance their ability to demonstrate leadership skills in their career development. The programme is the platform for Malaysia Airports' talents to receive and give advice, ideas, skills and knowledge that are outside of their boundaries and promote effective collaboration and leadership with the Management team. 35 talents have been selected to participate in this one-year programme in 2012 and were given the opportunities to select their own mentor.

CREATING A GREAT PLACE TO WORK

As part of our responsibility to create a safe and healthy workplace with better employee productivity and performance, and to enhance health awareness, the Safety, Health and Environment (SHE) Department had conducted various safety, health and environment campaigns in our airports as well as Malaysia Airports Corporate Office. These campaigns aimed to elevate the level of awareness among our staff on preserving a safe workplace, healthy working culture and lifestyle, and to encourage practices that enhance the workplace quality.

Further account of these initiatives is reported in our Sustainability Report 2012, published together with this annual report.

Sama-Sama We Build A New Brand Identity

2012 has been an interesting year for the Group in regard to its hotel operations. As a new direction for the future growth of our hotel business, Malaysia Airports took the bold decision to take over operations and management of the airport hotel previously managed by Pan Pacific Hospitality Group. In doing so, we consolidated both our landside and airside hotels at KLIA, and created a new brand identity called Sama-Sama that was launched on 1 January 2013. The 5-star landside hotel that is now known as Sama-Sama Hotel KL International Airport underwent refurbishment exercise to enhance the guest experience. Similarly, the existing Airside Transit Hotel is also being upgraded

and together with the new transit hotel at klia2 will be known as Sama-Sama Express.

Sama-Sama carries the meaning "togetherness" and "you're welcome" in the Malay language. The name Sama-Sama is representative of the Malaysian warm welcome and people of different culture, language and ethnic background coming together at our hotels.

OUTLOOK FOR 2013

Global Market And Aviation Industry Outlook

In 2012, the passenger traffic performance has remained relatively healthy despite the on-going risks and slowdown in the global economy as major airports in emerging markets continue to counterbalance the slowdown from other regions with sustained demand for air transport. Therefore, despite the global economic uncertainty, passenger traffic is expected to remain positive in 2013. The prospects of an improving global economy are expected to lift business and consumer confidence in the air travel industry. The International Monetary Fund (IMF) forecasted the global GDP to strengthen slightly to 3.5% in 2013 from the estimated 3.2% in 2012. The International Air Transport Association (IATA) and Airport Council International (ACI) have estimated 2013 world passenger traffic to grow by a reasonable 4.5% and 4.9% respectively while the International Civil Aviation Organisation (ICAO) estimates a stronger growth of 6.0%.

For the Group, the year 2013 is expected to be a better year in terms of overall passenger traffic performance. Many of the airline routes and capacity cuts over the last year have been reinstated or are in the process of being reinstated, as evidenced by the stronger traffic growth registered in 4Q12. We will continue to benefit from the strong traffic growth with the entry of new airlines and the expansion of local carriers in 2013. Hence, the Group expects to achieve a passenger growth of 7.1% for 2013 on the assumption that the Malaysian GDP growth remains in the range of 4.5%– 5.5% and the global economic environment and jet fuel prices remain stable.



As Malaysia looks forward towards the open sky policy, we are fully supportive of the direction towards a unified aviation market amongst ASEAN member countries as it augurs well with the company's aspiration of bringing in more passengers through its airports as liberalisation would provide less restrictive operating environment for airlines.

In taking cognisance of KLIA's position as the main gateway to Malaysia, it is imperative that the flow of traffic is not impeded by restrictive aviation policies thus enabling the airlines to fully capitalise on the market potential. The strength of local airlines such as Malaysia Airlines (MAS) and AirAsia would intensify competition and further invigorate the market. The entry into the oneworld alliance and the A380 operation by MAS is expected to give additional lift to MAS' performance. The ongoing promotional efforts for Visit Malaysia Year 2014 coupled with a liberal aviation policy would encourage travel demand for Malaysia thus generating increased passenger throughput at our airports. Aircraft movement is expected to grow in tandem with the passenger growth while cargo is expected to remain flat.

Investing In The Future

At the time of writing this report, klia2 is already nearing completion and we are committed to open this purpose-built mega terminal for low cost carrier on 28 June 2013 as announced by our Prime Minister. This is an auspicious date as it will present to us a double celebration in the years to come as it coincides with the anniversary of KLIA that was opened on the same date back in 1998. In preparing for the operations, a National Operational Readiness & Airport Transfer (ORAT) Steering Committee chaired by the Secretary General of Ministry of Transport had been formed and some of the trial activities and readiness tests are already underway.

klia2 will see a significant step up in staff strength and technological requirements as compared to the current LCCT-KLIA.

In ensuring a successful completion and opening of klia2, it is critical that all parties especially the key contractors deliver according to schedule. We are continuously engaging our stakeholders and closely monitoring the contractors on the progress. Our klia2 project team, management and the Board are fully committed in addressing issues that crop up from time to time. As this is a project of national importance, we hope that all parties will work together towards a successful commencement of operations.

THANK YOU

Before I conclude, allow me to express my deepest gratitude to our former chairman, Tan Sri Datuk Dr. Aris Othman, who bid us farewell on 6 June 2012 after nearly a decade of sterling service. It was an honour to have served alongside Tan Sri Datuk Dr. Aris and to have gained from his leadership and mentoring.

I would also like to take this moment to express my sincere appreciation to the Board of Directors of Malaysia Airports for their guidance, mentoring and trust in the Senior Management team's delivery. Our people have always been and will always be the key drivers of our success and the accomplishments of Malaysia Airports would have not been possible without the exceptional leadership of my fellow colleagues of the Senior Management and the talented and passionate employees of Malaysia Airports.

The feathers in our cap are not only testaments to our expertise and accomplishments, but a proof of the unyielding support from our stakeholders. On behalf of the Group, I would like to extend our appreciation to our airlines partners, vendors and suppliers, retailers, various government agencies as well as to our joint venture partners. Last but not least, thank you to our customers and shareholders who have supported our business all these years.

Thank you.

TAN SRI BASHIR AHMAD BIN ABDUL MAJID
Managing Director

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

77

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

“ My enthusiasm and emotional attachment to my job, colleagues and Malaysia Airports has greatly influenced my stay and commitment for the last 21 years. ”

Thomas Daling
Senior Manager
Human Resources Division

“ I have worked with Malaysia Airports since 1992 and was directly involved in the KLIA project focusing on its operational readiness and airport transfer (ORAT) programme. After retiring from Malaysia Airports, I worked on the ORAT of two other international airports – Incheon of South Korea (under Incheon International Airport Corporation) and Suvarnabhumi International Airport, Thailand (under ICAO). I am indeed honoured and immensely gratified to be given another opportunity to share my experience and expertise and to be able to make a small contribution to Malaysia Airports and the country again for the klia2 project. ”

Khaw Sim Min
ORAT Advisor, klia2 project



**STAY
WITH US**





board of directors



standing, from left to right

SABARINA LAILA BINTI DATO' MOHD HASHIM
(Company Secretary)

DATO' SYED FAISAL ALBAR BIN SYED A.R ALBAR
(Non-Independent Non-Executive)

CHUA KOK CHING
(Alternate Director to Datuk Seri Long See Wool)
(Non-Independent Non-Executive)

MOHD IZANI BIN GHANI
(Non-Independent Non-Executive)

DATUK SITI MASLAMAH BINTI OSMAN
(Independent Non-Executive)

DATUK ALIAS BIN HAJI AHMAD
(Independent Non-Executive)

board of directors

standing, from left to right

TAN SRI BASHIR AHMAD BIN ABDUL MAJID
(Managing Director)
(Non-Independent Executive)

TAN SRI DATO' SRI DR. WAN ABDUL AZIZ BIN WAN ABDULLAH
(Chairman)
(Non-Independent Non-Executive)

DATUK SERI LONG SEE WOOL
(Non-Independent Non-Executive)

ESHAH BINTI MEOR SULEIMAN
(Non-Independent Non-Executive)

NORAZURA BINTI TADZIM
(Alternate Director to Eshah binti Meor Suleiman)
(Non-Independent Non-Executive)

TUNKU DATO' MAHMOOD FAWZY BIN TUNKU MUHIYIDDIN
(Non-Independent Non-Executive)

JEREMY BIN NASRULHAQ
(Independent Non-Executive)



MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

81

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

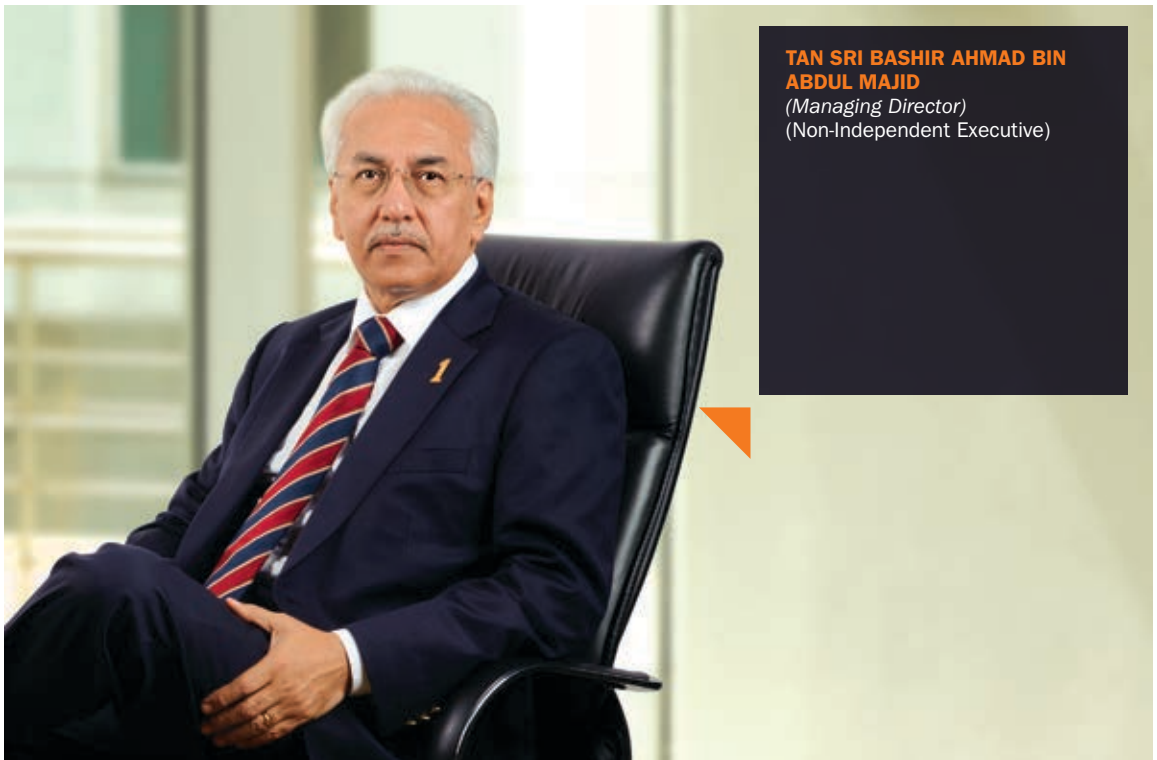


**TAN SRI DATO' SRI DR.
WAN ABDUL AZIZ BIN WAN
ABDULLAH**
(Chairman)
(Non-Independent Non-Executive)

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

82

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC



**TAN SRI BASHIR AHMAD BIN
ABDUL MAJID**
(Managing Director)
(Non-Independent Executive)

Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah, Malaysian, aged 60, was appointed to the Board of MAHB as a Non-Independent Non-Executive Director and Chairman of MAHB on 7 June 2012. He chairs the Board Procurement Committee, Board Finance & Investment Committee and Board Risk Management Committee of MAHB. He is also the Chairman of Malaysia Airports Consultancy Services Sdn. Bhd., K.L. Airport Hotel Sdn. Bhd. and MAB Agriculture-Horticulture Sdn. Bhd., wholly-owned subsidiaries of MAHB.

He began his career in the Administrative and Diplomatic Service as Assistant Director of the Economic Planning Unit in the Prime Minister's Department in 1975. He was later promoted to the position of Senior Assistant Director, Macro-economics in 1984, Senior Assistant Director, Human Resource Section and Director, Energy Section in 1988. In the same year, he was seconded to the World Bank Group in Washington DC, USA, representing South East Asia Group as an Alternate Executive Director. He then served the Ministry of Finance as Deputy Secretary in the Economics and International Division in 2001. He later served the Economic Planning Unit in the Prime Minister's Department as Deputy Director General, Macro Planning Division in 2004. In 2005, he was appointed as the Deputy Secretary General of Treasury (Policy), Federal Treasury in the Ministry of Finance. In 2007, he was appointed as Secretary General of Treasury in the Ministry of Finance, the position he held until August 2012.

He holds a Bachelor of Economics (Hons) in Applied Economics from University of Malaya and a Master of Philosophy in Development Studies from the Institute of Development Studies, University of Sussex, United Kingdom. He also holds a Ph.D in Economics from the School of Business and Economic Studies, University of Leeds, United Kingdom. In 2004, he attended the Advanced Management Program at Harvard Business School, Harvard University, Boston, Massachusetts, USA.

He is the Chairman of Bintulu Port Holdings Berhad, Bank Pembangunan Malaysia Berhad and Pembinaan BLT Sdn Bhd. He also sits on the Boards of Permodalan Nasional Berhad, Johor Petroleum Development Corporation Berhad, Felda Global Ventures Holdings Berhad and Sime Darby Berhad.

Since his appointment, he has attended 9 Board meetings held during the financial year.

Tan Sri Bashir Ahmad bin Abdul Majid, Malaysian, aged 63, was appointed as Managing Director of MAHB on 7 June 2003. He chairs the Board of Malaysia Airports Capital Berhad and Malaysia Airports Capital (Labuan) Limited. He also sits on the Boards of Malaysia Airports (Niaga) Sdn. Bhd., K.L. Airport Hotel Sdn. Bhd. and MAHB (Mauritius) Private Limited, all are wholly-owned subsidiaries of MAHB.

Prior to his present employment, he held various senior positions in Malaysian Airline System Berhad throughout a period of 29 years, which include Director of Corporate Planning, Commercial Director, Senior Vice-President Commercial and Executive Vice-President Airline. He was subsequently appointed as the Aviation Advisor to the Ministry of Transport.

He graduated with a Bachelor of Arts Degree (Hons) from University of Malaya.

Tan Sri Bashir currently sits on the Board of GMR Hyderabad International Airport Limited, Delhi International Airport Private Limited and Istanbul Sabiha Gokcen International Airport Group. Tan Sri Bashir was appointed as the President of Airports Council International Asia Pacific Region on 12 May 2010.

He has attended all 14 Board meetings held during the financial year.



DATUK SERI LONG SEE WOOL
(Non-Independent Non-Executive)

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC



ESHAH BINTI MEOR SULEIMAN
(Non-Independent Non-Executive)

Datuk Seri Long See Wool, Malaysian, aged 58, was appointed as a Non-Independent Non-Executive Director of MAHB on 9 September 2008. He also sits on the Board Procurement Committee and Board Risk Management Committee of MAHB. Since December 2002, he is a member on the Boards of Malaysia Airports (Sepang) Sdn. Bhd. and Malaysia Airports Sdn. Bhd., both wholly-owned subsidiaries of MAHB.

He has served as Assistant Secretary (Air Transport), Principal Assistant Secretary (Airport Development) of Aviation Division, Ministry of Transport ("MOT"). He was subsequently appointed as Under Secretary (Aviation), Aviation Division, MOT from 2002 to 2006 and subsequently appointed as the Deputy Secretary General (Planning), MOT. In 2012, he was appointed as the Secretary General of MOT.

He has a Bachelor of Arts (Hons) from University of Malaya and a Diploma in Public Administration from National Institute of Public Administration (INTAN).

He has attended 9 out of 14 Board meetings held during the financial year.

Eshah binti Meor Suleiman, Malaysian, aged 58, was appointed to the Board of MAHB as a Non-Independent Non-Executive Director on 4 July 2011. She is a member of Board Procurement Committee and Board Nomination & Remuneration Committee of MAHB.

She served as Assistant Director (Macro Economic Section) Economic Planning Unit, Assistant Secretary, Government Procurement Management Division, Ministry of Finance ("MOF"), Assistant Secretary, Public Services Department and Principal Deputy Assistant Secretary, Finance Division, MOF, and Deputy Under Secretary, Investment, MOF (Inc.) and Privatisation Division (formerly known as MOF (Inc.) Companies, Privatisation and Public Enterprise Division) in August 2003.

She is currently the Under Secretary, Investment, MOF (Inc.) and Privatisation Division. She obtained a Bachelor of Economics (Hons) Degree from University Malaya, Diploma in Public Administration from National Institute of Public Administration (INTAN) and a Master in Business Administration (Finance) from Oklahoma City University, USA.

She currently holds directorships in Pos Malaysia Berhad and Global Maritime Ventures Berhad, a subsidiary of Bank Pembangunan Malaysia Berhad and serves as alternate director in Telekom Malaysia Berhad and Malaysian Airline System Berhad.

She has attended all 14 Board meetings held during the financial year.



DATUK ALIAS BIN HAJI AHMAD
(Independent Non-Executive)

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC



**DATUK SITI MASLAMAH BINTI
OSMAN**
(Independent Non-Executive)

Datuk Alias bin Haji Ahmad, Malaysian, aged 65, was appointed to the Board of MAHB as an Independent Non-Executive Director on 1 December 2003. He chairs the Board Nomination & Remuneration Committee and is a member of Board Procurement Committee, Board Audit Committee and Board Risk Management Committee of MAHB.

Prior to this, he had a long and distinguished career with the Government which began soon after his graduation from the University of Malaya in 1972 with an Honours Degree in Arts and Economics. He held various senior positions in several Ministries and Department starting at the Ministry of Finance in 1972, Special Officer to the Minister of Finance and then Minister of Trade and Industry. He also held various senior positions in the Ministry of Defence before moving on as Federal Secretary for Sabah. He was the Deputy Secretary General of the Ministry of Health, a post he held until his retirement in July 2003.

He has attended 13 out of 14 Board meetings held during the financial year.

Datuk Siti Maslamah binti Osman, Malaysian, aged 65, was appointed as an Independent Non-Executive Director of MAHB on 1 December 2003. She chairs the Board Audit Committee and sits on the Board Nomination & Remuneration Committee and Board Finance & Investment Committee of MAHB.

She was formerly the Accountant General of Malaysia, a position she held from October 2000 until her retirement in 2003. She had served the Government for 31 years and held various positions in various government agencies before her retirement.

She is a Fellow Member of The Chartered Institute of Management Accountants (United Kingdom) and a member of the Malaysian Institute of Accountants. She is also a director of MAIS Zakat Sdn. Bhd. and a trustee of Lembaga Zakat Selangor (MAIS).

She has attended all 14 Board meetings held during the financial year.



JEREMY BIN NASRULHAQ
(Independent Non-Executive)

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC



MOHD IZANI BIN GHANI
(Non-Independent Non-Executive)

Jeremy bin Nasrulhaq, Malaysian, aged 60, was appointed to the Board of MAHB as an Independent Non-Executive Director on 15 August 2007. He is a member of the Board Audit Committee and Board Nomination & Remuneration Committee of MAHB. He is also the Chairman of Malaysia Airports (Niaga) Sdn. Bhd., a wholly-owned subsidiary of MAHB, since December 2012 and serves as the Chairman of the Whistleblowing Independent Committee with effect from 1 January 2013.

He had held several key financial and supply chain positions in Unilever and the Fast-moving Consumer Goods (FMCG) industry, throughout a period of 29 years, which include having served as the Regional Finance Officer for Unilever Asia Foods, Supply Chain Director for Unilever Malaysia, Commercial Director-cum-National Finance Director for Unilever Malaysia and Supply Chain Director for Unilever Malaysia and Singapore, a post he held until April 2007. He also served on several regional and global functional teams during his period in Unilever. He also had a brief stint as General Manager (Operations) in Boustead Trading Sdn Bhd. He is currently a Director of Sweetyet Development Sdn. Bhd., a company with its head office in Hong Kong where he represents the company and its brands in the modern and general retail industry in Malaysia.

He is a Fellow Member of the Chartered Institute of Management Accountants, U.K. (CIMA) and formerly served as Deputy President on the Malaysian CIMA Council. He is a registered chartered accountant of the Malaysian Institute of Accountants (MIA). He also holds a Bachelor of Science Degree (Distinction) in Agribusiness Science from Universiti Putra Malaysia.

He has attended all 14 Board meetings held during the financial year.

Mohd Izani bin Ghani, Malaysian, aged 45, was appointed to the Board of MAHB as a Non-Independent Non-Executive Director on 21 March 2011. He is a member of Board Finance & Investment Committee and Board Nomination & Remuneration Committee of MAHB.

Mohd Izani graduated from the London School of Economics and Political Science (LSE), United Kingdom in 1991 with Bachelor of Science (Economics) specialising in Accounting and Finance. After graduating from LSE, he pursued his professional accounting qualification from the Association of Chartered Certified Accountant and admitted to fellowship in 1998. He is also a member of Malaysian Institute of Accountants. He is currently the Executive Director and Chief Financial Officer of Khazanah Nasional Berhad. On cross border financing transactions, he was instrumental in the issuance of the world's first exchangeable sukuk for USD750 million in 2006, followed by other landmark exchangeable sukuk in 2007 and 2008. In relation to domestic ringgit funding, he was deeply involved in the setting up of various sukuk programmes. He is a Director of Bank Muamalat Malaysia Berhad and also sits on the Board of several special purpose companies which are wholly-owned by Khazanah Nasional Berhad, i.e. Rantau Abang Capital Berhad, Feringghi Capital Ltd, Klebang Capital Ltd, Lido Capital Ltd and Cenang Capital Ltd.

He has attended 11 out of 14 Board meetings held during the financial year.



**DATO' SYED FAISAL ALBAR BIN
SYED A.R ALBAR**
(Non-Independent Non-Executive)



**TUNKU DATO' MAHMOOD FAWZY
BIN TUNKU MUHIYIDDIN**
(Non-Independent Non-Executive)

Dato' Syed Faisal Albar bin Syed A.R Albar, Malaysian, aged 47, was appointed to the Board of MAHB as a Non-Independent Non-Executive Director on 5 December 2012. He is a member of Board Risk Management Committee and Board Audit Committee of MAHB.

He started his career with Price Waterhouse (now PricewaterhouseCoopers) in 1991 and served Price Waterhouse, San Francisco, California, USA in 1995 before returning to Kuala Lumpur in 1997. He joined The New Straits Times Press (Malaysia) Berhad ("NSTP") in May 2000 as Financial Controller. He was then appointed as Chief Executive Officer/Executive Director of NSTP in 2003, a position which he held until October 2008. Thereafter, he was appointed as the Group Managing Director/Chief Executive Officer of Pos Malaysia Berhad in November 2008, a position which he held until December 2011. He is presently an Independent Non-Executive Director of Hong Leong Bank Berhad.

He holds a Bachelor of Arts (Accountancy) from Barat College, Lake Forest, USA and also a member of the American Institute of Certified Public Accountants (AICPA) by virtue of holding AICPA Professional Certification from University of Illinois, Urbana Champagne, USA. He had also attended the Advanced Management Programme at Harvard Business School, Harvard University, Boston, USA. He is a member of the Malaysian Institute of Certified Public Accountants ("MICPA") and was elected as Council Member of MICPA on 16 October 2010.

Since his appointment, he has attended 1 Board meeting held during the financial year.

Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin, Malaysian, aged 54, was appointed to the Board of MAHB as a Non-Independent Non-Executive Director on 5 December 2012.

He started his career as a foreign exchange analyst with NCR UK Limited and later, joined Svenska Handelsbanken, London as a Risk Analyst. He then attached to Shell Malaysia Trading Sdn Bhd in 1990 and thereafter was cross posted to Shell New Zealand Ltd in 1991. In 1997, he joined Wira Security Holdings Sdn Bhd as Executive Director and later attached to Tajo Bhd as Chief Executive Officer. In 2000, Tunku Dato' Mahmood Fawzy joined PricewaterhouseCoopers as Executive Director, Corporate Finance.

In 2002, he was appointed as the Managing Director and Chief Executive Officer of Engen Limited, an integrated oil company in South Africa, a subsidiary of Petroliaam Nasional Berhad (Petronas). He was appointed as Non-Executive Director of Energy Africa Limited until January 2004 and was a member of the Board of Governors of the South African Petroleum Industry Association. In 2005, he became the Chief Executive Officer of a shipping company until 2006.

He joined Khazanah Nasional Berhad in May 2007 and retired as Executive Director, Investments in May 2010. He was previously on the Board of Ethos Capital One Sdn Bhd and LP Advisory Committee (LPAC) of Ancora Opportunities Fund (Indonesia) and relinquished both the positions when he retired from Khazanah. He was previously a Director of Pos Malaysia Berhad and resigned in June 2011 after serving for four years.

He obtained a Bachelor of Arts (Hons) Business Studies from Polytechnic of Central London (now Westminster University) and holds a Master in Business Administration (MBA) from Warwick University, United Kingdom. He is also a Member of the Institute of Public Accountants Australia.

He currently holds directorships in Telekom Malaysia Berhad, Hong Leong Assurance Berhad, Hong Leong Islamic Bank Berhad, Hong Leong MSIG Takaful Berhad, SapuraKencana Petroleum Berhad and VADS Berhad.

Since his appointment, he has attended 1 Board meeting held during the financial year.



NORAZURA BINTI TADZIM
(Alternate Director to Eshah binti
Meor Suleiman)
(Non-Independent Non-Executive)

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012



CHUA KOK CHING
(Alternate Director to Datuk Seri
Long See Wool)
(Non-Independent Non-Executive)

Norazura binti Tadzim, Malaysian, aged 34, was appointed to the Board of MAHB as Alternate Director to Eshah binti Meor Suleiman on 30 November 2011. She also sits on the Board of Malaysia Airports (Sepang) Sdn. Bhd. a wholly-owned subsidiary of MAHB.

She has served as Assistant Secretary in various sectors in Investment, MKD and Privatisation Division, Ministry of Finance, namely Infrastructure (Land Transport), Infrastructure (Port/Maritime) and Technology & Industry. She is currently the Principal Assistant Secretary, Investment, MKD and Privatisation Division (Infrastructure – Air Transport). Currently, she is a Director of Keretapi Tanah Melayu Berhad.

She graduated from Universiti Teknologi MARA with a Bachelor of Business Administration (Hons) (Finance) in 2001 and holds a Diploma in Public Administration from National Institute of Public Administration (INTAN) in 2006.

Chua Kok Ching, Malaysian, aged 54, was appointed to the Board of MAHB as Alternate Director to Datuk Seri Long See Wool on 25 June 2012. Prior to his current position, he has held various positions in several ministries, amongst others, as Assistant Director, Socio-Economic Research Unit, Prime Minister's Department, Assistant Secretary, Policy and Planning Division, Ministry of Agriculture, Assistant Secretary, Finance Division, Ministry of Health, Principal Assistant Secretary, Procurement and Privatisation Division, Ministry of Health, Principal Assistant Secretary, Land, Survey and Mapping Division, Ministry of Natural Resources and Environment, Under Secretary, Secretariat of the Working Committee, Royal Commission of Enhancement of Management and Modernisation for the Royal Malaysian Police, Ministry of Internal Security and Under Secretary, Implementation Monitoring Division, Royal Malaysian Police, Ministry of Home Affairs.

He is currently the Under Secretary, Administration and Finance Division, Ministry of Transport Malaysia. He is currently a Director of Johor Port Authority. He obtained a Bachelor of Arts (Hons) from University of Malaya and holds a Master of Public Administration from University of Oklahoma, USA.

Notes:

None of the Directors has any:

1. Family relationship with any other Director and/or Major Shareholder of MAHB;
2. Conflict of interest with MAHB;
3. Conviction for offences within the past 10 years.



MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

Sabarina Laila binti Dato' Mohd Hashim, Malaysian, aged 45, is currently the Company Secretary for MAHB and its Group of Companies. She was appointed as Company Secretary on 20 September 2004 and holds the position of General Manager, Secretarial & Legal Services, MAHB. She obtained a Degree in Bachelor of Laws from University of Malaya and was admitted to the High Court of Malaya as an advocate and solicitor in 1992. She also obtained a Masters of Science Degree in Corporate Governance from London South Bank University.

She is licensed by the Companies Commission of Malaysia and is an Affiliate of The Malaysian Institute of Chartered Secretaries and Administrators.

She joined Malaysia Airports in 1995 as a Legal Advisor in charge of the Group's legal matters. Prior to joining Malaysia Airports, she was a practicing lawyer specialising in corporate and commercial law and was also a company secretary to several private limited companies.

She is also at present the secretary for all five (5) Board Committees of MAHB.



KL International Airport

Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan, Malaysia
Tel: +603 8787 3333 Fax: +603 8787 5555

www.samasamahotels.com

WELCOME TO SAMA-SAMA

At the Sama-Sama KL International Airport Hotel, it is our ingrained tradition to welcome our guests with warmth and care.

Sama-Sama, meaning "togetherness" is founded on the core values of being inclusive in embracing people of all walks and cultures, treating our guests with pride, respect and sincerity.

Come and enjoy the 5-Star Sama-Sama experience.

group senior management

standing, from left to right

- Dato' Abdul Hamid Mohd Ali
- Dato' Azmi Murad
- Faizal Mansor
- Faizah Khairuddin
- Ir. Suradini Abdul Ghani
- Khair Mirza

sitting

- Tan Sri Bashir Ahmad Abdul Majid

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

96

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC



standing, from left to right

- Nasrein Fazal Sultan
- Sabarina Laila Dato' Mohd Hashim
- Dato' Ir. Abdul Nasir Abdul Razak
- Mohamed Sallauddin Mohamed Shah @ Mat Sah



MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

97

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

standing, from left to right

- Ir. Khairiah Salleh
- Nornajihah Ismail
- Nik Anis Nik Zakaria

sitting

- Mustafa Kamal Hj. Alang Othman
- Rokmah Abdullah

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC



standing, from left to right

- Abdul Malik Mohd Yunus
- Veelayudan Krishnan Nair
- Nor Azlina Mohd Isa
- Randhill Singh
- Ir. Mohd Zaifuddin Idris



MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

99

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

standing, from left to right

- Muhammad Fawzy Ahmad
- Brian Iskandar Zulkarim
- Zainol Mohd Isa
- Ahmad Tarmizi Mohd Hashim
- Muhd Najib Mohd Rawi
- Mohd Suhaimi Abd Mubin

sitting

- Mohd Nasir Ismail

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

100

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC



TAN SRI BASHIR AHMAD ABDUL MAJID

Managing Director

Tan Sri Bashir Ahmad, 63, was appointed as Managing Director of MAHB on 7 June 2003. He chairs the Board of Malaysia Airports Capital Berhad and Malaysia Airports Capital (Labuan) Limited. He also sits on the Board of Malaysia Airports (Niaga) Sdn. Bhd., K.L. Airport Hotel Sdn. Bhd. and MAHB (Mauritius) Private Limited, all are wholly-owned subsidiaries of MAHB. He graduated with a Bachelor of Arts Degree (Hons) from University of Malaya. Prior to his present employment, he has held various senior positions in Malaysian Airline System Berhad throughout a period of 29 years, which include Director of Corporate Planning, Commercial Director, Senior Vice-President Commercial and Executive Vice-President Airline. He was subsequently appointed as the Aviation Advisor to the Ministry of Transport. Tan Sri Bashir currently sits on the Board of GMR Hyderabad International Airport Limited, Delhi International Airport Private Limited and Istanbul Sabiha Gokcen International Airport Group. Tan Sri Bashir was appointed as the President of Airports Council International Asia Pacific Region on 12 May 2010.

DATO' ABDUL HAMID MOHD ALI

Chief Operating Officer

Dato' Abdul Hamid, 57, holds a Bachelor Degree in Civil Engineering from University of Glasgow and a Masters of Science Degree in Airport Planning and Management from Loughborough University of Technology, United Kingdom. He has extensive experience in airport planning development, operations and maintenance throughout his 30 years of service in aviation, including setting up many MAHB joint ventures both locally and abroad. He was also involved in the consultancy and management services of airports in Middle East and Central Asia. He was formerly the Chairman of Operations and Development Committee for Sabiha Gokcen Airport, Turkey when the airport was constructed in 2009. As a civil engineer, he has acquired extensive experience in fast track developments projects, the latest being the construction of klia2. He has held several senior positions at DCA and KLIAB. In MAHB, he has held the position of Senior General Manager of Technical Services and Senior General Manager MA (Sepang) prior to assuming his current position.

FAIZAL MANSOR

Chief Financial Officer

Faizal joined MAHB in 2006. He holds a BSc. In Accounting from Rutgers University and an MBA from Ohio University. He is a member of the Institute of Chartered Accountants in Australia. He has had

extensive experience in treasury, corporate and investment banking initially with the Bank of Tokyo-Mitsubishi and subsequently with the AmlInvestment Group. He had also worked in Australia as a Corporate Accountant in a manufacturing company being involved in its corporate restructuring and process improvements. Prior to joining MAHB, he was a CFO of a public-listed construction and wastewater management company. He is primarily responsible for the financial restructuring of MAHB which was successfully completed in 2009. Under his leadership, MAHB won the Best Practice Award for Management Accounting (NAFMA) in the same year. In 2012, Faizal was awarded Best CFO for Investor Relations (Mid Cap category) by the Malaysian Investor Relations Association (MIRA). He now sits on the board of Sabiha Gokcen International Airport in Istanbul where he was involved in the acquisition and subsequently the funding for the airport's expansion.

DATO' AZMI MURAD

Senior General Manager Operation Services

Dato' Azmi, 61, started his aviation career in 1970 with the Department of Civil Aviation as an Air Traffic Controller. From 1984 until April 1998, he served as Airport Manager for several domestic and international airports in Malaysia and later at KLIA when it opened in 1998 as its Head of Operations, Malaysia Airports (Sepang) Sdn. Bhd. His 14 years experience as Airport Manager at various airports has since provided him with substantial experience and management acumen of airport operations. He then held various senior management positions covering different portfolios, namely General Manager of Sepang International Circuit in 2000, General Manager of Corporate Communications and Air Traffic Services in 2001, and later General Manager of Malaysia Airports (Sepang) Sdn. Bhd. in 2004 before attaining his current position in June 2006. Dato' Azmi sat on the Airport Council International (ACI) World Facilitation and Services Standing Committee as the Chairman (until November 2011). He is a permanent member of *Jawatankuasa Pusat Sasaran Penting (JPSP)* and *Jawatankuasa Pasukan Penyelaras Aktiviti Menentang Penyeludupan (JPPAMP)* under Ministry of Home Affairs. He is also the Chairman of Malaysia Airports Whistleblowing Independent Committee.

FAIZAH KHAIRUDDIN

Senior General Manager, Commercial Services

Faizah Khairuddin, Senior General Manager of Commercial Services, MAHB, graduated from Universite De Picardie, France and started her career as a Process Engineer in Thomson Electronic Parts Malaysia. She spent 8 years

in the manufacturing industry, rising to the position of General Manager at a local manufacturing company. She moved to banking during the Asian crisis in 1998. During her ten years in banking, largely with multinational banks such as Standard Chartered and HSBC, her passion and ultimate focus had been in Retail Banking. Her last position in the financial industry had been in Bank Islam as General Manager, Consumer Banking, prior to joining Malaysia Airports in October 2008. Since assuming the position as Senior General Manager, Commercial Services, Faizah has taken on an eminent role of transforming the approach towards developing Commercial Services with the core purpose of enhancing stakeholders' value while improving core capabilities. Under her dynamic and pragmatic leadership, Commercial Services has re-strategised commercial development at airports with the introduction of the Airport Commercial Models where airports are being developed according to lifestyle, leisure, community or corporate responsibility models with the objective of enhancing commercial revenue and customer experience. Leveraging on the greenfield airport and a true change platform for a leisure model, Faizah exercised her wealth of experience and passion into klia2 and the resultant was the overwhelming positive response, which will ultimately translate to premium value for the benefit of all stakeholders – shareholders, customers, community and employees alike. Her highflier approach and efforts were recognised when Faizah was named The Moodie Report Personality of the month for November 2011.

KHAIR MIRZA

Senior General Manager, Planning

Khair joined MAHB in November 2011. He manages all cross-functional teams, with emphasis on the business side of Aviation-related units (Airline Marketing and Research & Planning), and the overall company's corporate-level planning (Corporate Planning and Overseas Ventures). Other cross-functional units in the Planning pillar include Corporate Quality Management, IT, Risk Management, Transformation Management Office and Sustainability. A key achievement in 2012 was the signing on of a globally acclaimed outlet mall developer and operator, to open an over RM300 million factory outlet development in KLIA. He holds a Bachelor of Science in Economics & International Studies from University of Warwick, United Kingdom. He has served companies based in both Singapore (2000-05) and Malaysia (2005 - to-date). His experience encompasses strategic research for 16 Asia-Pacific markets; writing, managing and commissioning industry reports; as well as business and investment planning in industries including aviation, F&B and retail. His last post was Associate Director at Maybank Investment Bank Bhd,

which was voted as the Best Equity House 2011 by IFR Asia. His other personal achievements include being ranked No. 1 Consumer Analyst in The Edge 2007 and 2008 polls, and being the only analyst in Malaysia ranked in the Top 3 for two different industries in separate 2010 Asiamoney Broker Polls and 2010 Asian Wall Street Best Analyst Awards.

IR. SURADINI ABDUL GHANI

Senior General Manager, Human Resource Services

Ir. Suradini, 52, holds a Bachelor of Science degree in Electrical & Electronics Engineering from the University of Nottingham, United Kingdom and a Postgraduate Diploma in Airport Engineering from Nanyang Technological University, Singapore. She started her career as an Electrical Engineer with the Public Works Department in 1983. She joined the Engineering Division of the Department of Civil Aviation in 1985 and subsequently joined Malaysia Airports Berhad in 1992. Over the past 20 years, she has served in various portfolios which include Senior Manager Engineering at KLIA and General Manager of Malaysia Airports Consultancy Services Sdn Bhd. Her experience covers engineering design and supervision, operation and maintenance of airport facilities, airport planning, design and development, contract and project management, airport consultancy and operation and management of airports abroad. She is an Electrical Engineer by profession. She is a Member of the Institute of Engineers Malaysia and is a registered Professional Engineer with the Board of Engineers Malaysia. She was appointed as General Manager of Human Resource Services MAHB on 1st November 2011 and subsequently assumed the position of Senior General Manager Human Resources Services MAHB on 1st June 2012.

MOHAMED SALLAUDDIN MOHAMED SHAH @ MAT SAH

General Manager, Marketing

Mohamed Sallauddin, 49, graduated with BSc. Degree in Accountancy and Computer Science from Northern Illinois University, USA in 1985. He also holds an MBA (Strategic Management) Degree from the International Business School, Universiti Teknologi Malaysia. He has served in the aviation industry during his entire professional life by starting his career with Malaysia Airlines (MAS) as a Management Trainee in 1986 and proceeded to diversify his aviation knowledge by taking up a role in 1997 in Malaysia's first aircraft manufacturing company Composite Technology Research Malaysia (CTRM) Sdn. Bhd., presenting him

the opportunity to serve in the general aviation sectors in the USA and Australia. He joined MAHB in 2001 to be amongst the pioneer group that led the marketing of the international gateways managed by MAHB. Entrusted to encourage more airlines to operate to Malaysia, his immediate and long term aim is to establish KLIA as the Next Generation Hub for both the commercial airlines and travelers.

SABARINA LAILA DATO' MOHD HASHIM

General Manager, Legal & Secretarial, and Company Secretary

Sabarina Laila, 45, is currently the Company Secretary for MAHB and its Group of Companies. She was appointed as Company Secretary on 20 September 2004 and holds the position of the General Manager, Secretarial & Legal Services, MAHB. She obtained a Degree in Bachelor of Laws from University of Malaya and was admitted to the High Court of Malaya as an advocate and solicitor in 1992. She also obtained a Masters of Science Degree in Corporate Governance from London South Bank University. She is licensed by the Companies Commission of Malaysia and is an Affiliate of The Malaysian Institute of Chartered Secretaries and Administrators. She joined Malaysia Airports in 1995 as a Legal Advisor in charge of the Group's legal matters. Prior to joining Malaysia Airports, she was a practicing lawyer specialising in corporate and commercial law and was also a company secretary to several private limited companies.

NASREIN FAZAL SULTAN

General Manager, Internal Audit

Nasrein, 48, holds a Bachelor of Accounting (Hons) from Universiti Kebangsaan Malaysia. She is a Chartered Accountant (CA) registered with the Malaysian Institute of Accountants (MIA) and a Chartered Member of the Institute of Internal Auditors Malaysia (IIA). She was appointed to her current position in July 2005. Before joining MAHB in 1998, she was the Finance Manager of a subsidiary of the Sime Darby Group and prior to that, she had held several senior positions in Finance Division at SIRIM. She also oversees the secretariat of the MAHB Whistleblowing Independent Committee.

DATO' IR. HJ ABDUL NASIR ABDUL RAZAK

General Manager, Special Projects (Construction)

Dato' Ir. Hj. Abdul Nasir, 55, holds a Bachelor of Science Degree in Civil Engineering from the University Of Hartford, Connecticut, USA and a Masters of Science Degree in Integrated Construction and Project

Management from Universiti Teknologi Mara (UiTM). He is also a Professional Engineer, Certified Value Manager with more than 30 years of experience in infrastructure planning and development, both in the government and private sector. He started his career in the Public Works Development (JKR) in 1982, in the oil and gas sector. He then worked for several years in Singapore, in the high-rise building construction before joining MAHB in 1993. Prior to assuming his current position he was the General Manager, Operational Readiness and Airport Transfer (ORAT) klia2 and also the Employer Representative (ER) for klia2. He is also the Deputy President and a Fellow at the Institute of Value Management Malaysia (IVMM).

ROKMAH ABDULLAH

General Manager, Procurement & Contract

Rokmah has held her current position since February 2006. Rokmah graduated with a Bachelor of Accounting (Hons) from Universiti Kebangsaan Malaysia and is a qualified Chartered Accountant registered with the Malaysian Institute of Accountants (MIA). She joined MAHB in 1992, as an Accountant at Subang International Airport. In 1995, she led the Internal Audit Division before heading the Procurement & Contract Unit in 1998. Rokmah also served as Finance & Administration Manager and Company Secretary at Karyaneka Sdn. Bhd. prior to joining MAHB.

IR. KHAIRIAH SALLEH

General Manager, Engineering

Ir. Khairiah, 48, is a Professional Engineer with the Board of Engineers Malaysia and a Member of the Institute of Engineers Malaysia. She represents the industry for the Engineering Accreditation Council, Board of Engineers Malaysia. She holds a Bachelor of Science Degree in Civil Engineering, Old Dominion University, Virginia USA. She promotes reliability engineering and localises the total productive maintenance under world-class maintenance for KLIA and other airports in the Group. She is also known for her knowledge in energy efficiency, energy management and asset management. Her diversified expertise covers most of professional engineering services, i.e., engineering study & analysis (O&M specifically), planning, design, construction, commissioning, operation, maintenance and management of engineering works and projects. Presently, she is fully occupied with the operational readiness and airport transfers (ORAT) for klia2 in addition to her current portfolio of Engineering Operations and Maintenance of airport systems and facilities for KLIA and other airports managed by Malaysia Airports.

NIK ANIS NIK ZAKARIA

General Manager, Corporate Communications

Nik Anis, 49, holds a BSc. in Economics from Northern Illinois University, USA. She has 20 years of working experience in various capacities including managing sales and marketing, customer service and operations, and corporate communication in a public listed IT company prior to joining MAHB in 2009. Her corporate communication portfolio includes marketing and brand communication, employee communication, customer satisfaction management, corporate responsibility programs, public relations and media relations. She is the past president of International Association of Business Communicators (IABC) Malaysia Chapter, a global association that promotes communication excellence within the industry.

MUSTAFA KAMAL ALANG OTHMAN

General Manager, Aviation Security

Mustafa Kamal, 56, holds a Bachelor of Communication (Hons) from University Putra Malaysia. He started his career in 1980 and had held Chief of Security positions at all international airports including KLIA whilst working with Department of Civil Aviation (DCA). He has extensive experience in airport operations ranging from aviation security, terminal operations, airport operations centre and airport fire & rescue service (AFRS). He is a subject-matter expert in aviation security and frequently invited as speakers at various security seminars locally and abroad. He is a member of the IATA Pilot Program on Secure Freight Program (SFP) and had attended Senior Crisis Management Course USA, Anti-Terrorism Planning (ATP) USA, International Disaster Management Course UK and Gold Commanders Crisis Management Course jointly organised by National Security Council and Cranfield University UK. He is a Board Member of MAAH, MA Tech, MASB and MA (Sepang) of MAHB and also the Auxiliary Police Association of Malaysia (APAM).

NORNAJIHAH ISMAIL, FCCA ,CA (M)

General Manager, Finance Services

Nornajihah is a registered Chartered Accountant of MIA as well as a Fellow member of ACCA. She graduated with a BA (Hons.) in Accounting and Finance from South Bank University, London and also holds a Diploma in Accountancy from ITM, Shah Alam. She joined MAHB in June 2006 as Senior Manager, Finance and had previously acquired vast experience and knowledge in Group accounting and auditing. In February 2008, she was appointed as Cross Functional Team Leader for Spend Management initiatives. In recognition of her capability, she was selected by management to

participate in the Khazanah-GLC Talent Exchange Programme in 2008 and subsequently attached for one year with Tenaga Nasional Berhad. She played a key role in the transformation of the Finance Division with MAHB Group and successfully led the entire team to implement a centralised Finance Shared Service, Automated Vendor Invoice Management and Business Partnering unit for the Group. Currently, she is actively involved as the Chairperson of Cross Functional Team for MAHB Group Budget Challenge, a member of the Review Committee for procurements and also a Board member of Malaysia Airports (Sepang) Sdn Bhd, Malaysia Airports Sdn Bhd and Urusan Teknologi Wawasan Sdn Bhd. Prior to her job appointment in MAHB, she was the Head of Group Accounts in Padiberas Nasional Berhad.

VEELAYUDAN KRISHNAN NAIR

General Manager, Special Projects

Veelayudan, 55, holds a Bachelor of Science degree in Agribusiness Science from Universiti Putra Malaysia. He began his career in the Malaysian civil service as Assistant Director in the Malaysian Administrative Modernisation Planning Unit (MAMPU), Prime Minister's Department in 1983. He later joined the Department of Civil Aviation in 1986 and continued to serve MAHB upon corporatisation in 1992. Over the 24 years in the aviation, he has held positions as Assistant Director of Air Transport Operations, Head of Administration, Finance and Public Relations as well as Head of Terminal Operations at the Subang International Airport. In 1996, he was tasked to set up the Research and Planning Division and has been heading the Division since then. Veela carries out economic, statistical and strategic analysis for the company and provides business intelligence and inputs on matters related to traffic performance, traffic forecasts, charges and other air transport economics related matters. He sits on the Board of Malaysia Airports (Sepang) Sdn Bhd. that operates KL International Airport.

NOR AZLINA MOHD ISA, IAP

General Manager, Planning & Development

Nor Azlina graduated from University of Malaya in 1999 with an Honours Degree in Civil Engineering and obtained a Postgraduate Diploma in Business Administration specialising in Airport Engineering Management from National University of Singapore in 2007, through Malaysia Airports Specialist Development Program. She has led the operational design reviews and assessments of various airport development projects in Malaysia as well as overseas. She has vast experience in airport master planning and was involved in the preparation of the National Airport Master Plan in year 2008. Nor

Azlina completed the ACI-ICAO Airport Management Professional Accreditation Program (AMPAP) and obtained her International Airport Professional (IAP) designation in 2011. She is a member of the Institute of Value Management Malaysia (IVMM) and the Board of Engineers Malaysia (BEM). She is currently pursuing her Masters degree in Business Administration from Universiti Utara Malaysia.

ABD. MALIK MOHD YUNUS

General Manager, Airport Fire & Rescue Services

Abd. Malik holds a Master of Science in Emergency Response & Planning from Universiti Putra Malaysia, a Graduate Diploma in Airport Management from the National University of Singapore under the Malaysia Airports - Airport Management Development Programme (AMDP) and a Diploma in Mechanical Engineering from Universiti Teknologi MARA. He has vast experience in Airport Fire and Rescue Services (AFRS) since his first appointment during the DCA days. He was given the task to head AFRS in Penang International Airport & KL International Airport and was directly involved in the establishment of AFRS service during KLIA construction. He is a certified Green Book safety officer from DOSH and was involved in achieving OHSAS certification for Malaysia Airports (Sepang) Sdn. Bhd. during his tenure as a Safety Officer for Malaysia Airports (Sepang). Abd. Malik was seconded to Ibrahim Nasir International Airport, Maldives as the General Manager, Airport Rescue & Fire Fighting before being appointed to his current position.

RANDHILL SINGH, IAP

General Manager, Corporate Planning

Randhill joined MAHB in January 2008. He was then part of the Transformation Management Office managing the organisation wide Continuous Improvement Programme, which was aligned with Khazanah Nasional's GLC Transformation agenda. Randhill moved into the Corporate Planning Division in December 2009 where he was then involved in the development of MAHB's five year business plan entitled Runway to Success 2010-2014. Prior to joining MAHB, Randhill started his career as a Civil Engineer in a consulting firm. He then ventured into entrepreneurship – first setting up a business publishing and distributing educational material, and then establishing and managing a master franchise business of a US-based company providing services in restoration and disaster recovery. Randhill holds a Master in Business Administration (MBA) and an Honours Degree in Civil Engineering both from University of Malaya. He has also completed the ICAO-ACI Airport Management Professional Accreditation Programme (AMPAP) and obtained his International Airport Professional (IAP) designation in 2011.

IR. MOHD ZAIFUDDIN IDRIS

General Manager, Construction

Ir. Mohd Zaifuddin, 48, joined MAHB in 2010. He is a Professional Engineer with the Board of Engineers, Malaysia. He holds a Bachelor of Science Degree of Civil Engineering and Master of Science Degree of Civil Engineering (Geotechnical) from University of Texas at El Paso, USA. He leads the project management team for klia2 project. He has more than 24 years of experience in the construction industry and has been working as consultant for many highways, infrastructures, and building projects locally and in United Kingdom under Rendel Palmer and Tritton, UK Ltd. He has worked as a director of a consultancy and construction company. He was also involved in the construction of the Formula One Circuit, Sepang as the project director.

MOHD SUHAIMI ABD MUBIN, IAP

General Manager, Malaysia Airports (Sepang) Sdn Bhd

Mohd Suhaimi, 46, graduated with a Bachelor Degree in Economics from University Malaya in 1989 and Graduate Diploma in Aviation and Airport Management from the National University of Singapore. He was accredited with ACI-ICAO Airport Management Professional Accreditation Program as International Airport Professional (IAP) in 2011. He started his career with the DCA at Subang International Airport in 1990 and continued to bring his expertise and experience to MAHB after its corporatisation. Suhaimi has 20 years of experience and has held several managerial positions at domestic and international airports. He is currently a Director on the Board of Segi Istana Sdn Bhd and Malaysia Airports Properties Sdn Bhd; as well as the nazir for Masjid Sultan Abdul Samad KLIA.

ZAINOL MOHD ISA, IAP

General Manager, Malaysia Airports Sdn Bhd

Zainol, 53, graduated with an Electrical Engineering (Power) degree from Universiti Teknologi Malaysia and obtained a Postgraduate Corporate Diploma in Airport Engineering by UiTM under Malaysia Airport Corporate Development Programme (MACDP). He is a certified International Airport Professional (IAP) & a Member of Institute of Value Management Malaysia. He is responsible for the management and operations of airports other than KLIA. He began his career with Public Works Department (JKR), then seconded to the Department of Civil Aviation in 1981 and joined the company since its privatisation in 1992. He has more than 30 years experience in airport operations and maintenance, planning and development, project management including pioneering event operation management for MotoGP and Formula1, planning and development of LCCT and klia2, formulation of

National Airport Master Plan (NAMP), the study and preparation for A380 new large aircraft operation and airport development works at Kota Kinabalu, Kuching, Penang, Labuan, Kuala Terengganu & others. He was also responsible in airport certification programme, value management, knowledge management & various studies for operations excellence.

MUHAMMAD FAWZY AHMAD
General Manager, Malaysia Airports (Niaga) Sdn Bhd

Muhammad Fawzy, 44, is a business graduate from Temple University Philadelphia, USA. He brings to the Group over 20 years of experience in retail management and brand development from both the local and international markets. He was also instrumental in the development of the first airport-wide shopping campaign for KLIA during his stint as the Retail Brand Director for an International Brand Agency. Prior to joining MAHB in May 2011, he was the Director of Bank Negara's Museum and Art Gallery.

AHMAD TARMIZI MOHD HASHIM
General Manager,
Malaysia Airports Consultancy Sdn Bhd

Ahmad Tarmizi holds an MBA from Keele University, UK and a postgraduate diploma in Airport Management from the International Aviation Management Training Institute (IAMTI), Canada. Prior to his appointment as MACS's General Manager, he was MAHB's Technical Director and Senior Airport Consultant. He started his career with DCA Malaysia as a fully rated Air Traffic Controller. When the KLIA project was announced, Tarmizi was selected to be a project manager in the KLIA Shadow Management Group. Prior joining MAHB, Tarmizi was in Montreal, Canada, heading IATA's Airport Development and Terminal Design. In IATA, he expanded his credentials to include Airport Master Planning, Airport Certification, Airport Benchmarking, Airport Operational Readiness and Transfer, Airport Capacity Studies and many more. Throughout his career, Tarmizi has been engaged in more than 30 airport projects and some of the notable projects are KLIA (Malaysia), Incheon (Korea), Ataturk Istanbul (Turkey), Harare (Zimbabwe), Wilmington (USA), and Sheremetyevo Moscow (Russia).

MOHD NASIR ISMAIL
General Manager, MAB Agriculture-Horticulture Sdn Bhd

Mohd Nasir Ismail is the General Manager of MAB Agriculture-Horticulture Sdn Bhd. He holds a Bachelor of Science in Engineering (Mechanical) from Plymouth

Polytechnic, United Kingdom. Prior to joining the Group in 1998, he has held several positions at Sime Darby Plantations including a senior post with PT-Sime Indo Agro, based in Indonesia. He brings to the Group 30 years of plantation and agriculture experience.

MUHD NAJIB MOHD RAWI
General Manager, Malaysia International Aerospace Centre Sdn Bhd

Muhd Najib is the General Manager of Malaysia International Aerospace Centre Sdn Bhd, and oversees the Land Development Division of MAHB. He holds a Bachelor of Science in Civil Engineering from University of Strathclyde, Glasgow, Scotland and an MBA from Ohio University, USA. He joined MAHB as General Manager, Land Development in August 2006 and assumes his current position since August 2011. He started his career with Syarikat Pembinaan Setia in 1985, serving both in its construction and property development subsidiaries. In 1991 he joined the property division of UMW Toyota Motor for the nationwide development of its "3S Facilities" (Sales, Service & Spare Parts Centre). He moved on to Land & General Bhd in 1993 where he was involved in the development of several township developments, including the 1200 acres award winning Bandar Sri Damansara township. He was the Chief Operating Officer of Land & General Bhd's property development subsidiaries prior to joining MAHB.

BRIAN ISKANDAR ZULKARIM
General Manager, Urusan Teknologi Wawasan Sdn Bhd

Brian Iskandar graduated with a Degree in Mechanical Engineering from the University of Rhode Island and started his career as a Maintenance and Consultant Engineer in the USA. In 1997, Brian became a Computerised Maintenance Management System Consultant (CMMS) serving clients throughout Massachusetts, New Jersey, Connecticut, Rhode Island and New York of the USA. In Malaysia, Brian has held the post of Regional Director (Asia) for an international company specialising in Chemical, Biological, Radioactive and Nuclear (CBRN) and Explosives & Narcotics detection and identification systems. During this time, Brian became a certified professional Radiation Protection Officer (RPO). Brian had also served as the CEO of a multimodal international logistics company prior to joining MAHB in 2009. He held the post of General Manager (Overseas Ventures) for MAHB for 2 years and in September 2011, Brian was appointed to lead Urusan Teknologi Wawasan Sdn. Bhd. (UTW).



**After a decade
of 14% p.a. growth
we're ready to really
take off.**

**Profit from Malaysia's transformation into
Asia's leading travel destination.**

Travellers love Malaysia. That's why the country's tourism industry has been growing an average of 14% per year over the last 10 years. Today, the Malaysian Government is implementing its Economic Transformation Programme (ETP) to take the country further. A concerted effort involving the public and private sectors, ETP measures involving tourism is especially exciting. From turning Malaysia into Asia's next shopping destination and further establishing the country as a business tourism destination par excellence, to positioning itself as a nature adventure destination for families, the country can expect even more visitors by 2020— 36 million of them. That's a growth of 1.5 times. And Malaysia Airports will be here, greeting them all. It's a great opportunity for us, and for airlines with the foresight to profit from it.

For enquiries, email:
marketing@malaysiaairports.com.my

**MALAYSIA
AIRPORTS**

“ The service here is great!
Good food, a wide international
selection, friendly people
and good communication
make our shopping experience
worthwhile! ”

Reg and Linda Moseek
Australia



Photo: AMG

“ It's a pleasure to shop at
KLIA. There are so many
outlets and huge variety of
things to look and buy.
There's always something for
everyone and it's all under
one roof! ”

Datin Nor Aini Ngah
Malaysia





**INDULGE
WITH US**





MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

110

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC



Malaysia Airports Holdings Berhad was incorporated as a public listed company in the Main Board of Bursa Malaysia Securities Berhad since 1999. Upon incorporation, Malaysia Airports became the first airport operator in Asia and the sixth worldwide to be listed in a stock exchange.



Malaysia Airports Holdings Berhad (Malaysia Airports) was incorporated as a public listed company in the Main Market of Bursa Malaysia Securities Berhad since 1999. Upon its incorporation, Malaysia Airports became the first airport operator in Asia and the sixth worldwide to be listed in a stock exchange.

Malaysia Airports currently operates and manages 39 airports in Malaysia that include 5 international and 16 domestic airports, and 18 short take-off and landing (STOL) ports.



Expanding its expertise internationally, Malaysia Airports also operates and manages three overseas airports. These airports are Indira Gandhi International Airport, New Delhi, Rajiv Gandhi International Airport, Hyderabad in India, and Sabiha Gokcen International Airport in Turkey.

Malaysia Airports is inspired to be a world-class airport business with a mission to provide world-class aviation gateways, to manage cost-effective airport network and services, and to exceed the expectations of customers, shareholders and other stakeholders.

As the main operator of airports in Malaysia, our core activities include the management, operation, maintenance and development of airports, both in aeronautical and in non-aeronautical component. Malaysia Airports' aeronautical revenue comes from landing fees, aerobridge charges, check-in counter charges, parking fees and passenger service charges. Non-aeronautical revenue base is from commercial activities, which include duty free and other retail operations, hotel operations, free commercial zone operations, commercial space leases and management of parking facilities.

Awards and accolades received by Malaysia Airports are testament to its success and achievements as the main airport operator and manager in Malaysia. Among the most prestigious awards received by Malaysia Airports was the IATA's Eagle Awards for Best Airport in 2009, recognising its outstanding performance in customer satisfaction, cost-efficiency and continuous improvements. In 2010, Malaysia Airports received the recognition from Frost & Sullivan as the Airport Investment Company of the Year in the Asia Pacific Aerospace & Defence Awards for its expertise and stellar performance in management.

Malaysia Airports was also awarded an A+ Distinction Award in Malaysian Corporate Governance Index Awards in 2011 by the Minority Shareholder Watchdog Group (MSWG). This award is in recognition of our continuous effort to be diligent in our corporate governance best practices, in ensuring top quality of disclosures, ongoing financial sustainability and corporate responsibility efforts.

Malaysia Airports will continue to set benchmarks and reach milestones in its vision to be a World-Class Airport Business.

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

111

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC



THE NEW WAY TO THE WORLD

KLIA

KL International Airport (KLIA), the main air gateway to the nation was opened in June 1998 with the capacity to receive up to 35 million passengers and 1.2 million tonnes of cargo annually. It comprises of two buildings, the Main Terminal Building (MTB) and the Satellite Building equipped with modern technology facilities that promises to meet our customers' expectation. KLIA is now known as one of Southeast Asia's premier aviation hubs, offering a connection to over 100 destinations and a high standard of services.

The airport was built with the environment in mind, in lieu with the Group's corporate commitment for environmental sustainability where it was designed with the concept of 'Airport in the forest, forest in the airport'. The concept is featured at the Satellite Building through the creation of the Jungle Boardwalk amidst the forest reserve that was transplanted in the terminal upon its construction. Passengers are offered a refreshing experience of walking through a natural forest reserve either for recreational walk or to access the retail outlets within the Satellite Building.

The airport is located in Sepang, Selangor, at the west corridor of Peninsular Malaysia. It is situated at the border of Selangor and Negeri Sembilan, approximately 50km from the capital city, Kuala Lumpur.

KLIA is accessible via a network of highways and expressways that links the airport to the rest of Peninsular Malaysia. Public transportation to the airport is also easily available. These include taxis, limousines, express buses and high-speed trains. Passengers can travel directly from the KL City Air Terminal (CAT) in KL Sentral to KLIA via these high-speed trains, KLIA Express Rail Link (ERL) and KLIA Transit. At KL CAT, departing passengers have the option to check-in their luggage, receive their boarding passes and proceed to board the train for KLIA while immigration clearance will be completed at the airport. Travel time from KL Sentral to KLIA is 28 minutes on the KLIA Ekspres ERL and 37 minutes on the KLIA Transit. As the flagship and the biggest international airport managed by Malaysia Airports, KLIA is a standing proof of the Group's excellence in

airport management and this is supported by various awards and accolades it has received. KLIA was voted world's Best Airport in the 15-25 mppa category by the Airport Council International's Airport Service Quality Award in three consecutive years from 2005 until 2007.

KLIA's high standard of service was also acknowledged by the Skytrax World Airport Awards in 2010 when it won two awards in South East Asia category, which were the Best Airport Immigration Service and Staff Service Excellence awards. Consecutively, in 2011 KLIA won the Best Airport Immigration Service award again. The most recent accolade added to the feather in KLIA's cap was the Skytrax' Best Airport Staff in Asia 2012 Award, acknowledging KLIA as a true customer favourite among many other excellent airports in the region.

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

112

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC



LCCT-KLIA and klia2

March 2012 marks the 6th year of LCCT-KLIA operation as the nation's low cost carrier terminal since its opening in March 2006. Opened with an initial capacity of 10 million passengers annually, this terminal has been expanded to a 64,607 square metre terminal within a single floor operation area and can accommodate up to 15 million passengers annually. LCCT-KLIA is located in Sepang, Selangor, about 11 km from KLIA's main terminal.

In November 2006, LCCT-KLIA was voted CAPA Low Cost Airport of the Year in the CAPA Aviation Awards for Excellence, recognising Malaysia Airports' excellent airport services in low cost terminal and further proving the Group's consistent drive to deliver the best in all its endeavours.

Setting the benchmark in the aviation industry, Malaysia Airports is ready to redefine the travel experience for passengers in the region with its Next Generation Hub concept. The world's first mega terminal dedicated for low cost carriers, klia2, is going to be ready for operation in June 2013 to replace LCCT-KLIA that was meant to be a temporary facility.

klia2 is designed to allow expansion for future growth trends and operational models of low cost airlines. It is

designed to accommodate up to 45 million passengers annually with robustness that will no doubt be able to accommodate the ever-evolving and dynamic global aviation industry. State-of-the-art and modern infrastructures and excellence airport services to be offered at klia2 will ensure passengers' travelling needs are met. Comfortable atmosphere and easy travelling processes welcome the passengers and visitors of klia2.

The highly touted feature of this new terminal is the seamless connectivity between full service and low cost airlines because of its connection to KLIA. Passenger will also be able to enjoy a hassle-free travelling experience through the proximity and ease of connectivity via a skybridge that will link the main terminal building and the satellite building in klia2, making it the first airport with a skybridge in Asia.

With the awareness in environmental sustainability and upholding this responsibility embedded deep in the company's practice, klia2 is built to be eco-friendly and to meet the Green Building Index. The architecture took the cue from nature – with rainforest as the theme for both interior and exterior design where green pockets are infused in its finishing, colour and texture.

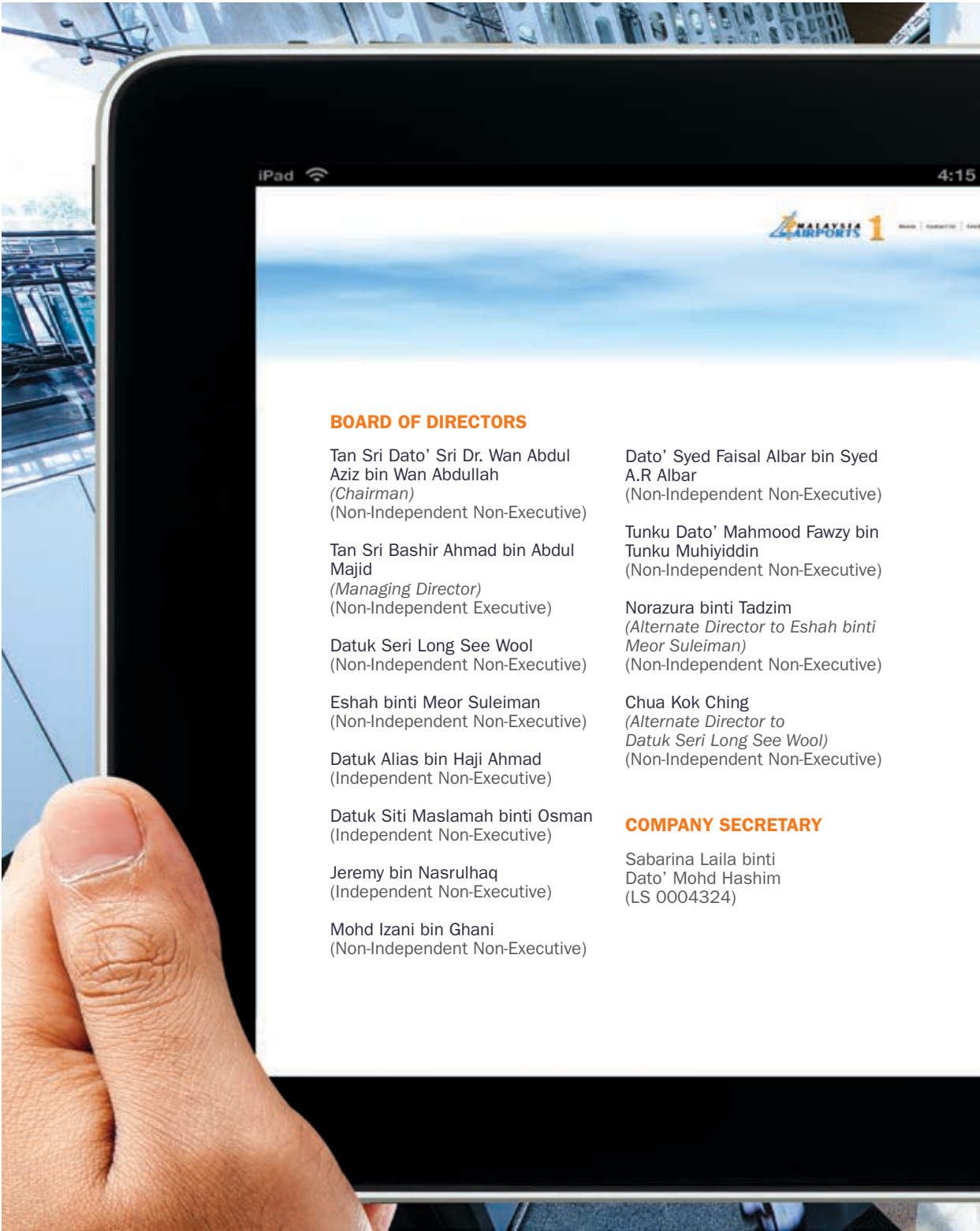
About 35,200 square metre of the terminal from the gross floor area of over 257,000 square metres is dedicated for retail, F&B and service spaces with multitude offerings for the benefit of both passengers and visitors. In line with our new commercial strategies as stated in Malaysia Airports' 5-years business direction document titled the Runway to Success, klia2 will revolutionise the retail experience with 'airport in the mall, mall in the airport' concept that will offer travellers and visitors alike a diverse range of shopping and dining experiences.

Another feature that will complement this purpose-built terminal is the Integrated Complex, an integrated transportation hub that will offer the passengers a seamless travelling experience. The transportation hub will provide multi-modal transportation facilities such as express rail link, busses and taxis, extending the convenience to the passengers as well as the surrounding community. Ultimately, klia2 will raise the bar in terms of the low cost carrier travel experience in the region. Be it for business or pleasure, this terminal is built to meet or even exceed expectations, revolutionising the low cost travel experience for years to come.

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

113

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC



BOARD OF DIRECTORS

Tan Sri Dato' Sri Dr. Wan Abdul
Aziz bin Wan Abdullah
(Chairman)
(Non-Independent Non-Executive)

Tan Sri Bashir Ahmad bin Abdul
Majid
(Managing Director)
(Non-Independent Executive)

Datuk Seri Long See Wool
(Non-Independent Non-Executive)

Eshah binti Meor Suleiman
(Non-Independent Non-Executive)

Datuk Alias bin Haji Ahmad
(Independent Non-Executive)

Datuk Siti Maslamah binti Osman
(Independent Non-Executive)

Jeremy bin Nasrulhaq
(Independent Non-Executive)

Mohd Izani bin Ghani
(Non-Independent Non-Executive)

Dato' Syed Faisal Albar bin Syed
A.R Albar
(Non-Independent Non-Executive)

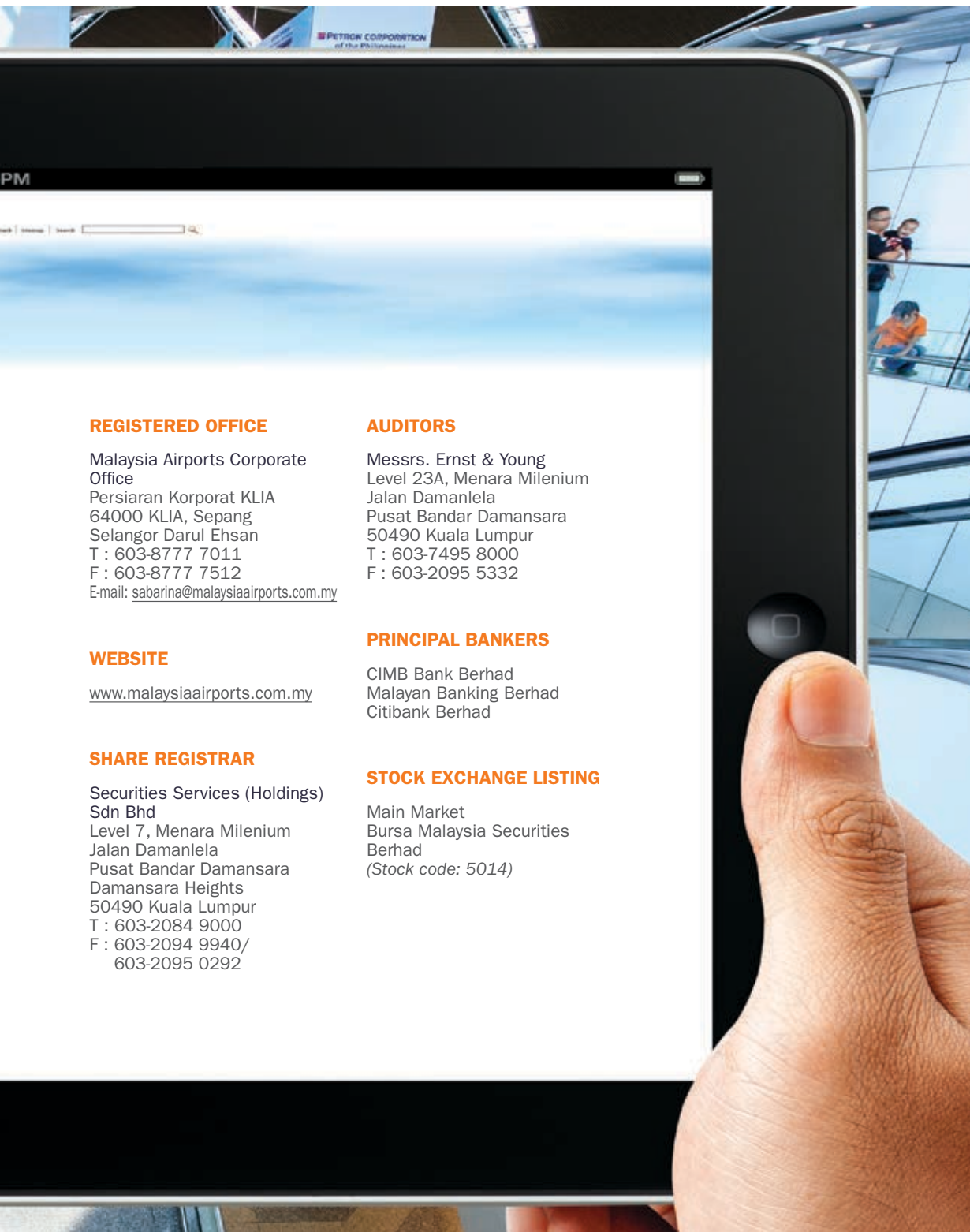
Tunku Dato' Mahmood Fawzy bin
Tunku Muhiyiddin
(Non-Independent Non-Executive)

Norazura binti Tadzim
(Alternate Director to Eshah binti
Meor Suleiman)
(Non-Independent Non-Executive)

Chua Kok Ching
(Alternate Director to
Datuk Seri Long See Wool)
(Non-Independent Non-Executive)

COMPANY SECRETARY

Sabarina Laila binti
Dato' Mohd Hashim
(LS 0004324)



REGISTERED OFFICE

Malaysia Airports Corporate
Office
Persiaran Korporat KLIA
64000 KLIA, Sepang
Selangor Darul Ehsan
T : 603-8777 7011
F : 603-8777 7512
E-mail: sabarina@malaysiaairports.com.my

WEBSITE

www.malaysiaairports.com.my

SHARE REGISTRAR

Securities Services (Holdings)
Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
T : 603-2084 9000
F : 603-2094 9940/
603-2095 0292

AUDITORS

Messrs. Ernst & Young
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
T : 603-7495 8000
F : 603-2095 5332

PRINCIPAL BANKERS

CIMB Bank Berhad
Malayan Banking Berhad
Citibank Berhad

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities
Berhad
(Stock code: 5014)

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

115

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

**MALAYSIA AIRPORTS
HOLDINGS BERHAD**
(487092-W)
Investment holding.

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

116

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

100% MAHB
Malaysia Airports Sdn Bhd (230646-U)
Management, operations and maintenance of designated airports and provision of airport related services in Malaysia other than KL International Airport (“KLIA”), Sepang. The designated airports comprise:-

- 4 international airports (Pulau Pinang, Langkawi, Kuching and Kota Kinabalu)
- 15 domestic airports
- 18 Short Take-off and Landing Port (STOLports)

100% MAHB
Malaysia Airports (Sepang) Sdn Bhd (320480-D)
Management, operations, maintenance and future development of KLIA and Low Cost Carrier Terminal (“LCCT”) in Sepang and provision of airport related services.

100% MAHB
Malaysia Airports Consultancy Services Sdn Bhd (375245-X)
Provision of maintenance and technical services in connection with the airport industry.

100% MACS
Urusan Teknologi Wawasan Sdn Bhd (459878-D)
Provision of mechanical, electrical and civil engineering services at KLIA, Sepang.

51% UTW
Airport Automotive Workshop Sdn Bhd (In Liquidation) (808167-P)
Operations of automotive vehicle workshop. The Company has ceased operations since April 2012.

49% MACS
Malaysia Airports Consultancy Services Gulf LLC (57465)
Facilities maintenance services at airports.

100% MAHB
Malaysia International Aerospace Centre Sdn Bhd (438244-H)
Planning, management and marketing for the development of Malaysia International Aerospace Centre at Sultan Abdul Aziz Shah Airport and other airports in Malaysia.

100% MAHB
Malaysia Airports (Niaga) Sdn Bhd (281310-V)
Operating duty free, non-duty free outlets and providing management services in respect of food and beverage outlets at airports.

100% MA (Niaga)
Eraman (Malaysia) Sdn Bhd (324329-K)
Dormant. Intended principal activity is general trading.

100% MA (Niaga)
Malaysia Airports (Mauritius) Private Limited (59049 C1/GBL)
Investment holding.

100% MAHB
Malaysia Airports (Properties) Sdn Bhd (484656-H)
Provision of non-passenger related services which involves property management and establishing fixed asset requirements.

100% MA (Properties)
K.L. Airport Hotel Sdn Bhd (330863-D)
Owner of the hotel known as Sama-Sama Hotel, Kuala Lumpur International Airport.

51% KLAH
Sama-Sama Hospitality Management Sdn Bhd (1029991-A)
Provision of hospitality services in hotel management.

100% MA (Properties)

MAB Agriculture-Horticulture Sdn Bhd (467902-D)
Cultivation and selling of oil palm and other agriculture products, and engaging in horticulture activities.

20% MA (Properties)

Kuala Lumpur Aviation Fueling System Sdn Bhd (395396-X)
Development, management and operations of aviation fuelling system at KLIA, Sepang.

100% MAHB

Airport Ventures Sdn Bhd (512527-U)
Investment holding.

100% AV

Malaysia Airports Technologies Sdn Bhd (512262-H)
Operations and maintenance services and undertaking Information and Communication Technology business ventures.

100% MA (Tech)

Malaysia Airports MSC Sdn Bhd (516854-V)
Dormant. Intended principal activities are to provide internet services, development and incubation of electronic commerce, and to acquire, manage, lease, establish, equip, maintain and operate radio wireless, close circuit television and television telecast.

100% MAHB

MAHB (Mauritius) Private Limited (64825 C1/GBL)
Investment holding management.

100% MAHB

Malaysia Airports Capital Berhad (906593-U)
Investment holding management.

100% MAHB

Malaysia Airports Capital (Labuan) Limited (LL07679)
Investment holding management.

100% MAHB

Malaysia Airports (Labuan) Private Limited (LL05298)
Investment holding management.

23% MA (Labuan)

GMR Malè International Airport Private Limited (C0490/2010)
Operation, maintenance, expansion, rehabilitation and modernisation of the Malè International Airport.

100% MAHB

MA Construction (Labuan) Private Limited (LL08348)
Investment holding management.

20% MAHB

Istanbul Sabiha Gokcen International Airport Investment Development and Operation Inc. (656447)
Operation, management and development and provision of airport related services.

30% MAHB

Segi Astana Sdn Bhd (916663-H)
Development, management and operations of property.

23% MAHB

Airport Cooling Energy Supply Sdn Bhd (923025-D)
Development, management and operations of chilled water plant.

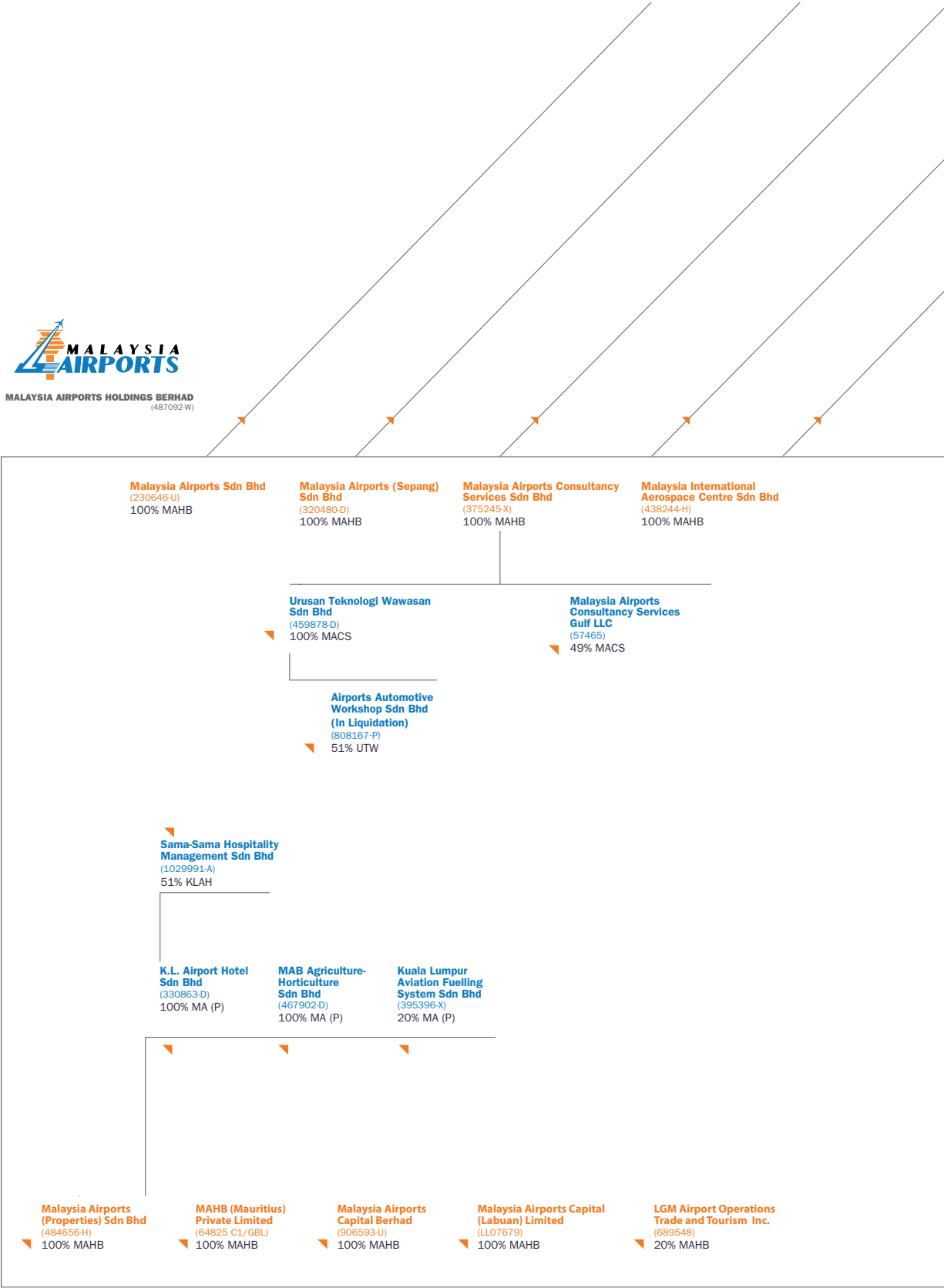
20% MAHB

LGM Airport Operations Trade and Tourism Inc. (689548)
Provision of management services in respect of transportation, parking, food and beverages, cleaning at the airport and construction of hotel and car park within the airport.



MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC



Malaysia Airports
(Niaga) Sdn Bhd
(281310-V)
100% MAHB

▼ Eraman (Malaysia)
Sdn Bhd
(324329-K)
100% MA (NIAGA)

▼ Malaysia Airports (Mauritius)
Private Limited
(59049 C1/GBL)
100% MA (NIAGA)

Airport Ventures Sdn Bhd
(512527-U)
100% MAHB

▼ Malaysia Airports
Technologies Sdn Bhd
(512262-H)
100% AV

▼ Malaysia Airports
MSC Sdn Bhd
(516854-V)
100% MA (TECH)

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

119

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

▼ GMR Malè
International Airport
Private Limited
(C0490/2010)
23% MA (LABUAN)

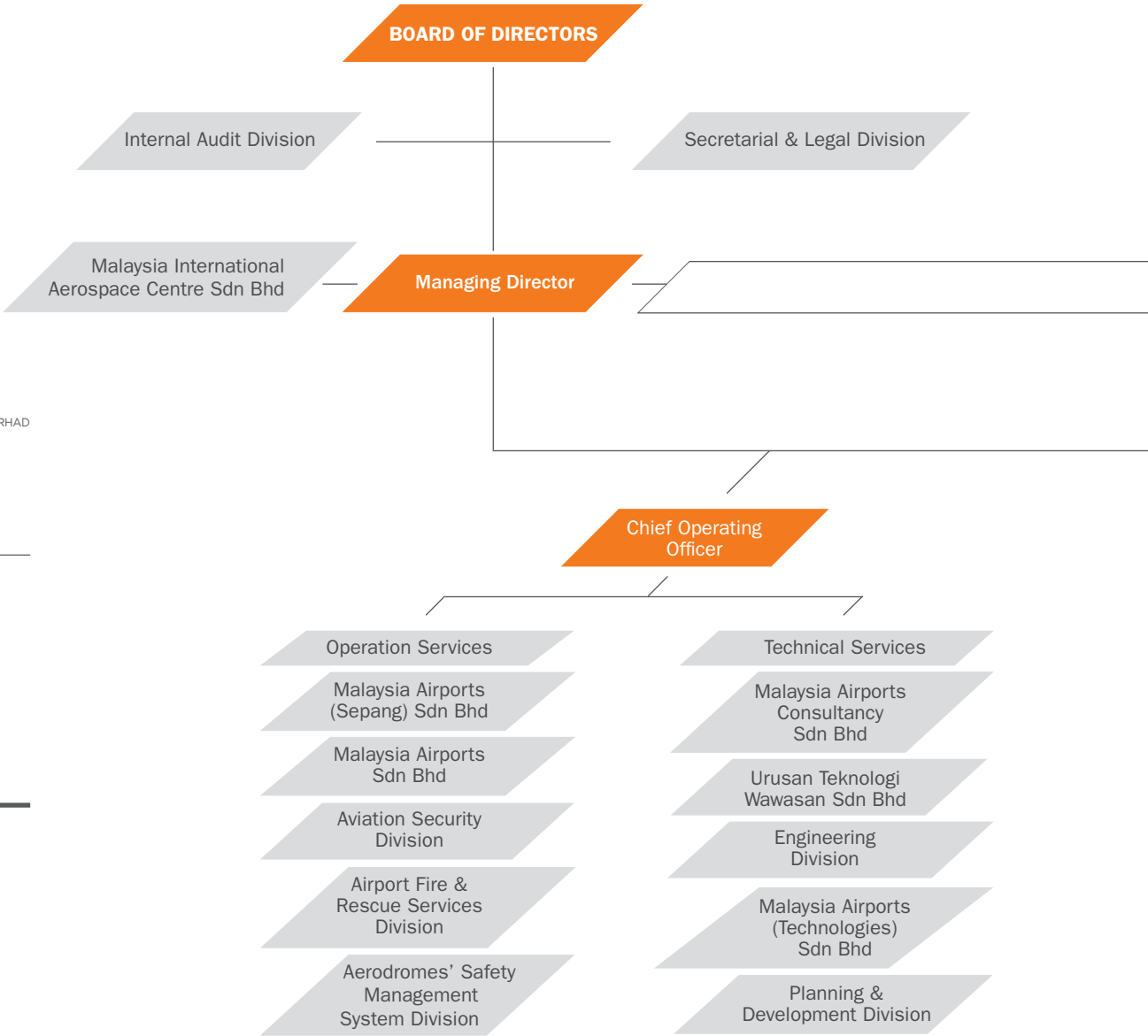
▼ Malaysia Airports (Labuan)
Private Limited
(LL05298)
100% MAHB

▼ MA Construction (Labuan)
Private Limited
(LL08348)
100% MAHB

▼ Istanbul Sabiha Gokcen International Airport
Investment Development and Operation Inc.
(656447)
20% MAHB

▼ Segi Astana Sdn
Bhd
(916663-H)
30% MAHB

▼ Airport Cooling Energy
Supply Sdn Bhd
(923025-D)
23% MAHB



MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

120

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

Corporate Communications Division

Human Resources Division

Chief Commercial
Officer

Commercial
Services Division

Land
Development
Division

Malaysia Airports
(Niaga)

K.L Airport Hotel
Sdn Bhd

MAB Agriculture-
Horticulture Sdn Bhd

Malaysia Airports
(Properties) Sdn Bhd

Chief Financial
Officer

Finance Division

Procurement &
Contract Division

Planning

Corporate
Planning Division

Airline
Marketing Division

Overseas
Ventures Division

IT
Division

Research &
Planning Division

Transformation
Management
Office

Risk
Management
Division

Corporate Quality
Management
Division

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

121

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

calendar of events 2012

KLIA WELCOMED FIRST AIRBUS A380 OPERATIONS

Another historic milestone was written as KLIA officially welcomed the world's largest aircraft, Airbus A380 which was used by Emirates Airline for their schedule service to Malaysia. Guests and media members were given the opportunity to tour the aircraft.

02 Feb
2012



12 Jan
2012



MALAYSIA AIRPORTS LAUNCHED GREEN DAY 2012 AS EMPLOYEE ENGAGEMENT ACTIVITY

Malaysia Airports launched its inaugural "Green Day" programme, a two-pronged employee engagement programme which aimed to stimulate environmental awareness and also to enhance camaraderie among its staff. This was one of the Company's employee engagement activities, and through this programme, Malaysia Airports shared and instilled its belief and commitment in environmental preservation with all the staff.

MALAYSIA AIRPORTS HOSTED FUTURE TRAVEL EXPERIENCE ASIA 2012

Malaysia Airports was recognised for its continued commitment to improve the passenger experience when it was given the privilege to host Future Travel Experience Asia 2012 at the Pan Pacific Kuala Lumpur International Airport. Officially supported by IATA and ACI Asia-Pacific, this unique forum for travel industry stakeholders focused on the end-to-end travel process.

16 Feb
2012



08-10 Feb
2012



ERAMAN LAUNCHED FIRST EVER MARRYBROWN OUTLET AT KLIA

ERAMAN opened a Marrybrown outlet in KLIA which is situated at Contact Pier, Domestic Level KLIA. This outlet was the first Marrybrown outlet ever opened in KLIA.

ONLINE SHOPPING CONTEST PROMOTED KLIA AS A SHOPPING HAVEN

10 contestants discovered first-hand the wonders of KLIA as a shopping haven thanks to Malaysia Airports' "KLIA Indulge Till You Fly" Online Contest. Held in partnership with Malaysia Asia travel blog and one of the myriad of activities organised by Malaysia Airports under its Indulge Till You Fly 2011/2012, the online contest was held from December 2011-January 2012. It attracted participation from close to 800 contestants.



22 Feb
2012

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

123

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

26 Mar
2012



MALAYSIA AIRPORTS BECAME THE
FIRST GLC TO RECEIVE SIRIM'S
QMS FROM ISLAMIC PERSPECTIVE

Malaysia Airports notched another notable achievement by becoming the first Government Link Company (GLC) to secure MS1900:2005 Quality Management System from Islamic Perspectives, when its subsidiary, Malaysia Airports Consultancy Services (MACS) received the MS1900:2005 certified by SIRIM QAS International.

MALAYSIA AIRPORTS SUPPORTED
EARTH HOUR

Malaysia Airports joined other organisations all around the world in supporting Earth Hour by powering off 30% of the terminal ceiling lights at the KLIA's Main Terminal Building, Contact Pier, Satellite Building and LCCT-KLIA from 8.30pm to 9.30pm. This was part of Malaysia Airports' continuous commitment in preserving the environment and conserving energy usage at the airport.



30 Mar
2012

31 Mar
2012



BANGKOK AIRWAYS LAUNCHED
KOH SAMUI – KUALA LUMPUR
SERVICE

Bangkok Airways marked a special occasion for the launch of the airline's latest Koh Samui – Kuala Lumpur service at KLIA. The airline flies daily non-stop service with Airbus 319 – all economy class model with the total capacity of 138 seats.

TRAVEL BY AIR, WIN A BRAND NEW SET OF WHEELS!

Chong Sook Chen drove home a brand new Nissan Teana 2.5L V6 Premium worth approximately RM175,000. The car was the Grand Prize of Malaysia Airports' "Indulge & Win" contest. Chong received her keys to the car from Malaysia Airports at a prizegiving ceremony at KLIA.

26 Apr
2012



23 Apr
2012

ERAMAN LAUNCHED 'CELEBRATIONS OF LOVE'

Eraman launched 'Celebrations of Love' with the objective to celebrate the second edition of its shopping and dining catalogue, aptly titled Celebrations, valid from May till end July 2012.



MANDALA AIRLINES COMMENCED FLIGHTS BETWEEN KUALA LUMPUR AND JAKARTA

Mandala Airlines launched its second international route and the first starting from the capital city of Jakarta to Kuala Lumpur, Malaysia. The direct service from Jakarta to Kuala Lumpur was a continued expansion of Mandala Airlines' services in Indonesia and Southeast Asia.



04 May
2012

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

125

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

17 May
2012



MALAYSIA AIRPORTS ORGANISED
SECOND ANNUAL ICC CONVENTION
2012

With the objective to sustain a platform to encourage its employees to enhance their competitiveness, Malaysia Airports organised the second annual Innovative and Creative Circle (ICC) Convention 2012 at the Corporate Office. The convention served as a platform for Malaysia Airports in giving due recognition to all participating circles that have excelled in achieving value generation and cost savings for their respective organisations.

AIRPHIL EXPRESS INAUGURAL
FLIGHT TO KUALA LUMPUR

Airphil Express, a budget carrier from the Philippines, launched a new international route from Manila to Kuala Lumpur. Airphil Express flies every Tuesdays, Thursdays, and Sundays, using Airbus 320.



21 Jun
2012

29 Jun
2012



KLIA CELEBRATED 14TH
ANNIVERSARY

KLIA entered its 14th year serving the nation and in commemorating its 14th anniversary, KLIA shared its birthday joy with five lucky passengers in a simple yet special reception.

MORE AVIATION AND RESCUE PERSONNEL RECRUITED

In line with the evolving requirement of aviation security and also to ensure that the passengers' safety is always at the level best, Malaysia Airports recruited 38 new aviation safety and rescue personnel. These new recruits successfully completed their six months Basic Fire Fighting Training.

09 Jul
2012



MALAYSIA AIRPORTS SIGNED AGREEMENT FOR A NEW HELI CENTRE

Malaysia Airports and AgustaWestland Malaysia held a ceremony at the Farnborough International Airshow for the signature of long-term lease agreement for a new facility at the Helicopter Centre being developed within the Malaysia International Aerospace Centre, at Sultan Abdul Aziz Shah (Subang) Airport.

06 Jul
2012

KLIA AWARDS 2011 ACKNOWLEDGED THE BEST IN MALAYSIAN AVIATION INDUSTRY

Malaysia Airports lined up 18 awards for airlines and service providers operating at KLIA to honour partners with exceptional performance for the year 2011. KLIA Awards was the ideal platform for Malaysia Airports to reward its partners that have capitalised on the strong recovery of the global aviation industry last year by further enhancing their performances and services.



17 Jul
2012

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

127

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

128

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

19 Jul
2012



INDULGE TILL YOU FLY

Malaysia Airports launched its annual Indulge Till You Fly Campaign (ITUF) offering its biggest reward yet – the opportunity to go on a RM1,000,000 shopping spree for the Grand Prize winner! The Indulge Till You Fly Campaign was an annual event aimed at giving travellers and visitors various options and opportunities to indulge themselves and be rewarded handsomely.

MALAYSIA AIRPORTS BERBUKA
PUASA WITH MEDIA

Malaysia Airports celebrated the holy month of Ramadhan with media by organising 'Buka Pusa with media members at Utusan Malaysia, Bernama and with all the Putrajaya media bureaus. This was part of Malaysia Airports effort to maintain its rapport and networking with members of the media.

16 Aug
2012



08 Aug
2012



TRAVEL SMARTER WITH THE NEW
UPGRADED flyKLIA.com

Malaysia Airports announced the launch of their new enhanced online travel portal, flyKLIA.com providing travellers with an even smarter planning tool to find the best flight and hotel deals for their next holiday or business trip.

MALAYSIA AIRPORTS DISTRIBUTED RM125,600 OF ZAKAT TO 12 ADOPTED SCHOOLS

In fulfilling its duty as a caring and responsible organisation, Malaysia Airports in collaboration with Lembaga Zakat Selangor distributed part of the company's tithe or 'zakat' amounted to RM125,600 to 12 of its adopted schools around Malaysia.

28 Aug
2012



16 Aug
2012

WHSMITH OPENED FIRST STORE IN SOUTHEAST ASIA AT KLIA

WHSmith spread its wings to Southeast Asia with the opening of its first store in the region at KLIA. Working in partnership with local news and convenience retailer Bison Stores, WHSmith in KLIA offers customers a wide selection of books as well as a large range of magazines, stationery, travel accessories and convenience products.



CERIA AIDILFITRI ENHANCED STAFF RELATIONS

Malaysia Airports continued to enhance its staff relations through Ceria Aidilfitri, which presented the platform for all the staff to get together to celebrate the joyous Aidilfitri festival. The event was also part of Malaysia Airport's effort to exercise its employee's engagement activities.



15 Sep
2012

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

129

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

16 Sep
2012



PRIME MINISTER LAUNCHED THE
UPGRADED SIBU AIRPORT

The Prime Minister launched the expanded and upgraded Sibu Airport, which now can handle 2 million passengers per annum and able to handle 900 passengers at peak hour.

PLAZA PREMIUM LOUNGE
UNVEILED FOURTH-GENERATION
AIRPORT LOUNGE

Plaza Premium Lounge Management Limited inaugurated Malaysia's largest commercial and pay-in lounge in a grand opening ceremony at KLIA. The opening ceremony was officiated by the Managing Director of Malaysia Airports.



18 Sep
2012



MALAYSIA AIRPORTS RECOGNISED
CONCESSIONAIRES FOR SERVICE
EXCELLENCE

Urging its concessionaires to strive for the "Passion to Perform", Malaysia handed out Excellence Awards to concessionaires at its annual Concessionaires Conference. The awards were given for four categories and judging was validated by mystery shopper findings and based on business performance and operational compliance of the nominees.

MALAYSIA AIRPORTS HONOURED LOYAL SERVING STAFF

Staff who have served the Company for 25 years and above were recognised when they received the Loyal Service Award. 35 staff from Peninsular Malaysia received the award, while long serving staff from Sabah and Sarawak also received the award in different ceremonies.

12 Oct
2012



11 Oct
2012



BB AIRWAYS ARRIVED AT KLIA,
OFFERING MORE CONNECTIVITY
TO KATHMANDU

BB Airways, a private carrier based in Nepal, made its maiden landing at KLIA, further multiplying connectivity for the Kuala Lumpur – Kathmandu route. BB Airways flies four times weekly to Kuala Lumpur, every Monday, Tuesday, Thursday and Friday, utilising Boeing 757-200 with 202 seating capacity.

ERAMAN LAUNCHED 'YEAR END CELEBRATIONS'

Eraman launched the 'Year End Celebrations' in conjunction with the unveiling of its in-house fashion label FLYING NOMAD Autumn/Winter 2012 collection, the launch of the third issue of MAN catalogue titled CELEBRATIONS, and the release of BOSS Nuit Pour Femme perfume in Malaysia with P&G Prestige.



16 Oct
2012

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

131

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

132

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

22 Oct
2012



ZEST AIRWAYS MAIDEN LANDING
AT KLIA

KLIA welcomed Zest Airways, a Philippine-based airline into its family. The inclusions of Zest Airways directly benefit the passengers in terms of more choices and flying options to fly between Kuala Lumpur and Manila.

CR DAY TO ENCOURAGE STAFF
ENGAGEMENT IN CORPORATE
RESPONSIBILITY

Malaysia Airports organised its Corporate Responsibility (CR) Day, its very own corporate responsibility initiative that promotes employee engagement and contribution to society while creating value for our stakeholders. The event was brilliantly themed Connect and React, an abbreviation of Corporate Responsibility.



23 Oct
2012

31 Oct
2012



ETHIOPIAN AIRLINES OFFERED
CONNECTION FROM KUALA
LUMPUR TO AFRICA

Ethiopian Airlines, the national flag carrier of Ethiopia, made its maiden landing at KLIA, increasing the connection from Kuala Lumpur to the world's second largest continent – Africa. Ethiopian Airlines commenced its three flights weekly on the Addis Ababa-Bangkok-Kuala Lumpur vice versa route on Wednesdays, Fridays and Sundays.

MALAYSIA AIRPORTS CONTINUED RELENTLESS PURSUIT OF SERVICE EXCELLENCE WITH LAUNCHING OF THREE INITIATIVES

In its relentless effort to enhance its customer service, Malaysia Airports launched three initiatives which will further boost KLIA service excellence – Customer Information Centre (CIC), state-of-the-art flights information display system called Skymap and a Lost and Found Centre.



31 Oct
2012

THE FIRST SKYBRIDGE IN ASIA AT klia2 IS COMPLETED

klia2 Skybridge, the first in Asia and only the third in the world, was completed after the last piece of its structure was installed. The 300 metres Skybridge will connect the passengers from the terminal building to the satellite building of klia2.



01 Nov
2012

KLIA PREPARED TO HANDLE AIRCRAFT ACCIDENT EMERGENCY

Malaysia Airports conducted a full scale aircraft accident practice at KLIA to test and evaluate the effectiveness of Airport Emergency Procedure (AEP) for aircraft emergencies at this airport and also to ensure all agencies at the airport are always well prepared in case of aircraft accident.



03 Nov
2012

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

133

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

06 Nov
2012



MALAYSIA AIRPORTS PRESENTED
THE FINAL BATCH OF AWARDS TO
SUCCESSFUL TENDERERS FOR
klia2

Malaysia Airports presented the final batch of awards to successful tenderers for various retail, food & beverage and service outlets encompassing different areas throughout the terminal. Malaysia Airports received overwhelming response for the tender due to Malaysia Airports' new concept of innovative retailing at klia2.

12 SCHOOLS GRADUATED FROM
MALAYSIA AIRPORTS' 2ND PHASE
BEYOND BORDERS PROGRAMME

Twelve schools adopted by Malaysia Airports 'graduated' as Malaysia Airports completed the three years adoption period under Beyond Borders, its flagship Corporate Responsibility (CR) programme for the community. Beyond Borders advocates four different competitive programmes that serve as the pillars, namely Golden Pen Award Essay Writing Competition, Beyond Borders Interschool Project Competition, Planet Green Interschool Project Competition and 'Act It Up' Interschool Drama Competition.



20 Nov
2012



MALAYSIA AIRPORTS SIGNED
MOU WITH MITSUI FUDOSAN CO.
LTD., JAPAN TO FURTHER EXPAND
COMMERCIAL OPPORTUNITIES

Malaysia Airports entered into a Memorandum of Understanding (MoU) with Mitsui Fudosan Co. Ltd., Japan (Mitsui) to develop an upscale factory outlet park to be known as Mitsui Outlet Park KLIA on an approximately 50 acres of land at KLIA, Sepang.

22 Nov
2012

PANDORA OPENED NEW STORE AT KLIA

Pandora, the international jewellery brand known for its customisable, popular handcrafted charm bracelets, launched its latest boutique store at KLIA. Located at Level 1, North Zone in Satellite Building, the new boutique will give PANDORA fans particularly international travellers more access to its beautiful collections.



29 Nov
2012

ZON DUTY FREE LAUNCHED A UNIQUE BOUTIQUE AT KLIA

ZON Duty Free (DFZ) has launched a unique, one-of-its-kind duty free boutique at KLIA. Located at the Arrival Hall, Main Terminal Building, the boutique offers an array of visual and olfactory delights to arriving travellers at the country's premier gateway. The new boutique follows the upgrading and extension of DFZ's outlet at KLIA.



MALAYSIA AIRPORTS CELEBRATED 10TH EDITION MEDIA EXPLORE HUNT WITH 200 MEDIA REPRESENTATIVES

Malaysia Airports celebrated the 10th anniversary of its Media Explore Hunt by hosting an event that challenges 50 teams comprising members of various media organisations, to prove their mental and physical toughness to win the grand prize of RM7,000.



08 Dec
2012

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

135

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

03 Dec
2012



DESIGUAL LAUNCHED AT KLIA

KLIA scored another first for the country with the opening of Desigual, the premier fashion brand from Spain. Desigual opened two stores at KLIA, one for women's clothes and another for accessories.

CEBU PACIFIC LAUNCHED FLIGHTS
FROM KUALA LUMPUR TO CEBU

Cebu Pacific expanded its regional network with the launch of its direct twice weekly service from Kuala Lumpur to Cebu. The flight operates every Tuesday and Saturday.



08 Dec
2012

14 Dec
2012



MALAYSIA AIRPORTS STRENGTHENED
SECURITY WITH 228 NEW
RECRUITS

Malaysia Airports continued to enhance its effort to strengthen its Auxiliary Police at all airports under its management by adding another 228 new aviation security recruits, in line with the current requirement. These new recruits officially graduated from their Basic Auxiliary Police Training at the Passing out Parade for Aviation Security Personnel held at Bunga Raya Complex KLIA.

2012 awards



1. KLIA won the 'Best Airport Staff Asia Award 2012' in the SKYTRAX, 2012 World Airport Awards as voted by customers from all over the world.
2. Malaysia Airports is one of the finalist in the Air Cargo Award of Excellence for the category Airports Asia 400,000 to 999,999 tonnes, for achieving Air Cargo Excellence and the superior overall rating as determined by the readers of Air Cargo World Magazine. The award was presented at the IATA World Cargo Symposium at the Shangri LaHotel, Kuala Lumpur, on March 12, 2012.
3. Malaysia Airports was recognised for its leadership with the inaugural award for 'Exceptional Service to Aviation' by Pacific Asia Travel Association (PATA).
4. Malaysia Airports received 'Lifetime Achievement Award' in Global Leadership Awards 2012, conferred to Tan Sri Bashir Ahmad, the Managing Director of Malaysia Airports.
5. Malaysia Airports won 'Anugerah Peratus Prestasi Kutipan Terbaik 2011', by the Lembaga Zakat Selangor (LZS).

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

137

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC



YEAR 1998

KLIA won the 1st position in the 15-25 million passenger per annum (mppa) category for business passengers by IATA Global Airport Monitor 1999.

YEAR 1999

- 1. KLIA held the 6th position for overall satisfaction for all categories (based on IATA Global Airport Monitor 2000).
- 2. KLIA held the 5th position in the 15-25 mppa category for leisure passengers (based on IATA Global Airport Monitor 2000).
- 3. KLIA won the 2nd for the KLIA Marketing Kit in the Informational/Promotional brochure category for the ACI Pacific Excellence in Communication contest.
- 4. Best Organised Event for the first Petronas Malaysian Formula One Grand Prix for Sepang International Circuit.

YEAR 2000

- 1. KLIA was voted Best Airport in the Asia Pacific for category 15-25 mppa by Airport Service Excellence 2000.
- 2. KLIA was the 2nd Most Improved Airport for 15-25 mppa by Airport Service Excellence 2000.
- 3. KLIA emerged 2nd in the Reader's Travel Awards 2000 conducted by Conde Nast magazine.
- 4. The KLIA Security and Safety Division received its ISO 9002 certification.
- 5. The Electrical Power System of the Engineering department in KLIA received its ISO 9002 certification.
- 6. The Pan Pacific Hotel KL International Airport was awarded the Best Airport Hotel in Asia by Business Asia Magazine and leading financial news network Bloomberg Television.

YEAR 2001

- 1. KLIA was voted 2nd best airport in worldwide survey by Skytrax Research, a British based air travel industry research company.
- 2. KLIA was one of the recipients of the National Special Landcapse Awards 2001, presented by the Prime Minister, Datuk Seri Dr Mahathir Mohamad.

- 3. KLIA was the 3rd Best Airport in the World in the Business Traveller Awards 2001, conducted by Business Traveller Asia Pacific magazine.
- 4. Malaysia Airports Management & Technical Services Sdn Bhd (MAMTS) received its MS ISO9002:1994 certificate for its cleaning service consultancy at KLIA.
- 5. Malaysia Airports Technologies Sdn Bhd (formerly known as TAMS.Com) received its MSISO 9001:2000 certificate for the management, operations and maintenance of Total Airport Management System (TAMS) at KLIA.
- 6. KLIA is among the top 10 best performing airports in the Asia Pacific Region in 2001, based on the review by Association of Asia Pacific Airlines (AAPA).
- 7. KLIA emerged as the 4th top best airport category, based on a survey by Conde Nast Magazine. KLIA was also chosen as the cleanest as well as the best architecture airport.
- 8. The Pan Pacific Hotel KL International Airport was awarded the Best Airport Hotel in Asia by Business Asia Magazine and Bloomberg Television.

YEAR 2002

- 1. KLIA won the 3rd best airport in Asia based on the 16th Asian Freight Industry Awards 2002 (AFIA), organised by Cargonews Asia publication.
- 2. The Pan Pacific Hotel KL International Airport was awarded the Best Airport Hotel in Asia by Business Asia Magazine and Bloomberg Television.
- 3. KLIA won the 3rd position for the Best Airport category in the Telegraph Travel Awards. Telegraph Travel Awards is an annual poll specially for the readers of The Daily Telegraph and The Sunday Telegraph in Britain.
- 4. KLIA was voted 2nd by airlines around the world as the Highly Commended Airport for Marketing Efforts in the 10-15 mppa category during the Routes Conference held from 23-24 September 2002 in Athens, Greece.
- 5. KLIA was selected 3rd in the Favourite Airport category for the 2nd Annual TIME Readers Travel Choice Awards survey.

6. KLIA was among the top 10 airports in the 2002 Airport of the Year survey organised by Skytrax Research.
7. KLIA was in the top 5 for the World's Best Airports category in the Business Traveller magazine Asia Pacific Readers Poll 2002.
8. The Pan Pacific Hotel KL International Airport was awarded 2nd Best Airport Hotel in Asia Pacific based on Business Traveller magazine Asia Pacific Readers Poll 2002.

YEAR 2003

1. KLIA was voted Best Emerging Airport in Asia in the category for handling less than 500,000 tonnes of cargo annually at the Asian Freight & Chain Supply Awards 2003 (AFSCAs).
2. KLIA was among the top 5 airports in the world in terms of Overall Passenger Satisfaction in a survey by International Air Transport Association (IATA) Global Airport Monitor.
3. KLIA was among the top 10 airports in the 2003 Airport of the Year survey organised by Skytrax Research.
4. KLIA was runner-up for Best Airport in the world (15-25 mppa) and Asia Pacific (less than 25 mppa) in the Airport World Global Service Excellence Award.
5. KLIA was 2nd for the Best Airport Category in the Conde Nast Readers Travel Award 2003. KLIA was also the Best in the Cleanliness and Design/Layout categories.
6. KLIA received a special Airport Marketing Award in recognition of consistent marketing activities during SARS period at the 9th World Route Development Forum, in Edinburgh, Scotland.
7. KLIA was the 3rd best airport in the world in the Asia Pacific Readers Poll 2003 organised by Business Traveller Asia Pacific magazine.
8. KLIA was selected 2nd runner-up in the Favourite Airport Category for the 3rd annual TIME Readers Travel Choice Awards survey.
9. MAHB was awarded top 3 airport authorities in Asia Pacific Region in the Most Supportive Approach to Travel Retail at the Annual Raven Fox Travel – Retail Excellence Award 2003 in Cannes, France.
10. The Pan Pacific Hotel KLIA was awarded Best Airport Hotel in Asia by Business Asia magazine and CNBC Asia.

YEAR 2004

1. KLIA received the Gold Award for the Advertising Award by Air Transport World (ATW) magazine. The award was based on the Integrated for Ease advertising campaign, which was created for the marketing of KLIA.
2. KLIA was ranked 5th in the Airport of the Year 2004 survey organised by Skytrax Research.
3. KLIA voted 3rd Best Airport Worldwide in a voted survey by AETRA, a customer satisfaction benchmarking programme. Previously, the survey was known as IATA Global Airport Monitor.
4. KLIA is the first airport in the Asia Pacific Region and the first travel and tourism organisation in Malaysia to be Green Globe 21 certified, which required the commitment to continual identification, control and improvement of the environmental and social impacts of the airport's operations.
5. Malaysia Airports Training Centre, Penang, received the MS ISO 9001:2000 Quality Management System from SIRIM Berhad for provision of aviation security and fire rescue services training.
6. Eraman Malaysia, a wholly-owned subsidiary of Malaysia Airports, was the first airport retailer to achieve International Superbrands Status by Superbrands International.
7. Eraman received MS ISO 9001:2000 Quality Management System from SIRIM Berhad under the provision of front line services for airport retail operation.
8. In the 5th ASEAN Energy Award, KLIA was 1st runner-up for the ASEAN Energy Efficiency and Conservation (EE&C) Best Practices Competition for Energy Efficient Buildings (New and Existing Buildings).
9. KLIA received the Creativity and Innovation Award 2004 organised by Malaysia Design Creativity Innovation (MDTC).
10. KLIA is 3rd in the Favourite Asian Airport category for the TIME Readers' Choice Awards survey.
11. KLIA is 2nd in the Best Airport category of the Telegraph Travel Award 2004, the most significant study of the travel tastes and habits of British consumers, based on the annual poll of selected readers of The Daily Telegraph and The Sunday Telegraph.

12. Malaysia Airports 2003 Annual Report received the Certificate of Merit in the National Annual Corporate Report Awards 2004 (NACRA).
13. The Pan Pacific Hotel KLIA was awarded Best Airport Hotel in Asia by Business Asia magazine and Bloomberg.

YEAR 2005

1. The Free Commercial Zone (FCZ) at KLIA received the MS ISO 9001:2000 Quality Management Systems for the scope of management of FCZ covering issuance of licences and monitoring of the movement of cargo in and out of FCZ.
2. Malaysia Airports Management & Technical Services received the MS ISO 9001:2000 Quality Management Systems for the scope of provision of technical advisory and consultancy services in the management of airport cleaning services, monitoring of the quality of airport cleaning services and project management consultancy.
3. Kuching International Airport received the MS ISO 9001:2000 for Airport Management, Operations and Maintenance of Airport Covering Fire and Rescue Services, Aviation Security, Engineering and General Operations.
4. Penang International Airport received the MS ISO 9001:2000 from SIRIM for Airport Management, Operations and Maintenance of Airport Covering Fire and Rescue Services, Aviation Security, Engineering and General Operations.
5. KLIA was selected as one of the Top 10 Airports in the 2005 World Airport Awards survey organised by Skytrax Research.
6. KLIA was ranked 2nd Best Airport (15-25 mppa) category in the 2004 AETRA Airport Customer Satisfaction Survey.
7. Pan Pacific Kuala Lumpur International Airport was voted The Best Airport Hotel in Asia 2005 by Business Asia Magazine.
8. Malaysia Airports 2004 Annual Report received the Certificate of Merit in the National Annual Corporate Report Awards 2005 (NACRA).
9. KLIA was voted as 2nd runner-up in the Favourite Asian Airport category in the fifth annual TIME Readers' Travel Choice Awards.

YEAR 2006

1. KLIA was voted Best Airport in the 15-25 mppa category in the AETRA 2005 survey.
2. KLIA voted 3rd place for both Best Airport Worldwide and Best Airport in Asia/Pacific categories in the AETRA 2005 survey.
3. KLIA was voted 3rd in the Best Airports Worldwide for the Best in Travel Poll 2006, a survey by SmartTravelAsia.com.
4. KLIA received the Highly Commended Award by OAG in the OAG Airport Marketing Awards 2006 in conjunction with the 12th World Route Development Forum in Dubai.
5. KLIA was voted 4th Best Airport in the World category for the Business Traveller Asia-Pacific 2006 Readers' Poll awards.
6. Eraman Malaysia was selected as the Best Retail Outlet of the Year-Overall (based on sales performance) in the KLIA Awards 2006.
7. Pan Pacific Kuala Lumpur International Airport received the Outstanding Achievement Award in the KLIA Awards 2006 (for winning Best Airport Hotel in Asia – 2000, 2002, 2003, 2004, 2005 voted by Business Asia Magazine).
8. Low cost carrier terminal (LCCT-KLIA) was named CAPA Low Cost Airport of the Year at the CAPA Aviation Awards for Excellence 2006.

YEAR 2007

1. KLIA was awarded The Brand Laureate, for Best Brands Transportation Airport 2006 – 2007.
2. KLIA was selected as The Most Outstanding Establishment in the Tourist, Hotel, Restaurant and Catering Field for the year 2007 by the Trade Leaders Club, Madrid.
3. KLIA was selected as World's Best Airport (15-25 mppa) in the Airports Council International-Airport Service Quality (ACI-ASQ) Awards 2006, the second year KLIA won this award.
4. KLIA won 3rd place for the Best Airport Worldwide and Best Airport Asia Pacific in the ACI-ASQ Awards 2006.
5. Pan Pacific Kuala Lumpur International Airport was named the Best Airport Hotel in Asia for 2006 by Business Asia magazine, for the sixth consecutive time.
6. KLIA was voted as the 3rd Best Airport Worldwide in the SmartTravelAsia.Com.
7. Malaysia Airports received the Company of the Year Award from the Chartered Institute of Logistics and Transport, Malaysia (CILT).

8. KLIA was the first to be presented an Airport Service Quality (ASQ) Assured certificate by ACI, following a successful audit of its airport passenger service quality management system.

YEAR 2008

1. KLIA voted as the World's Best Airport (15-25 mppa) in the Airports Council International-Airport Service Quality (ACI-ASQ) Awards 2007 for the third consecutive year.
2. KLIA voted 2nd placing for the Best Airport Worldwide and Best Airport Asia Pacific in the ACI-ASQ Awards 2007.
3. Pan Pacific Kuala Lumpur International Airport was named the Best Airport Hotel in Asia for 2007 by Business Asia magazine for the seventh consecutive year.
4. KLIA was awarded The Brand Laureate, for Best Brands Transportation Airports 2007–2008.
5. KLIA voted 4th in the Skytrax's 2008 World Airport Awards.
6. Pan Pacific Kuala Lumpur International Airport won the "Asia's Leading Airport Hotel" at the 2008 World Travel Awards for Asia held in Shanghai, China.
7. Pan Pacific Kuala Lumpur International Airport was voted World's Leading Airport Hotel in the 2008 World Travel Awards.
8. Malaysia Airports received Certificate of Merit in the National Award for Management Accounting (NAfMA) 2008, organised by CIMA Malaysia.
9. Malaysia Airports 2007 Annual Report received the Certificate of Merit in the National Annual Corporate Report Awards 2008 (NACRA).

YEAR 2009

1. Penang International Airport was selected as Airport Of The Year (Below 15 mppa) in the 2009 Frost & Sullivan Asia Pacific Aerospace & Defense Awards.
2. KLIA was awarded The Brand Laureate 2008-2009 for Corporate Branding-Best Brands in Transportation-Airports.
3. KLIA was awarded Best Green Service Provider-Airport in the 23rd annual Asian Freight & Supply Chain Awards.
4. Penang International Airport awarded Best Emerging Airport-Asia (less than 500,000 tonnes per year) in the 23rd annual Asian Freight & Supply Chain Awards.

5. Malaysia Airports received the prestigious Eagle Award for Best Airport from IATA, in special recognition of outstanding performance in customer satisfaction, cost-efficiency and continuous improvements.
6. Malaysia Airports awarded the prestigious Community Engagement Award in the Asia Responsible Entrepreneurship Awards (AREA) 2009 Malaysia.
7. Malaysia Airports received Best Practice Award for Public Listed Company of the National Award for Management Accounting (NAfMA) 2009.
8. Malaysia Airports received the Distinction Award in the Malaysian Corporate Governance Index 2009, organised by Minority Shareholder Watchdog Group (MSWG).

YEAR 2010

1. Malaysia Airports was the recipient of Airport Investment Company of the Year while KLIA received the Asia Pacific Airport of the Year (above 15 mppa) in the 2010 Frost & Sullivan Asia Pacific Aerospace & Defence Awards.
2. Malaysia Airports bagged two awards, Community category and Environment category, in The StarBiz-ICR Malaysia Corporate Responsibility Awards 2009.
3. Malaysia Airports won the inaugural Corporate Nationhood Initiative Award in the Business Times' CEO of the Year 2009.
4. KLIA service excellence was acknowledged in the Skytrax 2010 World Airport Awards 2010, when it won two awards – Best Airport Immigration Service and Staff Service Excellence in South East Asia category.
5. KLIA was awarded The Brand Laureate 2009 – 2010 for Corporate Branding-Best Brands in Transportation-Airport for the fourth consecutive time.
6. Pan Pacific Kuala Lumpur International Airport was named Asia's Leading Airport Hotel and World's Leading Airport Hotel in the World Travel Awards 2009.
7. Pan Pacific Kuala Lumpur International Airport won the APBF Brandlaureate Award 2009 – 2010 in the Best Brands in Airport Hotel category for the second year in a row.

YEAR 2011

1. The immigration service in KLIA was acknowledge as the World's Best Airport Immigration Service by Skytrax 2011 World Airport Awards.
2. Malaysia Airports received Green Leadership Award of the Asia Responsible Entrepreneurship Awards 2011 South East Asia.
3. Malaysia Airports received the Malaysian Corporate Governance Index A+ Distinction award from the Minority Shareholder Watchdog Group (MSWG).
4. KLIA received 4th place in SmartTravelAsia.com 2011 Best in Travel Poll of the Top 10 Airports worldwide.
5. Pan Pacific Kuala Lumpur International Airport won the 2011 Asia's Leading Airport Hotel in the World Travel Awards.
6. Pan Pacific Kuala Lumpur International Airport received the 2011 Global Luxury Airport Hotel in the World Luxury Hotel Awards.
7. Pan Pacific Kuala Lumpur International Airport won the BrandLaureate Awards 2010 – 2011 in the Best Brands in Airport Hotel category.
8. Malaysia Airports received the Highly Commended Corporate Sukuk for Malaysia Airports Capital's RM1 billion Islamic medium-term notes by The Asset Triple A Awards 2011 for Islamic Finance.
9. Malaysia Airports won Best SAP Enterprise Project, by the SAP Awards for Customer Excellence 2011.
10. Malaysia Airports awarded with Innovative Leadership in Globalisation by Malaysian Institute of Directors.
11. Malaysia Airports received The Hall of Fame Awards under the Special Organisation Achievement category, in the Malaysia Achievement Awards.





INTERNATIONAL

Peninsular Malaysia

- Kuala Lumpur, Langkawi, Penang

Sabah

- Kota Kinabalu

Sarawak

- Kuching



AIRPORTS OVERSEAS

- Indira Gandhi International Airport, New Delhi, India
- Rajiv Gandhi International Airport, Hyderabad, India
- Sabiha Gokcen International Airport, Istanbul, Turkey





DOMESTIC

Peninsular Malaysia

- Alor Setar
- Kota Bharu
- Kuala Terengganu
- Ipoh
- Kuantan
- Subang
- Melaka

Sarawak

- Miri
- Bintulu
- Sibul
- Limbang
- Mulu

Sabah

- Sandakan
- Labuan
- Tawau
- Lahad Datu

SHORT TAKE-OFF AND LANDING PORTS (STOLports)

Peninsular Malaysia

- Pulau Redang
- Pulau Pangkor
- Pulau Tioman

Sabah

- Kudat
- Long Pasia
- Semporna

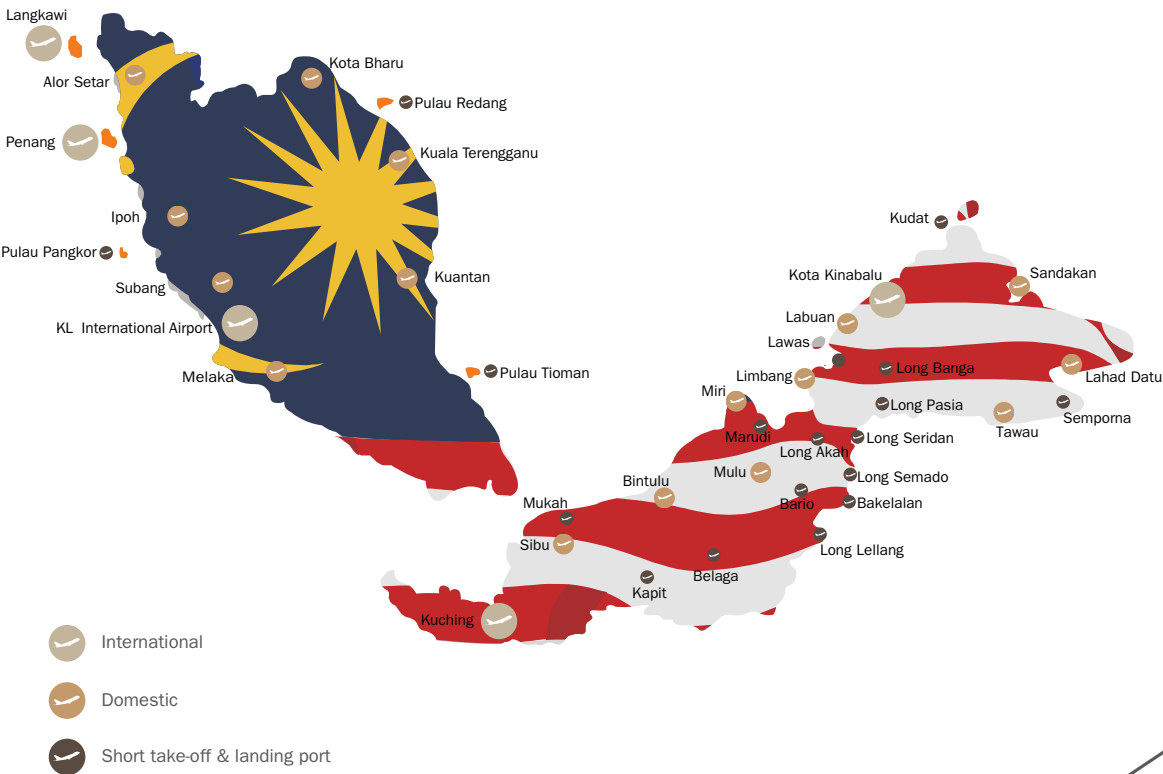
Sarawak

- Lawas
- Marudi
- Long Semado
- Long Seridan
- Long Lellang
- Long Banga
- Bario
- Kapit
- Mukah
- Bakelalan
- Long Akah
- Belaga

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

145

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC



locals overseas



India

Indira Gandhi International Airport, New Delhi
10% equity; Management and Operations. Modernisation of International Terminal 1 & 2. Construction of new Terminal 3 inaugurated on 3 July 2010.

Rajiv Gandhi International Airport, Hyderabad
11% equity; Management and Operations. Construction of new international airport. Airport commenced commercial operations on 23 March 2008.



Turkey

Sabiha Gokcen International Airport
20% equity; Management and Operations. Inaugurated on 31 October 2009.



Kazakhstan

Astana International Airport
Managed and operated airport from 2007–2009.



Cambodia

Siem Reap International Airport
Managed and operated airport from 1995–2005.

Phnom Penh International Airport
Managed and operated airport from 1995–2005.



“ We just had amazing coffee, sitting in the café and soaking up the relaxing atmosphere. ”

Berend and Marleke,
with Rose, and baby Jip
Netherlands



“ It is an especially well-organised airport, and even when waiting to depart, the services are wonderful for the passengers and for the baby! We live in Malaysia and this airport has always been top notch.”

Alessandro, Francesca
& Kiara
Italy



**RELAX
WITH US**



Introduction

In our quest to achieve our Company's vision and mission, we are committed to managing a cost effective airport network and services; providing World Class Aviation Gateways; and striving to exceed the expectations of customers, shareholders and other stakeholders.

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

150

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC



Therefore, MAHB's commitment is to maintain an organisation which is not only profitable but continues to strive for the highest level of governance in the Company, and to endeavour to exceed the expectations of our customers, shareholders and other stakeholders. The Board of Directors strongly believes that good corporate governance is vital in delivering the long-term sustainable business growth and creating economic value for shareholders as well as other stakeholders.

The Board is fully committed towards achieving full compliance with the principles and recommendations of the Malaysian Code on Corporate Governance 2012 (“Code”), Bursa Malaysia Securities Berhad’s Main Market Listing Requirements (“Bursa Malaysia Listing Requirements”) and the adoption of recommendations on corporate governance in the “Green Book Enhancing Board Effectiveness” initiated by the Putrajaya Committee on GLC High Performance as part of the GLC Transformation Programme (“Green Book”) as well as the Corporate Governance Guide (“CG Guide”) issued by Bursa Malaysia. The Board constantly strives its efforts in enhancing and raising a high standard of corporate governance throughout MAHB Group, which are fundamental to fulfilling its responsibility of protecting and enhancing the shareholders’ value and the financial performance of the Group.

Good corporate governance practices, however, should extend beyond mere statement of compliance. It should aim at achieving the highest standards of conduct, business integrity, ethics, accountability and professionalism across all the Group’s activities. The Board acknowledges the importance of corporate governance in enhancing stakeholders’ value, increasing investors’ confidence, establishing customers’ trust and building a competitive organisation to support the Group’s corporate mission and vision. The commitment of the Board, Management and staff of MAHB Group in ensuring the interests of investors and all other stakeholders are well taken care of, is affirmed by the award and recognition that MAHB had received, namely, a Distinction Award (rated A+) under the inaugural Malaysian Corporate Governance (“MCG”) Index 2011 by the Minority Shareholder Watchdog Group (“MSWG”). The index, an initiative by MSWG, creates awareness and encourages best corporate governance (CG) practices among public listed companies (PLCs) in Malaysia. The Index

rates and ranks PLCs on many different levels which include, among others, compliance with CG best practices, quality of disclosures, financial sustainability, and corporate responsibility efforts. MAHB had also been given special recognition under the category of “the Companies with 30% Women on its Board” by MSWG in the MCG Index 2011.

MAHB had also received Practice Solution Award (Public Listed Company Category) of the National Award for Management Accounting (NAfMA) 2011 by Malaysian Institute of Accountants (MIA) and Chartered Institute of Management Accountants (CIMA).

MAHB had been ranked second (2nd) position in Score A category under MCG 2010 and received the Distinction Award in the MCG Index 2009 as well as ranked seventh (7th) position (2007:14th and 2006:40th) in the MSWG – Nottingham University Business School (NUBS) CG survey conducted in 2008.

Business Direction

As the Group progresses past the midway point of the 5-year business direction under the “Malaysia Airports – Runway to Success”, the Board consistently and diligently ensures that the Group’s businesses and affairs strictly adhere to the doctrine and principles of good corporate governance. The Board’s fundamental approach in this regard is to ensure that the right executive leadership, transparent business conduct and internal controls are well in place, particularly with the forthcoming opening of the new klia2. With the commitment to enhance sustainable value, the Group is seeing optimistic traffic growth and steady EBITDA performance in line with the 2014 targets, whilst maintaining top quality service levels.

THE BOARD OF DIRECTORS OF MALAYSIA AIRPORTS HOLDINGS BERHAD

The Board

The Board is responsible for the overall governance of the Group by ensuring the strategic guidance and succession plan of the Group, the effective monitoring of management goals, and accountability to the Group and shareholders.

Board Charter

The Board of Directors of MAHB has formally adopted the Board Charter, which provides guidance to the Board in the fulfilment of its roles, duties and responsibilities which are in line with the principles of good corporate governance.

The Board Charter clearly outlines the principles and adoption of best practices on the structures and processes towards achieving the highest governance standards, which include amongst others, the right balance and composition of the Board, the Board's obligations and liabilities, Directors' Code of Ethics, appointment of new directors, roles of the Board, Chairman and Managing Director, remuneration policy and the establishment of Board Committees together with the required mandates and activities.

The Board updates the Board Charter from time to time to reflect changes to the Company's policies, procedures and processes as well as the latest relevant legislations and regulations. The Board Charter is subject to review periodically.

Directors' Code of Ethics

The Directors continue to adhere to the Directors' Code of Ethics formulated in the Board Charter, which is based on principles in relation to integrity, sincerity, honesty, responsibility, social responsibility and accountability in order to enhance the standard of corporate governance and behaviour.

The Balance and Composition of the Board

Malaysia Airports' business scope covers domestic and international markets and is consistently faced with political, commercial and technical risks associated with its business ventures. Consequently, particular attention is paid to the composition and balance of the Board to ensure that it has wide experience of the sector and regulatory environment in which Malaysia Airports operates, added with appropriate financial and risk management skills. The Board considers that objectivity and integrity, (as well as the relevant skills, knowledge, experience, mindset and ability, which will assist the Board in strengthening its key functions), are the prerequisites for appointment of new directors on the Board of Malaysia Airports.

The Board currently comprises six (6) Non-Independent Non-Executive Directors, three (3) Independent Non-Executive Directors and one (1) Managing Director, the composition of which is in compliance with paragraph 15.02 of Bursa Malaysia Listing Requirements. The directors' biographies are enclosed from pages 82 to 94 of this Annual Report.

During the year, there were several changes in the MAHB Board's composition as follows:-

Name	Designation	Remark
Tan Sri Datuk Dr. Aris bin Othman	Non-Independent Non-Executive	Resigned with effect from 6 June 2012
Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah	Non-Independent Non-Executive	Appointed with effect from 7 June 2012
Chua Kok Ching (Alternate Director to Datuk Seri Long See Wool)	Non-Independent Non-Executive	Appointed with effect from 25 June 2012
Dato' Syed Faisal Albar bin Syed A.R Albar	Non-Independent Non-Executive	Appointed with effect from 5 December 2012
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin	Non-Independent Non-Executive	Appointed with effect from 5 December 2012
Hajah Jamilah binti Dato' Hj Hashim	Non-Independent Non-Executive	Resigned with effect from 5 December 2012

The composition of the Board fairly reflects the interest of the significant shareholders, which is adequately represented by the appointment of their nominee directors without compromising the interest of the minority shareholders. The Independent Directors on the Board act as a caretaker of the minority shareholders and their views carry significant weight in the Board's decision-making process.

The Board regularly reviews the composition of the Board and its Committees to ensure appropriate balance and a good mix of skills and experience. The Board also considers the need to rotate the membership of the Committees amongst the directors, in order for them to gain exposure on the different functions of the Committees.

The Board encourages female candidates to take up board positions. Following the resignation of Puan Hajah Jamilah binti Dato' Hj Hashim on 5 December 2012, the female representation of the Board has been reduced to below the recommended 30%. The Board aims to appoint additional female representation on the Board as soon as practicable in order to reach at least 30% female representation on the Board in the near term.

Senior Independent Non-Executive Director

Given the composition of the Board, in particular the strong and independent presence of the members and the Board as a whole, and the separation of the roles of the Chairman and the Managing Director, the Board does not consider it necessary to nominate a recognised Senior Independent Non-Executive Director, at this juncture.

Moreover, all Independent Directors of the Company are always willing and able to be within reach of the shareholders and thus, a Senior Independent Non-Executive Director to serve as a point of contact for shareholders, is unnecessary at this juncture.

Principal Responsibilities of the Board

The Board members exercise due diligence and care in discharging their duties and responsibilities to ensure that high ethical standards are applied, through compliance with relevant rules and regulations, directives and guidelines in addition

to adopting the best practices in the Code and CG Guide, and act in the best interest of the Group and shareholders.

The principal responsibilities of the Board include formulating, reviewing and adopting an effective strategic planning of the Group, steering the Group in the right direction to achieve its desired goals, overseeing the conduct of the Group's businesses to ensure that the business processes are in place to maintain the highest integrity of the Group's businesses, identifying and managing the risks affecting the Group, reviewing the adequacy and integrity of the Group's system of internal control and ensuring timely and accurate disclosure of material information regarding the financial situation, performance, ownership and governance of the Company. Apart from that, the Board also assumes the responsibility of developing and implementing an investor relations programme or shareholder communications policy for the Group, as well as ensuring that the Group has its own succession planning programme for the senior management of the Group.

The Role of the Board

The Board is responsible to the stakeholders for overseeing and protecting the long-term interests of all through effective management of the Group's businesses. It challenges the views of the Management by undertaking thorough examination of the Group's present and future strategic directions. It is also responsible for ensuring that management maintains and updates its system of internal control that provides satisfactory assurances of its effectiveness and efficiency, in relation to operations, internal financial controls, and compliance with the laws and regulations.

In order to ensure that Directors have sufficient time to focus and fulfil their roles and responsibilities effectively, the Board has adopted a restriction policy on external appointments. The Board is in compliance with the Bursa Malaysia Listing Requirements on the number of directorships in other listed companies.

Independence of Non-Executive Directors

The Board considers all the three (3) Independent Non-Executive Directors, namely Datuk Alias bin Haji Ahmad, Datuk Siti Maslamah binti Osman and

Jeremy bin Nasrulhaq to be independent based on the definition as set out under the Bursa Malaysia Listing Requirements. The Board is satisfied that the three (3) Independent Non-Executive Directors represent the interest of the minority shareholders by virtue of their roles and responsibilities.

The Board reviews the issue of directors' independence on an annual basis and has concluded that each of them continues to demonstrate behaviours that reflect their independence, which are in accordance with the definition under the Bursa Malaysia Listing Requirements therein.

The Board took note of the Code's recommendation on the tenure of an independent director for a cumulative term of 9 years. In consideration of the current crucial and critical stage of the klia2 project development and to ensure smooth transition upon the commencement of klia2 operation, the Board shares the view that Datuk Alias bin Haji Ahmad, being the sole Independent Director in the Board Procurement Committee, should continue office until the completion of the klia2 project, in order to continue to uphold the integrity of the Company's procurement procedures and processes whilst, Datuk Siti Maslamah binti Osman, the Chairman of the Board Audit Committee, has played a crucial role in reviewing and auditing the klia2 project and therefore, she should also continue office until the completion of the klia2 project to ensure continuity in the monitoring and control processes.

The Board therefore, suggested that both Datuk Alias bin Haji Ahmad and Datuk Siti Maslamah binti Osman, who have reached the cumulative term of 9 years by December 2012, should continue to serve as Independent Non-Executive Directors of the Company for another year.

The Roles of the Executive Director and Non-Executive Directors

The Executive Director (i.e. Managing Director) and the Non-Executive Directors have been given clear roles and accountability for intensifying performance management in the Group.

The Executive Director is responsible for the following:-

- (a) Implementation of the overall design of the performance management scheme, particularly developing the strategy, defining the Key Performance Indicators and cascading them through the organisation;
- (b) Review of the performance of the businesses, taking corrective actions and reporting them to the Board; and
- (c) Review of the performance of the Senior Management and delivering meaningful rewards and compensation.

On the other hand, the Non-Executive Directors are responsible for the following:-

- (a) Providing independent judgement on the Group's Strategy and Policies;
- (b) Overseeing that the internal control systems and the risk management processes are appropriate and effective;
- (c) Setting the appropriate targets/objectives and reviewing the performance of the Company and the Executive Director; and
- (d) Setting the right remuneration of the Executive Director, and evaluating the effectiveness of the Company's succession planning programme.

The Board opined that the quality of its directors, each of whom possesses an impeccable background and offers relevant experience, ensures that they are able to challenge and help develop and drive the Group's vision and strategy, scrutinise performance and controls in ensuring that the governance standards are continuously upheld. The Chairman will always ensure that the board's decisions are based on consensus, and any concerns expressed by any director, will accordingly be recorded in the minutes of meetings by the Company Secretary.

The Chairman and Managing Director

The responsibilities and authorities between the Chairman and the Managing Director are clearly separated and defined in order to maintain a balance of power, as outlined below:

Chairman

The Chairman's roles and responsibilities are as follows:-

- (a) Ensure orderly conduct and working of the Board, where healthy debates on issues being deliberated are encouraged to reflect any level of scepticism and independence;
- (b) Ensure that every Board Resolution is put to a vote to ensure that the decision is made collectively and reflects the will of the majority;
- (c) Ensure that the Board agrees on the strategy formulated by the Company and checks on its implementation;
- (d) Exemplify the highest standards of corporate governance practices and ensure that these practices are regularly communicated to the stakeholders;
- (e) Ensure the appropriateness and effectiveness of the succession planning programme at the Board and Senior Management levels;
- (f) Ensure a healthy working relationship with the Managing Director and provide the necessary support and advice as appropriate; and
- (g) Determine the agenda for the Board meetings in consultation with the Managing Director and the Company Secretary and ensure effective time management to allow the Board to have a rich and deep discussion.

Managing Director

The Managing Director's roles and responsibilities are as follows:-

- (a) Implementing the policies and decisions of the Board, overseeing the operation, as well as coordinating the development and implementation of business and corporate strategies;
- (b) Developing and translating the strategies into a set of manageable goals and priorities;
- (c) Setting the overall policy and direction of the business operations, investment and other activities based on effective risk management controls;
- (d) Ensuring that the financial results are accurate and not misleading;
- (e) Ensuring that the financial management practice is carried out at the highest level of integrity and transparency for the benefit of the shareholders;
- (f) Ensuring that the business and affairs of the Company are carried out in an ethical manner and in full compliance with the relevant laws and regulations;
- (g) Ensuring that whilst the ultimate objective is to maximise the shareholders return, the social and environmental factors are not being neglected;
- (h) Developing and maintaining strong communication programmes and dialogues with the shareholders, investors, analysts etc; and
- (i) Providing the leadership and represent the Company with major customers and industry organisations together with the involvement of the Chairman.

Furthermore, the responsibilities and authorities between the Chairman and the Managing Director are also clearly outlined in the Board Charter.

Induction and Continuous Professional Development

All newly-appointed directors have undergone a comprehensive induction programme arranged by the Company Secretary, tailored to their individual requirements, comprising, briefings by the Senior Management, training on Directors' duties and responsibilities, and visits to the airports. The training is normally initiated within the first six months period following the Director's appointment.

All the directors have attended and successfully completed the Mandatory Accreditation Programme as required by the Bursa Malaysia Listing Requirements. In this context, the listing requirements also prescribed that the onus is on the Board of Directors to determine and oversee the training needs of its members, whereby they should be encouraged to attend talks, seminars and training programmes to enhance their skills and knowledge, and to keep abreast with new developments within the business environment.

The Board of Directors of MAHB had attended various training programmes during the financial year 2012. The training programmes attended by the Directors are as follows:

- (a) "Competition Law Effective Awareness: Aims and Objectives" by Messrs Azmi & Associates;
- (b) Risk Management Conference: Managing Risks is Everyone's Responsibility – The Journey Continues;
- (c) Talk on Guerrilla Marketing with Social Media by Orvel Ray Wilson of Guerrilla Sales Speaker;
- (d) Sesi Warga GLC Bersama YAB Perdana Menteri: Memacu Transformasi Negara;
- (e) International Directors' Summit 2012: Awakening the Corporate Entrepreneurship for High Income Economy by Malaysian Directors Academy ("MINDA");

- (f) Bursa Malaysia's Half Day Governance Programme: Governance, Risk Management and Compliance: "What Directors Should Know";
- (g) Luncheon Talk on "Growth through Innovation" co-hosted by MINDA, Khazanah Nasional Berhad and GE International Inc.;
- (h) Luncheon Talk on "Building A Winning Team: How Cruyff Changed the Game" co-hosted by MINDA and Khazanah Nasional Berhad;
- (i) Women Directors Onboarding Training Programme by NAM Institute for the Empowerment of Women ("NIEW"), Ministry of Women, Family and Community Development; and
- (j) Board Retreat Programme: Updates on 5 years Business Plan.

The Board members are continuously updated with the latest information on issues related to governance, risk management, board performance and sustainability. In addition, the Board members also strive to develop their understanding of the business through regular airport visits and in-depth presentations on topical issues.

Board Performance Evaluation

The Board performance evaluation framework and processes in MAHB have been developed and adopted in accordance with the principles as enunciated in the Green Book and the Code.

The annual performance evaluation of the Board was primarily based on the answers to a detailed questionnaire. The questionnaire covers topics that include, amongst others, the roles and responsibilities and influence of the Board, Board structure, independence of the independent director, conduct of Board/Board Committees meetings, decision-making and output etc. Similar topics were covered in respect of the questionnaire for each of the Board Committees. Thereafter, the results of these questionnaires, were documented, and collectively formed the basis of a report to be tabled at the Board Nomination & Remuneration Committee Meeting, subsequently for onward submission to the Board of Directors' Meeting for deliberation thereof, whereby the Board had

evaluated their performance and formulate a “moving forward initiatives”, to enhance the effectiveness of the Board.

The Board is passionate about conducting such performance evaluation, as this enables the Board performance to be properly gauged. At this juncture, the recommendation to conduct a one-on-one session between the Directors and the Chairman (as practised by the UK Public Listed Companies) would be considered at an appropriate time, at a later stage to come.

Whistleblowing Programme

In order to improve the overall organisational effectiveness and to uphold the integrity of the Company in the eyes of the public, whilst at the same time being an entity that serves the interest of the nation, the Company has instituted the whistleblowing programme which acts as a formal internal communication channel, where the staff can communicate concerns in cases where the Company's business conduct is deemed to be contrary to the Company's common values. The categories of concern may cover the following:-

- (a) Commission of fraud, bribery and/or corruption;
- (b) Unauthorised use of Company's money, properties and/or facilities;
- (c) Exposure of Company's properties, facilities and/or staff to the risks of safety and security;
- (d) Abuse of position;
- (e) Involvement in unlawful act;
- (f) Failure to meet Professional Standards;
- (g) Negligence/malpractice;
- (h) Disclosure of Company's information without proper authorisation; and
- (i) Breach of Code of Ethics.

All concerns should be addressed to the Whistleblowing Independent Committee (“WIC”). During the year, the Board Audit Committee was tasked with overseeing the WIC, whereby an independent member of the Board Audit Committee shall be the Chairman of WIC. Pursuant thereof, Encik Jeremy bin Nasrulhaq was appointed as the Chairman of WIC with effect from 1 January 2013 to promote transparency and independence.

The WIC will assess all concerns reported and act accordingly in accordance to its terms of reference. Subsequently, the WIC will submit a report to the Board Audit Committee on a quarterly basis. All details pertaining to the name and position of the whistleblower will be kept strictly confidential throughout the investigation proceedings.

During the year, a total of eleven (11) concerns were reported, which cover broad areas of concerns as mentioned above, and where appropriate, actions have been taken to address the issues raised.

Meetings and Attendances

The Board requires all members to devote sufficient time to the working of the Board, to effectively discharge their duties as the directors of Malaysia Airports, and to use their best endeavours to attend meetings. The Chairman will be notified before the members accept any new directorship.

The Board meetings as well as Board Committee meetings are scheduled in advance before the end of each financial year so as to enable the Directors to plan accordingly and fit the year's meetings into their schedules. Special Board meetings may be convened to consider urgent proposals or matters that require expeditious decision or deliberation by the Board.

The Board is scheduled to meet once a month with additional meetings convened, as and when deemed necessary. During the year 2012, fourteen (14) Board meetings were held, of which two (2) were Special Board meetings. All the directors had proportionately attended more than 50% of the Board meetings held for the financial year 2012, in compliance with the Bursa Malaysia Listing Requirements.

The following table sets out the number of Board meetings held during the financial year 2012 and the attendance of respective Directors. Directors who were unable to attend the Board meetings would review the relevant Board papers and thereafter convey their comments to the Chairman

or the Company Secretary prior to the proceeding of the meetings. Alternatively, the alternate director will attend the meetings on behalf of the principal director.

Directors	Number of Board Meetings attended/held (during the Directors' tenure)	Percentage
Non-Independent Non-Executive		
Tan Sri Datuk Dr. Aris bin Othman ¹	5 out of 5	100%
Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah ²	9 out of 9	100%
Datuk Seri Long See Wool	9 out of 14	64%
Hajah Jamilah binti Dato' Hj Hashim ³	12 out of 13	92%
Mohd Izani bin Ghani	11 out of 14	79%
Eshah binti Meor Suleiman	14 out of 14	100%
Dato' Syed Faisal Albar bin Syed A.R Albar ⁴	1 out of 1	100%
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin ⁴	1 out of 1	100%
Chua Kok Ching (Alternate Director to Datuk Seri Long See Wool)	5 out of 5	100%
Norazura binti Tadzim (Alternate Director to Eshah binti Meor Suleiman)	—	—
Independent Non-Executive		
Datuk Siti Maslamah binti Osman	14 out of 14	100%
Datuk Alias bin Haji Ahmad	13 out of 14	93%
Jeremy bin Nasrulhaq	14 out of 14	100%
Non-Independent Executive		
Tan Sri Bashir Ahmad bin Abdul Majid	14 out of 14	100%

Notes:-

¹ Resigned as Director with effect from 6 June 2012

² Appointed as Director with effect from 7 June 2012

³ Resigned as Director with effect from 5 December 2012

⁴ Appointed as Directors with effect from 5 December 2012

Non-attendance at the Board and Committee meetings is an exception, normally where directors have prior commitment, or in the case of newly-appointed directors, if there is a clash with a meeting which had been scheduled earlier and could not be re-arranged.

Matters Reserved to the Board

The Board has a formal schedule of matters specifically reserved to it. These reserved matters include the following:-

- (a) Approval of the overall strategy, vision, values, and governance framework of the Group;
- (b) Approval of the Company's Annual Report and Quarterly Financial Statements;
- (c) Approval of any interim dividend, recommendation of the final dividend and the Company's dividend policy;
- (d) Approval of the Group's annual budget and amendments to that budget in relation to the amount, borrowing and security, acquisitions and disposals of tangible/non-tangible assets, and capital expenditure over a specified amount;
- (e) Approval of the Company's long term financial plan and the annual capital expenditure programme;
- (f) Approval of any significant change in the accounting policies and practices;
- (g) Approval of all circulars, resolutions and corresponding documentation sent to the stakeholders;
- (h) Approval of changes in the capital structure of the Company with regard to issuance or allotment of shares or other securities, or its status as a public listed company;
- (i) Appointment, re-appointment or removal of the Directors and the recommendation for their election or re-election for the consideration of the shareholders, pursuant to the Company's Articles of Association;
- (j) Appointment or removal of the company secretary;
- (k) Recommendation to shareholders for the appointment, re-appointment or removal of the external auditors;

- (l) Approval of the division of responsibilities between the Chairman and Managing Director; and
- (m) Approval for the establishment of the Board Committees, their terms of reference (i.e. membership and financial authority), reviewing their activities and, where appropriate, ratifying their decisions.

Quality of Information

The Chairman takes responsibility for ensuring that the Directors receive accurate, timely and clear information with regard to the Group's financial and operational performance, to enable the Board to make sound decision and provide the necessary advice, with all Board and Committee papers being issued in advance prior to the scheduled meetings. The Company Secretary will assist the Chairman to ensure that the process of disseminating the information is effective and reliable.

Under the current practice, Notices pertaining to all Board meetings are issued to the directors, at least 14 days from the date of the meeting, whilst the notices of the Board Committee meetings are circulated to the Committee members and all those invited to attend the meeting, at least 7 days before each meeting. The agenda and the board papers are circulated within 7 days from the date of the meeting. Furthermore, in order to provide an in-depth discussion of the respective matters within a reasonable and sufficient time, the Managing Director, together with the Chairman would decide on the agenda and accordingly structure and prioritise the respective matters based on their relevancy and importance. Confidential papers or urgent proposals are presented and tabled at the Board meetings under special agenda.

The format and structure of the Board papers are in such a way that they contain the right amount of details and are clear and concise. Furthermore, an executive summary to the Board papers will be prepared to enable the directors to comprehend on the subject matters within the first few minutes of reading. The minutes of each Board meeting are circulated together with the Board papers to all Directors for their perusal before confirmation of the minutes.

The summary of the minutes of meetings is also enclosed to ensure that decisions, requests and requirements were recorded accurately and could be tracked and monitored upfront for clarity and ease of reference, as well as for the Board's comfort that actions are being followed up. The Board may, if required, and in the best interest of time, refrain from considering any last minute agenda items during the proceedings of the Board meetings, unless the matter is of genuine and exceptional circumstances.

The Directors have a duty to declare immediately to the Board should they be interested in any transaction to be entered into directly or indirectly by the Company. An interested Director will abstain from deliberations and decisions of the Board on the transaction. In the event a corporate proposal is required to be approved by shareholders, interested Directors will abstain from voting on the resolutions relating to the corporate proposals, and will further undertake to ensure that persons connected to them similarly abstain from voting on the resolutions.

Access to Information and Advice

The directors have full and unrestricted access to all information pertaining to the Group's businesses and affairs to enable them to discharge their duties. They also have full and unrestricted access to the advice and services of the Senior Management and the Company Secretary of the Group.

Company Secretary

Sabarina Laila binti Dato' Mohd Hashim, the Company Secretary for the Group, is responsible for advising the Board on issues relating to compliance with laws, rules, procedures and regulations affecting the Group, as well as the principles of best corporate governance practices. The Company Secretary is also responsible for advising the directors of their obligations and adherence to matters pertaining to disclosure of interest in securities, disclosure of any conflict of interest in a transaction involving the Company, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information.

Apart from playing an active role as the advisor to the directors, the duties of the Company Secretary also include, amongst others, attending all Board and Board Committee meetings, ensuring that the proceedings of Board meetings and decisions made thereof, are accurately and sufficiently recorded, and properly kept for the purposes of meeting statutory obligations, as well as obligations arising from Bursa Malaysia Listing Requirements or other regulatory requirements, communicating the decisions of the Board for Management's attention and further action, ensuring all appointments and resignation of directors are in accordance with the relevant legislations, the Board Performance Assessment are properly executed, the Board succession planning programme is put in place, review of Board Charter periodically, handling company share transactions, such as issuance of new shares, arranging for payment of dividends, ensuring that Board initiatives are achieved, liaising with external auditors, lawyers, tax advisors, bankers and shareholders as well as to promote high standard of corporate governance.

Independent Professional Advice

The Board allows the directors, in furtherance of their duties, to obtain independent professional advice from external consultants, at the Company's expenses. Copies of any reports, advice and recommendations provided by the independent professional adviser to a respective director, would be forwarded by the said director to the Company Secretary, who will, where appropriate, circulate them to other directors to ensure that they are kept informed of pertinent issues, which may have an impact on the Group's sustainability. However, there was no such advice sought by any director during the year.

Appointment to the Board

There is a formal procedure for the appointment of new directors to the Board, the primary responsibility of which is delegated to the Board Nomination & Remuneration Committee ("BNRC"), with the membership comprising exclusively, non-executive directors, the majority of whom are independent. This composition of only non-executive directors in the Committee ensures that any decisions made are impartial and in the best interest of the Group, without any element of fear or favour.

The BNRC is responsible for identifying and determining clear criteria for the selection and appointment of new directors. The BNRC is also responsible for the review, evaluation and recommendation of suitable candidates for appointment as directors based on criteria set and on the needs of the Board and the present composition of the Board, pertaining to balance of skills, knowledge and experience of the Board and future strategic direction. The BNRC is also responsible for assessing and ensuring, amongst others, that the candidate possesses technical competencies, a strong sense of professionalism and integrity, organisational and strategic awareness, and the ability to add value, as well as adherence to the highest standards of business conduct. The potential candidates, upon such review and evaluation, will be recommended to the Board for appointment.

The BNRC is also responsible for evaluating the findings of the Board Performance Evaluation for the Board and the relevant Board Committees. Each Director's ability and capability will be individually self assessed by them, and any weaknesses identified will be discussed, and thereafter a plan will be formulated to address the gap.

The BNRC, upon analysing the result of the annual Board Performance Evaluation, is satisfied that the size of the Board is sufficiently appropriate and that there is a good mix of knowledge, skills, attributes and core competencies in the composition of the Board. The BNRC is also satisfied that all the Board members are suitably qualified to maintain their positions as Directors of the Board and members of the Committees in view of their respective academic and professional qualifications, experience and qualities.

Re-election of Directors

All directors, including the Managing Director, are subject to re-election by the shareholders at their first opportunity after their appointment, and are subject to re-election at least once every three (3) years, in accordance with Articles 129, 131 and 132 of the Company's Articles of Association. The re-election of directors at a regular interval not only promotes the creation of an effective Board, but also present the shareholders with the opportunity to gauge the performance of the directors.

The retiring directors who are seeking re-election would be subjected to performance assessment carried out by the BNRC, which would then submit its recommendations to the Board for deliberation and approval. The Board would endorse a director for re-election if his or her performance is considered as satisfactory and meet the expected roles and responsibilities.

At the Fourteenth Annual General Meeting, Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah, Dato' Syed Faisal bin Syed A.R Albar and Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin will stand for re-election in accordance with Article 129, whilst Datuk Alias bin Haji Ahmad and Jeremy bin Nasrulhaq shall retire in accordance with Article 131 of the Company's Articles of Association and being eligible, have offered themselves for re-election.

The Board has determined that the performance of the above directors who are subject to re-election, have continued to exemplify and demonstrate the highest commitment towards strengthening the effectiveness of the governance framework. Hence, the Board unanimously recommend that the shareholders vote in favour of the re-election of the above directors at the Company's Fourteenth Annual General Meeting.

Directors over the age of seventy years old are also required to submit themselves for re-appointment annually, in accordance with Section 129 (6) of the Companies Act, 1965. Currently, the Company has no Directors who have reached the above stipulated age.

DIRECTORS' REMUNERATION

The BNRC is responsible for the review, assessment and recommendation to the Board of Directors, the appropriate remuneration packages for the Directors, Managing Director, and to deliberate the remuneration package for the Senior Management of the Group. The component parts of the remuneration are structured as such, so as to link rewards to corporate and individual performance, in line with the "Enhancing Business and Performance Management" Programme developed by the Group with the assistance and in consultation with the external consultants.

The Managing Director’s remuneration comprises basic salary and other customary benefits which are competitive that reflect his performance for the year, whilst the non-executive directors’ remuneration package, comprises fees and allowances, which reflect the individual’s roles and responsibilities. The calibre of the non-executive directors serving the Company is essential in upholding the standards of Corporate Governance. The Board remuneration structure is reviewed by benchmarking the Chairman and the directors’ remuneration against peer companies,

locally and regionally. The Board hopes the alignment of the remuneration package offered to the non-executive directors of the Company will continue to attract and retain directors of such calibre to provide the necessary skills and experiences required for the effective management and operations of the Group. During the year, the meeting allowance for respective meeting has been revised to reflect the increase in Directors’ responsibilities and liabilities and to align their total remuneration to other public listed companies.

The Chairman and Non-Executive Directors received the following fees in respect of the financial year 2012:-

Fee		Chairman	Non-Executive Director
1.	Directors’ Fee	RM10,000/month	RM3,000/month
2.	Meeting Allowance		
2.1	– Board Meeting	RM2,000/meeting (from January to July 2012)	RM1,500/meeting (from January to July 2012)
		RM5,000/meeting (from August to December 2012)	RM3,000/meeting (from August to December 2012)
2.2	– Board Committee Meeting	RM1,000/meeting (from January to July 2012)	RM500/meeting (from January to July 2012)
		RM4,000/meeting (from August to December 2012)	RM2,000/meeting (from August to December 2012)
2.3	– Subsidiary Meeting	RM1,500/meeting	RM1,000/meeting

The details of the total remuneration of directors for the financial year 2012 are as summarised below:-

Category	Salary, Bonus and Other Emoluments (RM)	Directors' Fees (RM)	Directors' Other Emoluments (RM)	Benefits in Kind (RM)	Total (RM)
Non-Executive Directors					
Tan Sri Datuk Dr. Aris bin Othman	–	52,000	26,500	6,667	85,167
Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah	–	83,600	69,000	187,000	339,600
Datuk Seri Long See Wool	–	36,000	26,500	–	62,500
Chua Kok Ching (Alternate Director to Datuk Seri Long See Wool)	–	–	16,500	–	16,500
Hajah Jamilah binti Dato' Hj Hashim	–	**36,000	**34,000	–	**70,000
Mohd Izani bin Ghani	–	**36,000	**37,000	–	**73,000
Eshah binti Meor Suleiman	–	36,000	42,500	–	78,500
Norazura binti Tadzim (Alternate Director to Eshah binti Meor Suleiman)	–	–	5,000	–	5,000
Dato' Syed Faisal Albar bin Syed A.R Albar	–	–	–	–	–
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin	–	–	–	–	–
Datuk Siti Maslamah binti Osman	–	36,000	51,500	–	87,500
Datuk Alias bin Haji Ahmad	–	36,000	60,500	–	96,500
Jeremy bin Nasrulhaq	–	36,000	50,000	–	86,000
Total	–	387,600	419,000	193,667	1,000,267
Executive Director*					
Tan Sri Bashir Ahmad bin Abdul Majid	1,462,317	–	–	16,889	1,479,206
Total	1,462,317	–	–	16,889	1,479,206
Grand Total	1,462,317	387,600	419,000	210,556	2,479,473

* Being the Managing Director

** The amount of fee paid to Khazanah Nasional Berhad, the immediate holding company, in respect of services rendered to the Company by Hajah Jamilah binti Dato' Hj Hashim and Mohd Izani bin Ghani.

The number of directors of the Company whose total remuneration falls within the specified bands during the financial year 2012 is tabulated, as follows:-

	Number of Directors	
	2012	2011
Executive Director:		
RM1,000,001 – RM1,050,000	–	–
RM1,050,001 – RM1,100,000	–	–
RM1,100,001 – RM1,150,000	–	–
RM1,150,001 – RM1,200,000	–	–
RM1,200,001 – RM1,250,000	–	–
RM1,250,001 – RM1,300,000	–	1
RM1,300,001 – RM1,350,000	–	–
RM1,350,001 – RM1,400,000	–	–
RM1,400,001 – RM1,450,000	–	–
RM1,450,001 – RM1,500,000	1	–
Non-Executive Director:		
Less than RM50,000	2	7
RM50,001 – RM100,000	8	5
RM100,001 – RM150,000	–	–
RM150,001 – RM200,000	–	1
RM200,001 – RM250,000	–	–
RM250,001 – RM300,000	–	–
RM300,001 – RM350,000	1	–

Board Committees

The Board of Directors delegates certain of its governance responsibilities to the following Board Committees, which operate within clearly defined terms of reference, to assist the Board in discharging its responsibilities:-

Board Committee	Key Functions
Board Audit Committee (“BAC”)	Review and evaluate performance of External Auditors and Internal Audit Division in ensuring efficiency and effectiveness of the Company's operations, adequacy of internal control system, compliance to established policies and procedures, transparency in decision-making process and accountability of financial and management information.
Board Nomination & Remuneration Committee (“BNRC”)	Review, assess and recommend to the Board of Directors, remuneration packages of the Executive Director and senior management as well as to determine criteria for Board/ Board Committees' membership, structure, responsibilities and effectiveness, and to formulate/ review policies and procedures on human resource matters with regard to recruitment, appointment, promotion and transfer of senior management.
Board Finance and Investment Committee (“BF&IC”)	Review and monitor the financial performance of the Group, including the budgets, and monitor investment policy and portfolio of the Group.
Board Risk Management Committee (“BRMC”)	Formulate the overall risk management, occupational safety and health, ICAO safety management system and information security strategy of the Group and recommend for approval and/or approve (whenever applicable) any major risk financing decisions by the Group.
Board Procurement Committee (“BPC”)	Approve procurement value above RM5 million up to RM200 million, review and approve procurement policies and procedures, oversee and monitor the overall implementation of the Red Book, ensuring efficiency and effectiveness of procurement process, and support of national development objectives.

The Chairman and members of each Board Committee shall be appointed by the Board. As a matter of good practice, the Chairmen of the various Board Committees will report the outcome of the Board Committee Meetings to the Board, and such reports and also the minutes of Committee meetings would be noted in the minutes of the Board meetings.

The Special Board Procurement Committee ("SBPC") was formed to expedite the deliberation of all procurement matters pertaining to the construction of klia2 project. The minutes of SBPC meetings would also be noted in the minutes of the Board meetings.

The composition of the Board Committees and the attendance of members at Board Committee meetings held during the financial year 2012 are detailed below:

Composition of the Board Committees

Director	BAC	BNRC	BF&IC	BRMC	BPC	SBPC
Non-Independent Non-Executive						
Tan Sri Datuk Dr. Aris bin Othman ¹			C	C	C	C
Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah ²			C	C	C	C
Datuk Seri Long See Wool				M	M	M
Hajah Jamilah binti Dato' Hj Hashim ³		M		M		
Mohd Izani bin Ghani ⁴	M	M	M			
Eshah binti Meor Suleiman		M			M	M
Dato' Syed Faisal Albar bin Syed A.R Albar ⁵	M			M		
Independent Non-Executive						
Datuk Siti Maslamah binti Osman	C	M	M			
Datuk Alias bin Haji Ahmad	M	C		M	M	M
Jeremy bin Nasrulhaq	M	M	M			

Attendance at the Board Committee Meetings

Director	BAC	BNRC	BF&IC	BRMC	BPC	SBPC
Non-Independent Non-Executive						
Tan Sri Datuk Dr. Aris bin Othman ¹			2/2	2/2	4/4	4/4
Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah ²			2/2	1/1	4/4	6/6
Datuk Seri Long See Wool				2/3	5/8	6/10
Chua Kok Ching (Alternate Director to Datuk Seri Long See Wool)					2/2	4/4
Hajah Jamilah binti Dato' Hj Hashim ³		6/6		2/2		
Mohd Izani bin Ghani ⁴	7/7		4/4			
Eshah binti Meor Suleiman		6/6			3/8	4/10
Norazura binti Tadzim (Alternate Director to Eshah binti Meor Suleiman)					3/3	4/4
Dato' Syed Faisal Albar bin Syed A.R Albar ⁵				1/1		
Independent Non-Executive						
Datuk Siti Maslamah binti Osman	7/7	6/6	4/4			
Datuk Alias bin Haji Ahmad	7/7	6/6		3/3	7/8	9/10
Jeremy bin Nasrulhaq	7/7	6/6	4/4			

Notes:-

- ¹ Ceased as Chairman of the Board Finance & Investment Committee, Board Risk Management Committee and Board Procurement Committee with effect from 6 June 2012
- ² Appointed as Chairman of the Board Finance & Investment Committee, Board Risk Management Committee and Board Procurement Committee with effect from 7 June 2012
- ³ Ceased as a member of the Board Nomination & Remuneration Committee and Board Risk Management Committee with effect from 5 December 2012
- ⁴ Resigned as a member of the Board Audit Committee and appointed as a member of Board Nomination & Remuneration Committee with effect from 18 December 2012
- ⁵ Appointed as a member of the Board Risk Management Committee with effect from 5 December 2012 and appointed as a member of Board Audit Committee with effect from 18 December 2012

Terms of Reference

The salient terms of reference of the Board Committees are as follows:

Board Audit Committee (“Audit Committee”)

The Audit Committee comprises no fewer than four (4) members, all of whom are non-executive directors with majority being independent directors. At least one (1) member must be a member of the Malaysian Institute of Accountants, or he/she complies with the requirement of paragraph 15.09 (1)(c) of the Bursa Malaysia Listing Requirements.

The terms of reference and summary of activities carried out by the Audit Committee are set out under the Audit Committee Report from pages 184 to 186 of this Annual Report.

The Audit Committee meets at least six (6) times during the financial year to carry out its functions. The Audit Committee is also responsible for recommending the person(s) to be nominated as the external auditor and the remuneration and terms of engagement of the external auditor.

The Audit Committee will also review its terms of reference at least once in every two (2) years to assess its relevancy and clarity.

Board Nomination & Remuneration Committee (“BNRC”)

The BNRC shall have at least 3 members, all of whom shall be non-executive directors with the majority being independent directors. The Chairman and the members of the BNRC shall be appointed by the Board. The Committee's main responsibilities and such other responsibilities as may be determined by the Board include, amongst others, the following:

Nomination

- (a) To determine the criteria for Board membership, including qualities, experience, skills, expertise, education background and qualifications, competencies, integrity, contribution, level of commitment in terms of time and other qualities that will best qualify a nominee to serve on the Board;
- (b) To review annually and recommend to the Board with regard to the structure, size, tenure, directorships, balance and composition of the Board and Committees including the required mix of skills and experience, core competencies which the Directors should bring to the Board and other qualities to function effectively and efficiently;
- (c) To consider, review, evaluate and recommend to the Board any new Board appointment, whether of executive or non-executive position, to fill board vacancies as and when they arise. The BNRC shall recommend to the Board with regard to the candidate for directorship, based on the following:-
 - Size, composition, mix of skills, experience, competency and other qualities of the existing Board, level of commitment, resources and time that the recommended candidate can contribute to the existing Board and Group;
 - Gender diversity targets in the boardroom; and
 - In the case of an Independent Director, the independence of the Director in bringing independent and objective judgment to the board deliberation.

- (d) To propose to the Board the responsibilities of the Directors, including membership and chairmanship of the Board Committees;
- (e) To evaluate and recommend the appointment, promotion, transfer and dismissal of Executive Director and Senior Management;
- (f) To implement Board Performance Evaluation on an annual basis for evaluating:-
 - The effectiveness of the Committees of the Board;
 - The effectiveness of the Board as a whole; and
 - The independence of the Independent Directors, particularly when there is any new interests or relationships surface.
- (g) To review the results of the Board Performance Evaluation and recommends to the Board the initiatives/improvements moving forward, to enhance the effectiveness of the Board;
- (h) To recommend to the Board:-
 - Whether Directors who are retiring by rotation should be put forward for re-election; and
 - Termination of membership of individual Directors in accordance with policies for cause or other appropriate reasons.
- (i) To establish appropriate framework and plans for succession at Board level to ensure that the Board is comprised of directors with the skills and experience relevant to the Company's strategic direction and objectives;
- (j) To provide for adequate training and induction of new Directors with respect to the business, structure and management of the Group, as well as the expectations of the Board with regard to the time devoted to attend meetings and their contribution to the Board and Group;
- (k) To review and set policies and procedures on human resources matters pertaining to Senior Management;
- (l) To review and determine the level and make-up of Senior Management;
- (m) To develop policies and recommend appropriate proposals to facilitate the recruitment and retention of Senior Management, as well as a development programme for Senior Management;
- (n) To recommend to the Board of Directors to review and approve the appointment and promotion of Senior Management as well as the extension and termination of service/contract and renewal of contract of Senior Management;
- (o) To review and consider the directorships of Senior Management on the Board of subsidiaries of MAHB; and
- (p) To review and recommend the succession planning for Senior Management.

Remuneration

- (a) To review and recommend to the Board, the Directors' fees, allowances and other fringe benefits to be accorded to the Directors in accordance with the contribution and level of responsibilities undertaken by the Board of Directors;
- (b) To establish and recommend to the Board, the remuneration structure and policy for Executive Director and Senior Management including the terms of employment or contract of employment/service, benefits, pension or incentive scheme entitlement; bonuses, fees and expenses and any compensation payable on the termination of the service contract by the Company and/or Group and to review changes to the policy, as necessary;
- (c) To review Executive Director and Senior Management's goals and objectives and to assess their performance against these objectives as well as contribution to the corporate strategy;

- (d) To ensure that a strong link is maintained between the level of remuneration and individual performance against the performance of the Group and the achievement of the organisation targets; the performance-related elements of remuneration setting forms a significant proportion of the total remuneration package of Executive Director;
- (e) To establish and review the scheme of service for Senior Management;
- (f) To review and recommend the general remuneration policies and practices for Senior Management; and
- (g) To recommend to the Board of Directors suitable short and long term policies of having performance-related incentive schemes for Senior Management, where appropriate.

The BNRC will consider other matters as referred by the Board to them.

The BNRC will also review its Terms of Reference at least once in every two (2) years to assess its relevancy and clarity.

Summary of activities undertaken by BNRC during the financial year

The BNRC carried its duties and responsibilities in accordance with its TOR. During the year, the main activities undertaken by the BNRC were, amongst others, as follows:

- Reviewed and evaluated the curriculum vitae of potential candidates for future appointment as directors;
- Reviewed Director's fees, allowances and benefits;
- Reviewed the composition of the Board Committees;
- Reviewed the independence of independent directors and their tenure;
- Reviewed talent assessment and salary structure of Senior Management;
- Reviewed the renewal of the employment contract of Senior Management;
- Reviewed the commission scheme for subsidiary company;
- Reviewed the appointment of new General Managers;
- Reviewed the succession plan for Senior Management;
- Reviewed the appointment of Senior Management on the boards of subsidiaries and associate companies;
- Reviewed procedure for recruitment of Senior Management; and
- Reviewed the selection criteria for appointment of new directors.

Board Finance & Investment Committee ("Finance & Investment Committee")

The Finance & Investment Committee comprises at least four (4) members and at least one (1) member must be a member of the Malaysian Institute of Accountants or fulfils the requirements which are more particularly set out in the Committee's Terms of Reference.

The Chairman of the Company shall be the Chairman of the Finance & Investment Committee. The Finance & Investment Committee will conduct its meeting at least once every quarter or four (4) meetings per annum, and to convene additional meetings as and when necessary.

The functions and duties of the Finance & Investment Committee are to:

- (a) Review the annual business plans and budgets and any supplementary budgets and recommend them to the Board for approval;
- (b) Review and monitor the financial position and performance of the MAHB Group on a quarterly basis;

- (c) Review and monitor the financial investment policy and financial investment portfolios of the MAHB Group;
- (d) Review, evaluate and assess prospective investments/divestments, new businesses, projects and overseas ventures, taking into account factors such as strategic rationale, return on investment and resource requirements of those prospects, and make appropriate recommendations to the Board;
- (e) Review and monitor the progress of all capital projects against the approved project schedule and budget the source to ensure completeness of all project deliverables within schedule and budget. Capital projects include construction of new airports, land development projects and any other expansion projects for domestic and foreign airports;
- (f) Review and monitor the performance of overseas ventures;
- (g) Review group Financial Limit of Authority (FLOA) and recommend it to the Board for their approval;
- (h) Consider other duties as directed by the Board; and
- (i) Oversee current and future capital and financial resource requirements.

The Finance & Investment Committee will also review its Terms of Reference at least once every two (2) years to assess its relevancy and clarity.

Board Risk Management Committee (“Risk Management Committee”)

The Risk Management Committee comprises at least four (4) members, made up of independent non-executive directors and non-independent non-executive directors. The members of the Risk Management Committee are appointed by the Board.

The responsibilities of the Risk Management Committee are to, inter alia:

- (a) Approve the overall Risk Management, Occupational Safety and Health (OSH), ICAO Safety Management System (SMS) and Information Security policies and strategies;
- (b) Oversee senior management’s responsibilities in managing risks including information security risks and safety to ensure that the risk management process is in place and functioning;
- (c) Review major risk and safety strategies, policies and risk tolerance standards proposed or to be proposed to the Board and to opine or make recommendations to the Board;
- (d) Review risk management, OSH, Safety and Information Security activities to ensure that all risks are taken into account in business plans and strategies;
- (e) Review the Corporate Risk Profile and understand the significant risks that affect the achievement of company’s objectives and ensure the implementation of appropriate systems to manage these risks;
- (f) Oversee the adequacy of resources for implementation of risk management and safety strategies, activities and initiatives; and
- (g) Ensure a risk management statement is included in the annual report confirming that risks are being identified, evaluated/assessed and that appropriate Management Action Plans are in place to manage and mitigate those risks effectively.

The Risk Management Committee will also review its Terms of Reference at least once every two (2) years to assess its relevancy and clarity.

Board Procurement Committee (“Procurement Committee”)

The Procurement Committee comprises at least three (3) members, made up of both independent non-executive directors and non-independent non-executive directors. The members of the Procurement Committee are appointed by the Board.

The general functions of the Procurement Committee are to:

- (a) Ensure that the project and tender documents comply with prescribed procurement policies and procedures;
- (b) Determine the tender evaluation criteria;
- (c) Approve the selective tendering method and the list of selected tenderers for procurement values above RM10 million;
- (d) Recommend to the Board on award of tender above RM200 million;
- (e) Approve procurement exercises for value of RM5 million to RM200 million;
- (f) Approve the proposed earnings from rental space, commercial activities for value of RM5 million to RM50 million per contract and its related issues such as reduction and discounts of rental rates arising out of business transactions of MAHB Group and its subsidiary companies. For value above RM50 million, to recommend to the Board;
- (g) Approve variation orders (VO) more than 10% of the contract sum of above RM10 million to RM150 million and up to 10% of the contract sum of above RM150 million;
- (h) Approve extension of time (EOT) for projects approved by Procurement Committee;
- (i) Approve procurement for wholly owned and majority owned subsidiary companies for a value more than RM5 million and up to RM50 million. Above RM50 million, Procurement Committee to recommend to the Board for approval;

- (j) Approve appointment of consultants/specialists for the amount of Professional Fees of value more than RM1 million and up to RM10 million. For Professional Fees of value more than RM10 million, Procurement Committee to recommend to the Board for approval;
- (k) Appoint sub-committees for technical and commercial evaluations when necessary;
- (l) Review and approve procurement policies and procedures, including the anti-corruption policy and codes of conduct; and
- (m) Oversee and monitor the overall implementation of the Red Book objectives, ensuring efficiency and effectiveness of procurement process, and support of national development objectives.

The Procurement Committee will also review its Terms of Reference at least once every two (2) years to assess its relevancy and clarity.

SHAREHOLDERS

Relations with Major Shareholders and Stakeholders

The Stakeholder Management Committee, led by the Managing Director and the Chief Financial Officer of the Company and including, where appropriate, other members of senior management, will regularly hold meetings with the Company's major shareholders, namely Khazanah Nasional Berhad and its major stakeholders (which involve, the Ministry of Finance, Ministry of Transport, and Airlines, amongst others) to discuss the company's strategy, financial performance and specific major investment activities.

Relations with Institutional Shareholders

The investor relations team is responsible for managing the day-to-day communications with institutional shareholders through briefings to fund managers, institutional investors and investment analysts, normally held after the release of the Group's quarterly results to Bursa Malaysia. Press conferences are also held to brief the members of the media, and to highlight any significant events undertaken by the Group. All non-executive directors have always been invited to the briefings, should they wish to.

Relations with Private Shareholders

Each year, shareholders will receive the annual report of the Company. The shareholders can also access up-to-date information on the Group's latest activities such as financial performance, group background and future events throughout the year on the Company's official website at www.malaysiaairports.com.my, which has since been revamped with a new outlook to satisfy the discerning taste of our shareholders.

The Board acknowledges the importance of shareholders to be informed in prompt and timely manner of all material business matters affecting the Company. All announcements of quarterly financial results, change in the composition of the Board, etc are disclosed to Bursa Malaysia within statutory timelines, with clear, accurate and sufficient information to enable shareholders and investors to make informed decisions. Likewise, all formal queries by Bursa Malaysia and other regulatory authorities are expeditiously responded to.

Related Party Transactions

The Group has established appropriate procedures to ensure it complies with Bursa Malaysia Listing Requirements with regard to related party transactions.

The Group did not seek any mandate of its shareholders pertaining to related party transactions during the financial year under review.

Investor Relations

MAHB recognises the value of transparent, consistent and coherent communications with investment community consistent with commercial confidentiality and regulatory considerations. Our Investor Relations Policy aims to build long-term relationships with our shareholders and potential investors through appropriate channels for the management and disclosure of information. We provide these investors with sufficient business, operations and financial information on the Group enabling them to make informed investment decisions.

MAHB holds analyst presentations in each quarter in 2012 in conjunction with the Group's quarterly financial results. The briefings include the corporate overview, review of business operations and financial performance, headline key performance indicators achievements and the business outlook for the Group.

In addition, MAHB organises regular one-on-one meetings with investment analysts and fund managers throughout the year. The analysts and fund managers briefings will continue to be held regularly in 2013.

MAHB has revamped its Investor Relations web portal in 2010, in line with our commitment towards corporate governance and best practice in investor relations. The website, www.malaysiaairports.com.my, provides a wealth of in-depth and up-to-date information for both existing and potential shareholders, with timely and accurate information about MAHB. The website also allows visitors to register and receive the latest information about MAHB, enhancing transparency, facilitate more effective communication with the investment community and promote Investor Relations best practice in the region.

Dividend Policy

The Company's dividend policy entails the payment of dividend at a payout ratio of at least 50% of the consolidated annual net profit after taxation and minority interest commencing from the financial year 2007. Nevertheless, the actual amount and timing of the dividend payments would depend on the Company's cash flow position, results of operations, business prospects, current and expected obligations, and such other matters as the Board of Directors may deem relevant.

Annual General Meeting

The Annual General Meeting (“AGM”) will take place at the Sama-Sama Hotel, Kuala Lumpur International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan, and formal notification is sent to the shareholders at least 21 days in advance.

The Board believes that the AGM is an important forum to engage with shareholders, which allows the shareholders to gain direct access to the Board as well as the Company’s External Auditors, to channel their queries, grievances or even opinion on how to further enhance the Company’s performance.

A brief presentation on the financial performance of the Company and the activities of the Group throughout the year will normally be presented to the shareholders during the AGM to allow the shareholders to better understand the Company’s performance and the Group’s latest activities. The Board therefore, encourages shareholders to attend and participate in the AGM.

The Board will regularly maintain a good dialogue with shareholders by proactively organising meetings, presentations and events, so as to better understand the views of the shareholders on a range of issues from strategy to corporate governance.

Shareholders are also encouraged to contact the following personnel pertaining to investor relations matters:-

Faizal Sham bin Abu Mansor

Chief Financial Officer

The biography of Faizal Sham bin Abu Mansor is enclosed on page 101 of this Annual Report.

Contact Details

Tel: 603-8777 7004

Fax: 603-8777 7776

E-mail: faizalmansor@malaysiaairports.com.my

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual audited financial statements and quarterly financial results announcement to the shareholders, the Directors aim to present a balanced and understandable assessment of the Group’s position and prospects. The Board Audit Committee assists the Board by reviewing the information to be disclosed to ensure completeness, accuracy and adequacy.

The Board is fully aware of the changes in the accounting policies with the implementation of the Financial Reporting Standards (“FRS”) approved by the Malaysian Accounting Standards Board, and has adopted the relevant FRSs applicable for the Group’s financial year 2012.

The adoption of the FRSs has changed a number of the Group’s accounting policies. The principal effects of the changes in accounting policies resulting from the above adoption are set out from pages 210 to 232 of this Annual Report.

Statement on Risk Management & Internal Control

The Statement of Risk Management & Internal Control as set out from pages 176 to 183 of this Annual Report provides an overview of the system/process of risk management and internal controls within the Group.

Relationship with External Auditors

The Audit Committee and the Board place great emphasis on the objectivity and independence of the Group’s external auditors, Ernst & Young, in providing the relevant reports to shareholders. In order to ensure full disclosure of matters, Ernst & Young are regularly invited to attend the Committee’s meetings as well as the Annual General Meeting. The Board Audit Committee also has discussions with the external auditors and internal auditors at least twice in a year, without the presence of the Managing Director and Management, to discuss the adequacy of controls and any judgemental areas.

In order to ensure that the external auditors' independence and objectivity are not compromised by the provision of non-audit services, the Board Audit Committee's practice is to exclude them from providing tax services, merger and acquisition exercise, due diligence, management, strategic and IT consultancy, and other non-audit and non-tax-related services unless the services offered by the external auditors are more effective or competitively priced, and they are the expert in the field against the other providers.

Directors' Responsibility Statement

The Company and the Group's financial statements are drawn up in accordance with the applicable approved accounting standards, and the Board of Directors has the responsibility of ensuring that the financial statements of the Company and the Group give a true and fair view of the affairs of the Company and the Group. The Statement by Directors pursuant to Section 169 (15) of the Companies Act, 1965 is set out on page 194 of this Annual Report.

B. ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with paragraph 9.25 of the Bursa Malaysia Listing Requirements.

1. Option, Warrants or Convertible Securities

The Company did not issue any options, warrants or convertible securities during the financial year 2012.

2. Imposition of Sanctions/Penalties

There were no sanctions and/or penalties imposed on the Company and/or its subsidiary companies, Directors or Senior Management arising from any significant breach of rules/guidelines/legislations by the relevant regulatory bodies during the financial year 2012.

3. Status of Utilisation of Proceeds raised from Corporate Proposal

The status of utilisation of proceeds raised from the Islamic Commercial Papers and Islamic Medium Term Notes pursuant to an Islamic Commercial Paper Programme ("ICP Programme") and an Islamic Medium Term Notes Programme, respectively with a combined aggregate nominal value of up to RM3.1 billion (with a sub-limit of RM1.0 billion in nominal value for the ICP Programme) as at 20 February 2013 is as follows:-

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Intended Timeframe for Utilisation	Deviation	
				Amount (RM'000)	%
To part finance the construction of klia2 and/or to refinance MAHB's borrowings/ financings which were utilised for Shariah-compliant purposes and/ or for MAHB's Shariah-compliant general corporate purposes	3,100,000	3,100,000	-	-	-

4. Material Contracts

There were no material contracts nor any contracts entered into by the Company and/ or its subsidiaries involving interests of directors and/or major shareholders either subsisting as at 31 December 2012 or entered into since the end of the previous financial year ended 31 December 2011.

5. Non-Audit Fees

The amount of non-audit fees paid to the External Auditors, apart from the audit fees, during the financial year ended 31 December 2012, is as follows:

External Auditors	Report	Total Paid (RM)
Ernst & Young	Professional services and advisory work for Project	1,012,676.00
Total		1,012,676.00

6. Profit Guarantee

There was no profit guarantee given by the Company during the financial year 2012.

7. Share Buy-Back

There was no share buy-back exercised by the Company during the financial year 2012.

8. American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR programme during the financial year 2012.

This Statement on Corporate Governance is made available on the Company's official website at www.malaysiaairports.com.my under the section "Investor Relations – Investor Briefings".

The Statement was duly reviewed and approved by the Board of Directors of MAHB on 4 February 2013.

On behalf of the Board



Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah
Chairman

The Malaysian Code of Corporate Governance (the Code) requires the Board of Directors (Board) to maintain a sound system of risk management and internal control to safeguard shareholders’ investments and the Group’s assets. Pursuant to Para 15.26(b) of Bursa Malaysia Securities Berhad (BMSB) Main Market Listing Requirements and Statement on Risk Management & Internal Control: Guidelines for Directors of Public Listed Companies, the Board is pleased to present the Statement on Risk Management and Internal Control (the Statement) which outlines the governance policies, key elements, nature and scope of risk management and internal control of the Group during the financial year under review.



RESPONSIBILITY AND ACCOUNTABILITY

The Board is ultimately responsible for the Group’s system of risk management and internal control which includes the establishment of an appropriate control environment and review of its adequacy and integrity on a regular basis to ensure its effectiveness. The Board and Management are responsible and accountable for maintaining a sound system of risk management and internal control encompassing governance, risk management, financial, organisational, operational and compliance controls. The Board is committed to safeguard shareholders’ investment, Group’s assets and other stakeholders’ interests.

The recent guidelines on the Statement on Risk Management and Internal Control (Guidelines for Directors of Listed Issuers) further emphasizes the need for maintaining a sound system of risk management and internal control.

PURPOSE OF RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

In accordance with the Statement on Risk Management & Internal Control: Guidelines for Directors of Public Listed Issuers, the Board confirms that there is an ongoing process for identifying, evaluating and managing risks faced by the Group.

This process has been in place for the year under review and up to the date of issuance of the annual report and financial statements. However, in view of the limitations in any system of risk management and internal control, the Board acknowledges that this system is designed to manage rather than eliminate the risks completely. As such, risk management and internal controls can only provide reasonable and not absolute assurance against the occurrence of any material misstatement, loss or fraud.

The system of risk management and internal control is based on an ongoing process designed to identify the principal risks impeding the achievement of the organisation's goals and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. This process is regularly reviewed by the Board, taking into account changes in the regulatory and business environment to ensure the adequacy and integrity of the system of risk management and internal controls.

RISK MANAGEMENT

The Board is ultimately responsible for the management of risks. The Board, through the Board Risk Management Committee, maintains overall responsibility for risk oversight and has established and approved the Risk Management Policy Statement governing our approach to risk management. In MAHB, the Enterprise Risk Management (ERM) roadmap was initiated in 2006 with the endorsement of the ERM framework by the Board Risk Management Committee. MAHB later adopted the ISO 31000 Risk Management framework in 2009, which reiterated the importance of the risk assessment process – identifying, analysing and evaluating the whole spectrum of risks encompassing but not limited to operational, strategic, financial and reputational risks.

MAHB adopts a structured process in developing Risk Registers for Airports, Divisions, Projects and the Corporate Risk Profile using a web based risk

management information system known as Malaysia Airports Risk Scorecard or MARs in short. The objectives of MARs are to capture all risk information on Residual Risks; their causes and consequences, the current controls in place and its effectiveness. It also captures the Action plans to achieve Target Risks rating which are acceptable to Management and identifies the risk owner for each risk. MARs has been further customised for easier adaptability and upgraded to meet other standards such as Environmental and Sustainability.

The respective risk owners need to provide assurance at least once a year that the risks have been reviewed, updated and action plans are implemented within the agreed timeline to mitigate risks to an acceptable level. The Project Risk Registers are reviewed and updated on a more regular basis due to the dynamic nature of projects.

MAHB believes that risk management practices need to be embraced and be part of the organisation's business processes and business plans. Hence risk registers and risk profiles are used as one of the business tools in highlighting the risks exposures and their risks mitigation to Management and Board through the Risk Dashboard. The Executive Management are made aware of the Extreme and High Risks areas through the yearly review of the Corporate Risk Profile with the Senior Management team and signed-off by the Managing Director. The Corporate Risk Profile and other Risk Registers – Airports and Projects are regularly communicated to the Board through the Board Risk Management Committee.

The active involvement of Malaysia Airports in airport redevelopment projects and in overseas ventures have led to the introduction of a new Standard Operating Procedures (SOP) on Project Risk Assessment; requiring all project owners for any projects and/or initiatives to complete a structured risk assessment template to identify all related risks and the action plans to mitigate them to an acceptable level. The SOP has made mandatory for all project owners to submit the duly completed risk assessment in seeking approval from the Management and the Board as it serves to assist the decision making process by making known all the risks which the company may be exposed to and mitigating actions which Management is committed to implement.

All Risk Register/ Risk Profiles review sessions are facilitated by the Risk Management Division with participation from relevant internal and external stakeholders.

In Malaysia Airports, our ERM framework is complemented by the Business Continuity framework (based on Disaster Recovery Institute, U.S) providing an end to end process; from risk assessment to business recovery should a mishap occur until normalisation is achieved. Business Continuity Management (BCM) has been fully developed at all our 5 International Airports and to test the stakeholders understanding in the strategy and plans; exercises have been carried in all these airports except Penang International Airport since it was undergoing construction.

Fully aware that corporate resiliency is not dependent solely on the plans but the people to drive and implement the plans when the need arises; much effort and attention is placed on training, knowledge sharing and awareness programs. Apart from the mandatory drills and exercises required to meet the various standards and guidelines, numerous other training programs/ workshops and exercises/drills are constantly carried out to further enhance understanding and to obtain the various stakeholders buy-ins.

In our relentless effort to embed the risk management culture amongst management and staff, MAHB continues to recognise individuals and line management through the Annual Risk Manager's awards. MAHB have further expanded the Risk Management excellence award to not just the Airport and Risk Coordinator but to individuals who have effectively displayed their commitment and contribution in upholding risk management best practices.

The risk landscape is ever changing and to sustain corporate resiliency, MAHB will continue to strengthen our Enterprise Risk Management through continuous risk assessment and challenging the mitigating actions by risk owners to further improve the risk level. The Fraud Risk Management framework will be introduced and implemented in 2013 onwards to address the financial risk exposures which have become an increasing threat globally.

REVIEW OF INTERNAL CONTROL EFFECTIVENESS

The Board's evaluation of the effectiveness of internal controls in the Group is based on criteria developed under the COSO (Committee of the Sponsoring Organisations of the Treadway Commission) Internal Control – Integrated Framework; a generally accepted framework for internal control widely recognised as the standard against which the Group measures the effectiveness of its system of internal control. The

internal control system is intertwined with the Group's operating activities and exists for fundamental business reasons.

The Board's review of internal control effectiveness is based on information from:

- Key management within the organisation with the responsibility for the development and maintenance of the risk management and internal control framework;
- The work of the Internal Auditors, who submit regular reports to the Board Audit Committee which include their independent and objective opinion on the adequacy and effectiveness of the organisation's systems of risk management and internal control together with recommendations for improvement;
- Comments made by the External Auditors in their Management Letter and other reports.
- Under the COSO Internal Control - Integrated Framework, internal control assessment is segregated into five interrelated components as follows:

A. CONTROL ENVIRONMENT

Control environment is the organisational structure and culture created by Management and employees to sustain organisational support for effective internal control. It is the foundation for all other components of internal control, providing discipline and structure. Management's commitment to establishing and maintaining effective internal control is cascaded down and permeates the Group control environment, aiding in the successful implementation of internal controls. Key activities include:

i. Board and Audit Committee

- The various Board Committees, namely the Board Audit Committee, the Board Nomination and Remuneration Committee, Board Procurement Committee, Board Finance and Investment Committee, Board Risk Management Committee, are all governed by clearly defined terms of references.
- The Board Audit Committee, comprising only Non-Executive Directors and a majority of independent Directors, has wide ranging in-depth experience, knowledge and expertise. Its members continue to meet and have full and unimpeded access to both the Internal and External Auditors during the financial year.

- Special Board Procurement Committee, the extension of the Board Procurement Committee is established for the approval and oversight of klia2 project.

ii. Strategic Theme and Objectives

- To chart the Group's business direction, MAHB has produced "Malaysia Airports Runway to Success (2010-2014)" where three strategic thrusts to support the achievement of the Group's key business strategic objectives were identified. They are:
 - Traffic Growth. Our objective is to increase passenger numbers to over 60 million per year, with a focus on strengthening KLIA as the Next Generation Hub.
 - Service Excellence. The objective is to maintain top quality service levels, benchmarked against the best airports worldwide.
 - Commercial Development. Will be the main driver to achieve Group EBITDA and ROE in excess of RM1 billion and 10% respectively by 2014.
- The Executive Committee (EXCO) provides clear direction and guidance for the implementation of the key business strategies and assisted by the Corporate Planning Office in monitoring the overall delivery of the initiatives towards meeting the business strategies.

iii. Organisation Structure

- The current organisational structure for the Group incorporates the company's new vision, in ensuring that the business direction can be delivered. The responsibility, accountability and delegation of authority of each division/subsidiary head are clearly defined.
- The organisation structure was also benchmarked against other international airport operators so that the company would remain competitive.
- The Business Process Improvement where roles of Finance & Procurement as well as Human Resources shared services have been strengthened to allow standardised adoption of best practices to support the rapid growth and expansion of MAHB.

iv. Assurance Letter

- Annual disclosures are made by the head of subsidiaries and functions on the overall effectiveness, reliability and adequacy of their respective companies'/divisions' systems of risk management and internal controls via an assurance letter.

v. Brand Culture and Shared Values

- Having the right culture for our organisation is essential towards achieving our vision as a World-Class Airport Business. Our brand culture essence is founded on the root strength of our company, while promoting the desired attributes in our people. The brand culture essence is based on the concept of connecting our business to the stakeholders, community and environment in a balanced approach; being firm & friendly, business driven & responsible and progressive & practical.
- Internalisation of MAHB Group's Shared Values of 'Market Driven', 'Customer Focused', 'Strive For Excellence', 'Teamwork' and 'Loyalty' serves as a foundation of the Group's culture.

vi. Code of Ethics

- The Group Code of Ethics is in place, applicable to all employees and the Company's representatives including agents, consultants, contractors and suppliers of the Group. The Code outlines clearly forms of acceptable business practices in the Group and to ensure that the employees and all representatives adhere to one standard Code.
- The fraud and Industrial Relations (IR) policy have been established and awareness training programme has been conducted throughout the Group.
- The Declaration of Assets is performed every three years by all MAHB employees to keep track of any changes of individually or jointly owned asset value.

vii. Procurement Code of Ethics

- It outlines the principles and specific requirements related to the procurement process. It supports the Procurement Red Book and complements the MAHB Code of Ethics, which provides guidelines on dealing with employees, customers, business partners, competitors and other parties.

viii. Competency-Based Development Framework

- Top-down target setting process, with targets cascading from the Managing Director based on a Corporate Scorecard approved by the Board, aligns strategic focus and direction. As part of the implementation of the system, Senior Management are placed on contract compensation scheme.
- KPIs have been implemented to assess and reward all staff of the Group. Competency based Human Resource processes, covering annual and semi-annual performance appraisals, career development, succession planning and structured training programmes, are implemented for all staff, to ensure staff are competent and adequately trained in carrying out their duties.

B. RISK ASSESSMENT

Risk assessment is the identification and analysis of risks which may impede the achievement of the Group's objectives, forming a basis for determining how risk is managed in terms of probability and severity. Key activities involved within this area are:

i. Enterprise Risk Management (ERM)

- The Risk Management Division is responsible for the overall coordination of the ERM Framework for Malaysia Airports. The Division works closely with the Risk Coordinators across the Group to ensure that the framework is embedded into business processes. Risk Registers are developed at all levels of the Group and appropriate Management Action Plans are in place to mitigate these risks. At Group level, a Corporate Risk Profile is established which outlines the significant risks faced by the Group covering strategic, operational and financial risks. The company has a structured Business Continuity Management framework for the Group.
- Group Internal Audit complements the role of the Risk Management Division by independently reviewing risk profiles, risk management strategies and the adequacy and effectiveness of the controls identified and implemented in response to the risks identified at every audit engagement.

C. CONTROL ACTIVITIES

Control activities are policies and procedures that help to ensure Management's directives are carried out. Relevant activities within MAHB Group include:

i. Assignment of Authority and Responsibility

- The Group Approval Limits of Authority ("GALOA") was reviewed, enhanced and approved by the Board in 2012, are applicable to the whole Group, covering areas of risk management, human resources, procurement & contract, commercial, investment & business ventures, and finance/accounts. This authority facilitates quality and timely decision-making.
- Clear accountability and responsibility for key business processes have been established through related SOPs.

ii. Policy and Procedures

- Accounting Policies approved by the Board are adopted by the whole Group, covering accounting policies related to the Group. Revisions and additions are made when necessary, taking into consideration the Financial Reporting Standards (FRSs).
- Procurement Limits of Authority, also known as the 3Ps (Procurement Policy, Procedures and Guidelines) was established and enhanced regularly to safeguard the procurement processes of the Group.
- Value Management (VM) Manual was prepared for the purpose of clarifying MAHB policies on value management, outlines the VM Methodology framework.
- Continuous documentation and review of SOP was undertaken for all business units. All five international airports, fifteen domestic airports and key functions at subsidiary levels have been certified to MS ISO 9001:2008 Quality Management System. Moving towards a culture of total quality management system for the Group, related functions at Head Office, all airports and key functions at subsidiary levels have been certified to MS ISO 9001:2008 Quality Management System. With the inclusion of MS ISO 14001 Environmental Management System (EMS) and OHSAS 18001 Occupational, Health and Safety Management System (OHSAS), all five

international airports, five domestic airports (Miri, Labuan, Bintulu, Alor Setar and Kuala Terengganu) and IT Division have been fully certified under the Integrated Management System.

- All five international airports and nine domestic airports have been awarded the Aerodrome Certification by the Department of Civil Aviation, as required under Airport Standards Directive 103 (ASD 103) of International Civil Aviation Organisation (“ICAO”). This certificate is a requirement to ensure safety, regulatory and efficiency of aerodromes.

iii. Safety Management System

- MAHB has adopted the Safety Management System (SMS) as a systematic and comprehensive approach to reduce threats to aviation safety and prevent similar incidents from occurring in other airports within the Group. All five international airports and ten domestic airports are SMS certified, making them the first in Asia to adopt the SMS. The SMS certification is a testimony to our commitment to ensure the highest level of safety across our system of airports in full compliance with the ICAO requirements. Besides the SMS and Aerodrome certification programmes, MAHB carries out all safety drills and simulation exercises deemed mandatory by the ICAO and DCA. These include full-scale exercises at least once every two years, partial exercises at least once a year and exercises/drills bi-annually.
- The Runway Safety Team (RST) is a key element to an aerodrome runway safety programme. It ensures that a strong focus is maintained on runway safety. Runway Safety Team is a multidisciplinary approach that requires collaboration among DCA Air Traffic Controllers, Pilots of Airlines and Aerodrome Operators. The establishment of the RST is intended to facilitate effective local implementation of the recommendations contained in the ICAO action plans for the prevention of Runway Incursions and Runway Excursions and proactive management on related runway safety issues. Aerodrome Safety Management System (ASMS) Office shall provide guidance and knowledge of runway safety management concepts and ICAO Standards. The ASMS Office

will monitor and guide the establishment of RST for all SMS certified airports. KLIA has established the RST in 2012 and all international airports will have a Runway Safety Team by 2013 that will be monitored by the DCA National Runway Safety Team.

iv. Continuous Improvement Initiatives

- The continuous Improvement Initiatives are on-going exercise to drive Malaysia Airports in achieving greater performance in its targets and future aspirations while building future sustainability. The deliverables of the initiatives, among others, include higher cost savings and revenue enhancement, realigning towards MAHB's strategic plans while integrating and synergising people, processes, systems and structure in the company. It also focuses on delivering shareholders' financial expectations. Among the initiatives are:
 - Business Process Improvement (i.e to streamline the group internal control, amongst others, are the integration of commercial business processes and systems)
 - Cross-Functional Transformation (i.e. Human Resources, Operations and IT)
 - Lean Management
 - World-Class Maintenance (Engineering and Airport Fire & Rescue Services (AFRS))

v. Whistleblowing Programme

- The company has a Whistleblowing programme (Internal Audit is the Secretariat) with the objective of providing the staff with a mechanism to raise their concerns responsibly, regarding malpractices and irregularities affecting the company whilst keeping the identity of the whistleblower confidential. The program is expected to improve the overall organisational effectiveness, while upholding Malaysia Airports' integrity in the eyes of the public and as an entity serving the national interests.
- As an oversight of the whistleblowing programme, an independent member of the Board Audit Committee shall be the Chairman of the Whistleblowing Independent Committee and shall report to the Board Audit Committee.

vi. MAHB Information Security

- Procurement & Contract Division becomes the first non-IT related division in Malaysia to acquire the Information Security Management System (ISMS) certification, following the footsteps of IT Division that was the first in Malaysia being certified under ISO/IEC 27001:2005 since 2005 (under then Malaysia Airports Technologies Sdn Bhd).

vii. Insurance and Physical Safeguards

- Adequate insurance and physical safeguards on major assets are in place to ensure that Group assets are sufficiently covered against any mishap that could result in material loss.
- Malaysia Airports (Properties) Sdn Bhd is the governing body that ensures the safeguarding of assets for the Group.

D. INFORMATION AND COMMUNICATION

Information and Communication support all other control components by communicating control responsibilities to employees and by providing information in a form and time frame that allows people to carry out their responsibilities. Relevant key activities within the Group include:

i. Communication Policy

- MAHB Group is committed to open and effective communication as an essential component of its culture in order to motivate the workforce to deliver high quality service and exceptional value to customers and other stakeholders as well as to anticipate their feedback. Among the communication tools established are MAHB portal and K-Office (employees), Websites and Annual Reports (stakeholders, shareholders and general public).
- Its purpose is to ensure that communication across the Group is well coordinated, effectively managed and meets the diverse needs of the organisation.
- Crisis Communication is specifically detailed down as part of Airport Emergency Plan requirement. The Plan has been audited by external party to ensure that it meets the regulatory requirement and DCA.

E. MONITORING

Monitoring the effectiveness of internal controls is embedded in the normal course of the business. Periodic assessments are being integrated as part of Management's continuous monitoring of internal controls. Systematic processes available to address deficiencies include:

i. Management Committees

- Two Top Level Committees have been established, namely Executive Committee (EXCO) and Management Committee (MC), each with clear demarcation of roles in managing the Group's strategic and operational matters more effectively.
- The EXCO comprising of the Managing Director, Chief Operating Officer, Chief Financial Officer, Senior General Manager Commercial, Senior General Manager Planning, Senior General Manager Operations and Senior General Manager Human Resource shall deliberate and decide on all matters pertaining to the running and managing of the company and its group of companies, including but not limited to policy, strategy and operational issues.
- The MC, comprising of the Managing Director, Chief Operating Officer, Chief Financial Officer, Senior General Managers and General Managers, is the forum for discussing/ deliberating/ coordinating the operational issues affecting the company.
- At Group level, the Internal Audit Management Committee (IAMC) is established to review all audit findings before being tabled at the Board Audit Committee. The IAMC is chaired by the Managing Director or his designated representative and it is also attended by the heads of the respective audit areas. The current status of the audit findings and any new decisions are agreed at this meeting.
- Other steering committees responsible to ensure effective supervision over related key operational areas are:
 - Information Security Management System (ISMS) Steering Committee
 - IT Steering Committee
 - Management Procurement Committee
 - Quality Council
 - Transformation Council
 - Value Management related Committees (Approval, Procurement Activities and System & Procedure)
 - SMS-Safety Action Group Committee
 - ASQ Working Group Committee

ii. Group Internal Audit

- The Internal Audit Division carried out ongoing reviews of the internal control system of the Group. It also assists to promote effective risk management at the lines of business. The audits conducted were in the areas of finance/accounts, operations, management, projects, information systems and investigation in accordance with the approved Risk Based Audit Plan. The Internal Audit Division also undertook special reviews as requested by the Board, Board Committees, Management or arising from the Whistleblowing Programme. Periodic follow-up reviews are conducted to monitor the status of internal control issues raised. The Internal Audit Division continued review of Self Audits i.e. Internal Control Questionnaire (ICQ) at airports and Control-Self Assessment (CSA) at HQ function. Both the ICQ and CSA provide Management with an easy to use and effective tool to review and improve the control system.
- Based on the External Quality Assessment Report produced by the Institute of Internal Auditors Malaysia, the Internal Audit Division achieved overall Conformance to the International Standards for the Professional Practice of Internal Auditing. The Internal Audit's practices and conduct are governed by its Internal Audit Charter. The Internal Audit Division reports directly to the Board Audit Committee. The Key Performance Indicators (KPIs) of the Head of the Internal Audit Division are approved by the Board Audit Committee.
- Due to the magnitude of the klia2 construction, Board Audit Committee had tasked the Internal Audit Division to carry out ongoing reviews of the internal control system involved. A dedicated Internal Audit Manager functionally reports to the Internal Audit Division and administratively to the General Manager of klia2 project. A quarterly report is tabled to the Board Audit Committee on the status review of klia2 project.

iii. Other Internal Assurance Providers (IAP)

- Besides the Internal Audit Division, there are ten (10) other IAP functions established under various divisions such as Airport Fire & Rescue Services (AFRS), Airport Service Quality (ASQ), Airport Standard, Aviation Security (AVSEC), Corporate Quality Management (CQM), Engineering, IT Division Quality Assurance, Risk Management, Safety, Health & Environment (SHE) and Aerodrome Safety Management System (ASMS). They are aimed to improve the Group's services standards, quality and meet regulatory requirements.

CONCLUSION BY THE BOARD OF DIRECTORS

The Board considers the system of risk management and internal controls described in this statement to be satisfactory and the risks to be at an acceptable level within the context of the Group's business environment. The Board and Management will continue to take measures to strengthen the control environment and monitor the health of the risk management and internal controls framework. For the financial year under review, the Board is satisfied that the system of risk management and internal controls is satisfactory and has not resulted in any material loss, contingency or uncertainty. MAHB's risk management and internal control system does not apply to its associate companies, which fall within the control of their majority shareholders. Nonetheless, MAHB's interests are served through representation on the Board of Directors and Senior Management secondment to the associate companies as well as through the review of management accounts received. These provide the Board with performance-related information to enable informed and timely decision-making on the Group's investments in such companies.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The Statement has been reviewed by the External Auditors for the inclusion in the annual report of MAHB Group for the year ended 31 December 2012. The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of the risk management and internal controls.

MEMBERSHIP

The Board Audit Committee (“BAC”) comprises four (4) Non-Executive Directors of whom three (3) are Independent Directors, as follows:

DATUK SITI MASLAMAH BINTI OSMAN
(Chairman)
Independent Non-Executive Director

DATUK ALIAS BIN HAJI AHMAD
Independent Non-Executive Director

JEREMY BIN NASRULHAQ
Independent Non-Executive Director

MOHD IZANI BIN GHANI
Non-Independent Non-Executive Director
(Resigned w.e.f 18 December 2012)

DATO’ SYED FAISAL ALBAR BIN SYED A.R. ALBAR
Non-Independent Non-Executive Director
(appointed w.e.f 18 December 2012)

The Chairman of the BAC is a member of the Malaysian Institute of Accountants.

MEETINGS

During the financial year ended 31 December 2012, the BAC met seven (7) times including one (1) Special BAC meeting, with the following record of attendance:

Name of Director	Attendance
Datuk Siti Maslamah binti Osman	7/7
Datuk Alias bin Haji Ahmad	7/7
Jeremy bin Nasrulhaq	7/7
Mohd Izani bin Ghani	7/7
Dato’ Syed Faisal Albar bin Syed A.R. Albar	0/0*

* Reflects the number of meetings attended during the time the Director held office.

Representatives of Senior Management and the Head of Internal Audit were in attendance during all BAC meetings. The External Auditors’ representatives were invited to attend the meetings as and when required.

During two (2) of the meetings, the BAC held a private discussion with the External Auditors without the presence of the management.

The minutes of the BAC meetings were circulated to all members of the MAHB Board and material issues were discussed at the Board meetings.

SUMMARY OF THE TERMS OF REFERENCE

CONSTITUTION: The authority and function of the BAC extends to MAHB and all its subsidiaries, joint ventures and associates within the Group.

ESTABLISHMENT OF OBJECTIVES: Assist the Board of Directors in fulfilling its fiduciary responsibilities relating to the company’s accounting policies, financial reporting practices and business ethics policies by assessing the Group’s processes relating to internal controls, risk management and governance towards safeguarding the rights and interest of the Shareholders.

MEMBERSHIP: Comprise of at least four (4) Non-Executive Directors from among the MAHB Board of Directors, with a majority must be Independent Directors and at least one member must be a member of the Malaysian Institute of Accountants, or if he is not, then he must comply with para 15.10 of the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”).

AUTHORITY: As empowered by the Board of Directors, the BAC shall have the authority to investigate any matter within its terms of reference, full and unrestricted access to any information, records, properties and personnel within the Group, direct communication channels with the External Auditors and Internal Auditors and able to meet with Management to ensure that there are specific and effective avenues for whistle blowing.

FUNCTION AND DUTIES: The functions and duties of the BAC shall be to consider the appointment or resignation/dismissal of the External Auditors and the audit fees, review the nature and scope of the audit, the annual audit plan, the quarterly and year-end financial statements of the Group prior to submission to the Board and the External Auditor's Management Letter and management's response. The BAC shall oversee the Internal Audit functions on the adequacy of the plan, scope, functions, competency and resources, receive report on the results of audits and key audit findings or other matters, and discuss internal auditing's observations on risk and internal controls within the organisation. The BAC shall review any related party transactions that may arise within the Group. The BAC shall promptly report to BMSB on matters reported by it to the Board that have not been satisfactorily resolved resulting in a breach of the Listing Requirements of the BMSB. As an oversight of the whistleblowing programme, an independent member of the BAC shall be the Chairman of the Whistleblowing Independent Committee and shall report to the BAC.

MEETINGS: The BAC Meetings shall be held at least six (6) times during the financial year, with a quorum of three (3) members of which there must be a majority of independent members.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The BAC carried out its duties in accordance with its terms of reference during the financial year ended 31 December 2012.

The main activities undertaken by the BAC were as follows:

Internal Audit

- Reviewed and approved the Internal Audit Division ("IAD")'s Annual Internal Audit Plan, budget and staffing requirements to ensure adequacy of resources, competencies and coverage on key risk areas.
- Reviewed the Internal Audit Reports and Special Audit Reports to ensure that the Management addresses and resolves the issues highlighted in the audit reports.
- Reviewed follow-up reports by the Internal Auditors on the status of actions taken by the Management on recommendations suggested in the audit reports.
- Reviewed follow-up reports by the Internal Auditors on External Auditors' findings as set out in the Management Letter and status of actions taken by the Management on issues raised by the External Auditors.
- Evaluated the performance of the IAD and recommended improvements.

External Audit

- Reviewed the External Auditor's scope of work and audit plans for the financial year.
- Reviewed with the External Auditors their Management Letter together with the management response.
- Evaluated the performance of the External Auditors and made recommendations to the Board on the appointment and audit fees.

Financial Results

- Reviewed the quarterly financial results of the Group before recommending to the Board of Directors.
- Reviewed the audited results of MAHB Group with the External Auditors before recommending to the Board of Directors.
- Ensured compliance to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, applicable accounting standards in Malaysia, provisions of Companies Act 1965 and other legal and regulatory requirements.

INTERNAL AUDIT FUNCTION

The Internal Audit function of the Group is carried out by the IAD that reports directly to the BAC. The principal role of the IAD is to undertake independent, regular and systematic review of the systems of internal controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. The IAD adopts a risk-based approach in its audit plan and examination.

It is the responsibility of the IAD to provide the BAC with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

A structured risk assessment is used to examine all auditable areas and its inherent risks. Audits are prioritised according to the assessment of the potential risk exposure. During the financial year, the IAD issued a total of fifty six (56) reports. The areas of coverage include operations, human resource, warehouse and logistics, group policies and procedures, monitoring performance, leadership development, aeronautical revenue, inventory management, marketing, MIAC, land development, baggage handling system, IT BCM, procurement, engineering, commercial, cash management, projects (including klia2), information systems, investigations and special reviews on specific areas as requested by the Board, Board Committees, Management or arising from the Whistleblowing Programme.

The Internal Audit reports arising from these assignments were issued to the Management for their response and corrective actions. The Management is responsible for ensuring that corrective actions are taken on reported weaknesses within the required time frame. The Internal Audit reports are then presented at the Internal Audit Management Committee, chaired by the Managing Director or his representative, to discuss the current status of audit issues before being tabled at the BAC.

In ensuring audit work performed by the Internal Auditors is in line with The Institute of Internal Auditors standards, an external quality assessment by a qualified independent reviewer has been carried out. The Internal Audit Division conforms to the International Standards for the Professional Practice of Internal Auditing. The total expenditure incurred by the Internal Audit Division for the financial year 2012 is RM1.6 million.



**In respect of the preparation of the
Financial Statements for the financial
year ended 31 December 2012.**



The Directors are required by the Companies Act, 1965 ("the Act") to ensure that the financial statements prepared for each financial year give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the results and cashflows of the Group and the Company for the financial year. As required by the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Act.

The Directors consider that in preparing the financial statements for the financial year ended 31 December 2012 set out from pages 190 to 304, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and ensured that all applicable approved accounting standards have been followed.

The Directors have ensured that the accounting records to be kept by the Group and the Company have been properly kept in accordance with the provisions of the Act, which disclose with reasonable accuracy the financial position of the Group and of the Company.

This Statement is made in accordance with a resolution of the Board of Directors dated 4 February 2013.

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

187

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC



financial statements

- **190** Directors' report
- **194** Statement by directors
- **195** Statutory declaration
- **196** Independent auditors' report
- **198** Income statements
- **199** Statements of comprehensive income
- **200** Consolidated statements of financial position
 - **202** Statements of financial position
 - **204** Statements of changes in equity
 - **206** Statements of cash flows
- **209** Notes to the financial statements

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are described in Note 17 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

Information in respect of the Group's operating agreements with the Government of Malaysia ("GoM"), including both the Group's obligations and operations are disclosed in Note 1.2 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit from continuing operations, net of tax	394,271	62,890
Profit from discontinued operations, net of tax	189	—
Profit net of tax	394,460	62,890
Profit attributable to:		
Owners of the parent	394,460	62,890

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the provision for impairment in respect of investment in an associate which has resulted in a decrease in the Group's profit net of tax by RM68,916,000 as disclosed in Note 18.

SHARE CAPITAL

During the year the Company increased its paid up share capital to RM1,210,000,000 by the issuance of 110,000,000 ordinary shares of RM1 each at a total premium of RM506,016,000 via a private placement.

On 21 January 2013, the Company further increased its paid up share capital to RM1,217,088,046 by the issuance of 7,088,046 ordinary shares of RM1 each, at a total premium of RM26,438,000 arising from the Dividend Reinvestment Plan relating to electable portion (for those shareholders electing for the re-investment) of the interim dividend of 6.0%, on 1,210,000,000 ordinary shares, declared on 30 November 2012 for the financial year ended 31 December 2012, as disclosed in Note 38.

DIVIDENDS

The amount of dividends declared or paid by the Company since 31 December 2011 were as follows:

	RM'000
In respect of the financial year ended 31 December 2011 as reported in the directors' report of that year:	
Final dividend of 12.85% less 25% taxation and 0.3% single tier dividend on 1,210,000,000 ordinary shares, declared on 29 March 2012 and paid on 11 May 2012	120,270
In respect of the financial year ended 31 December 2012:	
Single tier interim dividend of 6.0%, on 1,210,000,000 ordinary shares, declared on 23 October 2012 and paid on 18 January 2013 and partially reinvested on 21 January 2013	72,600
	192,870

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2012, of 7.63% single tier dividend on 1,217,088,046 ordinary shares, amounting to RM92,864,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2013.

The proposed final dividend may consist of an electable portion which can be elected to be reinvested in new ordinary shares in accordance with the Dividend Reinvestment Plan as disclosed in Note 38 to the financial statements, subject to the relevant regulatory approvals as well as shareholders' approval of (i) the final dividend and (ii) the renewal of authority for the issuance and allotment of new ordinary shares of RM1.00 each in the Company for the purpose of the Dividend Reinvestment Plan at the forthcoming Annual General Meeting. The Board on the 20th February 2013, has approved that the Dividend Reinvestment Plan shall apply to the proposed final dividend, which was declared earlier on the 4th February 2013, and that the entire proposed final dividend can be elected to be reinvested in new shares. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2013.

DIRECTORS

The directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah (appointed on 7 June 2012)
Tan Sri Datuk Dr. Aris bin Othman (resigned on 6 June 2012)
Tan Sri Bashir Ahmad bin Abdul Majid
Datuk Siti Maslamah binti Osman
Datuk Alias bin Hj Ahmad
Jeremy bin Nasrulhaq
Datuk Seri Long See Wool
Chua Kok Ching [alternate director to Datuk Seri Long See Wool] (appointed on 25 June 2012)
Mohd Izani bin Ghani
Eshah binti Meor Suleiman
Norazura binti Tadzim [alternate director to Eshah binti Meor Suleiman]
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin (appointed on 5 December 2012)
Dato' Syed Faisal Albar bin Syed A.R Albar (appointed on 5 December 2012)
Hajah Jamilah binti Dato' Hj Hashim (resigned on 5 December 2012)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 8 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, none of the directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

OTHER STATUTORY INFORMATION (CONT'D.)

(f) In the opinion of the directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE YEAR

Significant events during the year are disclosed in Note 38 to the financial statements.

SUBSEQUENT EVENT

Subsequent event is disclosed in Note 39 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 20 February 2013.



Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah



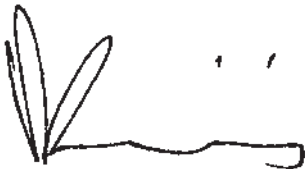
Tan Sri Bashir Ahmad bin Abdul Majid

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Tan Sri Dato’ Sri Dr. Wan Abdul Aziz bin Wan Abdullah and Tan Sri Bashir Ahmad bin Abdul Majid, being two of the directors of Malaysia Airports Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 198 to 303 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and financial performance and the cash flows of the Group and of the Company for the year then ended.

The information set out in Note 43 on page 304 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 20 February 2013.



Tan Sri Dato’ Sri Dr. Wan Abdul Aziz bin Wan Abdullah



Tan Sri Bashir Ahmad bin Abdul Majid

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

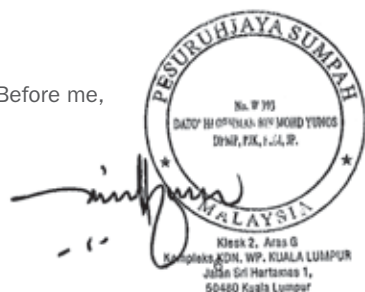
I, Faizal Sham bin Abu Mansor (MIA Number: 27407), being the officer primarily responsible for the financial management of Malaysia Airports Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 198 to 304 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Faizal Sham bin Abu Mansor at Kuala Lumpur in the Federal Territory on 20 February 2013.



Faizal Sham bin Abu Mansor

Before me,



REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Malaysia Airports Holdings Berhad, which comprise the statements of financial position of the Group and of the Company as at 31 December 2012, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 198 to 303.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of the financial statement that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 17 to the financial statements, being financial statements that have been included in the consolidated financial statement.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 43 on page 304 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Ernst & Young

AF: 0039

Chartered Accountants

Kuala Lumpur, Malaysia
20 February 2013



Nik Rahmat Kamarulzaman bin Nik Ab. Rahman

No. 1759/02/14(J)

Chartered Accountant

		Group		Company	
	Note	2012 RM'000	Restated 2011 RM'000	2012 RM'000	2011 RM'000
Continuing operations					
Revenue	3	3,548,062	2,754,812	1,365,209	905,643
Cost of inventories sold		(281,927)	(243,171)	–	–
Other income	4	124,955	131,559	115,224	80,072
Employee benefits expense	5	(471,403)	(426,807)	(98,934)	(61,859)
Construction costs	7	(1,321,744)	(782,259)	(1,194,191)	(680,909)
Depreciation and amortisation		(221,277)	(174,444)	(17,145)	(7,163)
Other expenses		(668,203)	(607,602)	(78,966)	(42,441)
Finance costs	6	(19,035)	(18,809)	–	–
Impairment of investment in associate company	18	(68,916)	–	–	–
Share of results of associates	18	(17,505)	(59,764)	–	–
Share of results of jointly controlled entities	19	(251)	677	–	–
Profit before tax and zakat from continuing operations	7	602,756	574,192	91,197	193,343
Taxation and zakat	9	(208,485)	(172,975)	(28,307)	(45,153)
Profit from continuing operations, net of tax		394,271	401,217	62,890	148,190
Discontinued operations					
Profit/(loss) from discontinued operations, net of tax	10	189	(54)	–	–
Profit net of tax		394,460	401,163	62,890	148,190
Profit attributable to:					
Owners of the parent		394,460	401,115	62,890	148,190
Non-controlling interests		–	48	–	–
		394,460	401,163	62,890	148,190
Earnings per share attributable to owners of the parent					
(sen per share)					
– basic, for profit from continuing operations	11	33.24	36.47		
– basic, for profit/(loss) from discontinued operations		0.02	–		
– basic, for profit for the year		33.26	36.47		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended
31 December 2012

	Note	Group		Company	
		2012 RM'000	Restated 2011 RM'000	2012 RM'000	2011 RM'000
Profit net of tax		394,460	401,163	62,890	148,190
Other comprehensive income:					
Available-for-sale financial assets					
– (Loss)/gain on fair value changes		(333)	740	314	–
Foreign currency translation		(1,173)	995	–	–
Share of other comprehensive income of associates	18	4,657	–	–	–
Other comprehensive income for the year, net of tax		3,151	1,735	314	–
Total comprehensive income for the year		397,611	402,898	63,204	148,190
Total comprehensive income attributable to:					
Owners of the parent		397,611	402,850	63,204	148,190
Non-controlling interests		–	48	–	–
		397,611	402,898	63,204	148,190

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

199

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED
STATEMENTS OF
FINANCIAL POSITION
as at 31 December 2012

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

200

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

		Group	
	Note	2012 RM'000	2011 RM'000
Assets			
Non-current assets			
Property, plant and equipment	13	290,829	260,534
Plantation development expenditure	14	50,336	51,862
Land use rights	15	7,639	7,760
Intangible assets	16	6,198,000	4,727,230
Investments in associates	18	20,378	61,615
Investment in jointly controlled entities	19	43,326	22,577
Available-for-sale investments	20	303,179	249,679
Trade and other receivables	21	354,998	348,054
Staff loans	22	35,330	34,528
Deferred tax assets	23	22,216	21,071
		7,326,231	5,784,910
Current assets			
Inventories	24	99,097	78,523
Trade and other receivables	21	640,240	785,018
Cash and cash equivalents	25	774,166	778,343
		1,513,503	1,641,884
Assets of disposal group classified as held for disposal	10	63	446
		1,513,566	1,642,330
Total assets		8,839,797	7,427,240

		Group	
	Note	2012 RM'000	2011 RM'000
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	26	1,210,000	1,100,000
Share premium		1,320,414	822,744
Retained earnings	27	1,826,758	1,625,168
Fair value adjustment reserve	28	5,136	812
Other reserve	29	2,546	2,546
Foreign exchange reserve	29	(5,574)	(4,401)
Total equity		4,359,280	3,546,869
Non-current liabilities			
Retirement benefits	30	–	5,537
Other financial liability	31	176,562	183,486
Loans and borrowings	32	3,100,000	2,500,000
Trade and other payables	33	250,895	234,421
Deferred tax liabilities	23	119,449	78,094
		3,646,906	3,001,538
Current liabilities			
Trade and other payables	33	802,395	841,394
Income tax payable		31,156	37,261
		833,551	878,655
Liabilities of disposal group classified as held for disposal	10	60	178
		833,611	878,833
Total liabilities		4,480,517	3,880,371
Total equity and liabilities		8,839,797	7,427,240

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

201

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF
FINANCIAL POSITION
as at 31 December 2012

	Note	Company	
		2012 RM'000	2011 RM'000
Assets			
Non-current assets			
Property, plant and equipment	13	88,888	92,964
Intangible assets	16	2,855,420	1,542,458
Investments in subsidiaries	17	1,777,266	1,777,266
Investments in associates	18	161,582	133,658
Investment in jointly controlled entities	19	42,900	21,900
Available-for-sale investments	20	37,910	2,000
Trade and other receivables	21	49,204	49,204
		5,013,170	3,619,450
Current assets			
Inventories	24	40	40
Trade and other receivables	21	585,463	930,157
Cash and cash equivalents	25	489,959	500,553
		1,075,462	1,430,750
Total assets		6,088,632	5,050,200

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

202

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

		Company	
	Note	2012 RM'000	2011 RM'000
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	26	1,210,000	1,100,000
Share premium		1,320,414	822,744
Retained earnings	27	138,769	268,749
Fair value adjustment reserve		314	–
Total equity		2,669,497	2,191,493
Non-current liabilities			
Retirement benefits	30	–	1,051
Loans and borrowings	32	3,100,000	2,500,000
Deferred tax liabilities	23	35,158	24,319
		3,135,158	2,525,370
Current liabilities			
Trade and other payables	33	283,977	333,337
		283,977	333,337
Total liabilities		3,419,135	2,858,707
Total equity and liabilities		6,088,632	5,050,200

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

203

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Attributable to owners of the parent										
		Non-distributable								
		Share capital RM'000	Share premium RM'000	Fair value adjustment reserve RM'000	Foreign exchange reserve RM'000	Other reserve RM'000	Distributable retained earnings RM'000 (Note 27)	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group	Note	(Note 26)								
At 1 January 2011										
Total comprehensive income		1,100,000	822,744	72	(5,396)	-	1,386,991	3,304,411	5,498	3,309,909
Transactions with owners										
Dividends	12	-	-	-	-	-	(162,938)	(162,938)	-	(162,938)
Additional acquisition of equity interest from non-controlling interest	29	-	-	-	-	2,546	-	2,546	(5,546)	(3,000)
Total transactions with owners		-	-	-	-	2,546	(162,938)	(160,392)	(5,546)	(165,938)
At 31 December 2011										
		1,100,000	822,744	812	(4,401)	2,546	1,625,168	3,546,869	-	3,546,869
At 1 January 2012										
Total comprehensive income		1,100,000	822,744	812	(4,401)	2,546	1,625,168	3,546,869	-	3,546,869
Issuance of new shares via private placement	26	-	-	4,324	(1,173)	-	394,460	397,611	-	397,611
Total transactions with owners		110,000	497,670	-	-	-	-	607,670	-	607,670
Transactions with owners										
Dividends	12	-	-	-	-	-	(192,870)	(192,870)	-	(192,870)
Total transactions with owners		-	-	-	-	-	(192,870)	(192,870)	-	(192,870)
At 31 December 2012										
		1,210,000	1,320,414	5,136	(5,574)	2,546	1,826,758	4,359,280	-	4,359,280

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Note	← Non-distributable →			Distributable retained earnings RM'000 (Note 27)	Total equity RM'000
		Share capital RM'000 (Note 26)	Share premium RM'000	Fair value adjustment reserve RM'000		
Company						
At 1 January 2011		1,100,000	822,744	–	283,497	2,206,241
Total comprehensive income		–	–	–	148,190	148,190
Transactions with owners						
Dividends	12	–	–	–	(162,938)	(162,938)
At 31 December 2011		1,100,000	822,744	–	268,749	2,191,493
At 1 January 2012		1,100,000	822,744	–	268,749	2,191,493
Total comprehensive income		–	–	314	62,890	63,204
Issuance of new shares via private placement	26	110,000	497,670	–	–	607,670
Transactions with owners						
Dividends	12	–	–	–	(192,870)	(192,870)
At 31 December 2012		1,210,000	1,320,414	314	138,769	2,669,497

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

205

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF
CASH FLOWS
for the financial year ended
31 December 2012

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

206

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash flows from operating activities				
Profit/(loss) before tax and zakat from				
– continuing operations	602,756	574,192	91,197	193,343
– discontinued operations	189	(54)	–	–
Adjustments for:				
Interest income	(18,511)	(20,767)	(1,097)	(348)
Dividend income	–	–	(117,279)	(194,093)
Interest from late payments	(4,478)	(4,591)	–	–
Excess fund from liquidation	(381)	–	(381)	–
Interest expense	19,035	18,809	–	–
Provision for liabilities (Note 33)	5,980	8,942	1,623	152
Writeback of provision for liabilities	(271)	(511)	–	–
Amortisation of:				
– intangible assets	185,198	149,632	–	–
– plantation development expenditure	2,647	2,555	–	–
– land use rights	121	150	–	–
Depreciation of property, plant and equipment:				
– continuing operations	33,311	22,107	17,145	7,163
– discontinued operations	1	1	–	–
Amortisation of premium on investments	55	84	–	–
Impairment of investment in associate	68,916	–	–	–
Net (written-back)/allowance for doubtful debts:				
– continuing operations	(1,876)	2,054	23,297	–
– discontinued operations	(1)	1	–	–
Net bad debt written off/(recovered):				
– continuing operations	9,267	(100)	6,573	–
– discontinued operations	51	–	–	–
(Gain)/loss on disposal of:				
– property, plant and equipment	5,858	(316)	–	–
– intangible assets	112	284	–	–
– other investment	(85)	–	–	–
– bonds and medium term notes	(640)	–	–	–
Property, plant and equipment written off:				
– continuing operations	1,531	1	–	–
– discontinued operations	13	–	–	–
Intangible assets written off	1,662	717	–	–
Balance carried forward	910,460	753,190	21,078	6,217

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Balance brought forward	910,460	753,190	21,078	6,217
Inventories written off:				
– continuing operations	3,292	961	–	–
– discontinued operations	40	–	–	–
Retirement benefits	764	320	25	84
Investment income	(15,471)	(25,605)	(9,397)	–
Profit from construction contract	(63,305)	(38,243)	(53,739)	(30,641)
Share of results of:				
– Jointly controlled entities	251	(677)	–	–
– Associates	17,505	59,764	–	–
Operating profit/(loss) before working capital changes	853,536	749,710	(42,033)	(24,340)
(Increase)/decrease in inventories	(23,906)	(18,537)	–	116
Decrease/(increase) in receivables	135,339	(75,585)	(79,896)	(5,233)
(Decrease)/increase in payables	(137,310)	40,705	39,175	(18,066)
Decrease in concession liabilities	(15,234)	(13,823)	–	–
Decrease in provisions for liabilities	(3,060)	(7,013)	(14)	–
Changes in related company balances	–	–	199,241	74,614
Cash generated from operations	809,365	675,457	116,473	27,091
Taxes and zakat paid	(165,488)	(174,535)	(6,605)	(35,530)
Retirement benefits paid	(1,145)	(6,595)	(60)	(856)
Legal settlement	–	(6,467)	–	–
Net cash generated from/(used in) operating activities	642,732	487,860	109,808	(9,295)
Cash flows from investing activities				
Purchase of:				
– property, plant and equipment	(70,336)	(49,928)	(13,069)	(22,783)
– intangible assets	(1,595,315)	(1,027,089)	(1,306,517)	(776,551)
– quoted shares	(70,712)	(3,180)	–	–
– other investment	(221)	–	(35,600)	–
– additional equity interest from non-controlling interest	–	(3,000)	–	–
– plantation development expenditure	(1,121)	(2,049)	–	–
Proceeds from disposals of:				
– property, plant and equipment	197	316	–	–
– intangible assets	8	–	47,294	–
– other investments	3,784	3,000	–	5
Balance carried forward	(1,733,716)	(1,081,930)	(1,307,892)	(799,329)

STATEMENTS OF
CASH FLOWS
for the financial year ended
31 December 2012

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

208

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Balance brought forward	(1,733,716)	(1,081,930)	(1,307,892)	(799,329)
Proceed arising from dissolution of jointly controlled entity	–	100	–	–
Advances to associate	(27,924)	(19,458)	(27,924)	(19,458)
Acquisition in jointly controlled entities	–	(21,900)	–	(21,900)
Acquisition in a subsidiary	–	–	–	(3)
Additional investment in an associate	–	(160)	–	(160)
Redemption of bonds	5,909	–	–	–
Investment income received	15,471	25,605	9,397	–
Excess fund from liquidation	381	–	381	–
Interest received	8,669	10,035	1,097	348
Dividend received from:				
– an associate	2,400	7,665	–	–
– subsidiaries	–	–	117,279	194,093
Net cash used in investing activities	(1,728,810)	(1,080,043)	(1,207,662)	(646,409)
Cash flows from financing activities				
Share issuance expenses	(8,346)	–	(8,346)	–
Proceed from issuance of shares	110,000	–	110,000	–
Proceed from issuance of share premium	506,016	–	506,016	–
Drawdown of loans and borrowings	600,000	–	600,000	–
Interest paid	(5,402)	(6,070)	–	–
Dividends paid to shareholders of the Company	(120,410)	(163,210)	(120,410)	(163,210)
Net cash generated from/(used in) financing activities	1,081,858	(169,280)	1,087,260	(163,210)
Net decrease in cash and cash equivalents	(4,220)	(761,463)	(10,594)	(818,914)
Effects of foreign currency translation	(20)	36	–	–
Cash and cash equivalents classified as held for disposal	63	–	–	–
Cash and cash equivalents at beginning of year	778,343	1,539,770	500,553	1,319,467
Cash and cash equivalents at end of year (Note 25)	774,166	778,343	489,959	500,553

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. CORPORATE INFORMATION AND OPERATING AGREEMENTS

1.1 Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Malaysia Airports Corporate Office, Persiaran Korporat KLIA, 64000 KLIA, Sepang, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are described in Note 17. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 February 2013.

1.2 Operating Agreements

On 12 February 2009, the Group signed the following operating agreements between the Company with Malaysia Airports (Sepang) Sdn. Bhd. ("MA (Sepang)") and the Government of Malaysia ("GoM") ("Operating Agreement for KLIA") and between the Company with Malaysia Airports Sdn. Bhd. ("MASB") and the GoM ("Operating Agreement for Designated Airports").

The operating agreements include the following salient information:

- (a) To restate the Group's respective rights and commitments with respect to the operation, management, maintenance and development of KLIA and the Designated Airports, and to terminate all prior rights and commitments arising from the concession agreement and lease agreement for KLIA entered into earlier between the GoM and MA (Sepang) save for rights and commitments expressly excluded in the Operating Agreements for KLIA and the Designated Airports;
- (b) The settlement of Residual Payment owing by MA (Sepang) to the GoM in a manner that could not significantly deplete the cash reserves of the Group, and that would take into consideration the Group's financial resources and business plans; and
- (c) The GoM shall procure the Federal Lands Commissioner ("FLC") as the registered owner of the Airport Lands ("Lands"), to lease to the Operator these Lands by procuring the execution by FLC of the New Lease Agreement (substantially in the form annexed of the Operating Agreements). The period of the lease under the New Lease Agreement shall be co-terminous with the operating period to the extent that if the Operating Rights are extended pursuant to the terms and conditions of the Operating Agreements or otherwise, the period of such lease shall be accordingly extended on such terms and conditions to be determined by the GoM, the FLC and the Operator for the relevant period.
- (d) In consideration of the GoM entering into the Operating Agreements for KLIA and Designated Airports, MA (Sepang) and MASB agree to pay the GoM the User Fee. User Fee is equal to a specified percentage of revenue the Group derive from activities carried out at KLIA and other airports. Until the Balance Residual Payment has been settled, the GoM shall be entitled to receive half of the User Fee whereby another half is paid to the GoM to reduce the Balance of Residual Payment. The accounting policy for User Fee is described in Note 2.4(u).

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

209

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

1. CORPORATE INFORMATION AND OPERATING AGREEMENTS (CONT'D.)

1.2 Operating Agreements (cont'd.)

- (e) Under the Operating Agreement, the GoM shall assist Malaysia Airports Holdings Berhad ("MAHB") in bearing its socio-economic obligations by compensating MA (Sepang) and MASB with a marginal cost support sum ("MARCS") as disclosed in Note 2.4(v)(iv) for marginal losses suffered, arising from the undertaking of socio-economic activities and GoM policies.
- (f) The Operating Rights are granted by the GoM to further define and augment the rights of MA (Sepang) as a licensed airport operator and manager of KLIA, and MASB as a licensed airport operator and manager of the Designated Airports, and the Operating Rights shall run for a period of twenty five (25) years from 12 February 2009 and may be renewed by the GoM.
- (g) Under the Operating Agreements, these rights may be revoked by the GoM for certain prescribed reasons, including any default on the MAHB Group's obligations, any order being made, or a resolution being passed, for the winding-up, liquidation, or receivership of MAHB or its principal subsidiaries, MA (Sepang) or MASB, the execution of any judgement against a substantial portion of the assets of MAHB or MA (Sepang) or MASB, if MAHB, MA (Sepang) or MASB were to make an assignment or enter into an arrangement or composition with its creditors or the licenses held by MA (Sepang) or MASB to operate airports being revoked or suspended by the GoM. The New Operating Agreements permit the GoM to expropriate the rights with three months' written notice if they determine, in their sole discretion, that it is in the national interest or in the interest of national security. Upon the GoM exercising its rights of termination, the GoM shall pay an amount to be determined by an independent valuer appointed by the GoM and the Group.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2012 as described fully in Note 2.2.

The financial statements of the Group and of the Company have also been prepared on a historical basis, unless otherwise indicated in the summary of significant accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000), except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2012, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2012.

Effective for financial periods beginning on or after 1 July 2011

IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14 Prepayments of a Minimum Funding Requirement

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies (cont'd.)

Effective for financial periods beginning on or after 1 January 2012

Amendments to FRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

Amendments to FRS 7 Transfers of Financial Assets

Amendments to FRS 112 Deferred Tax: Recovery of Underlying Assets

FRS 124 Related Party Disclosures

Effective for financial periods beginning on or after 1 July 2012

Amendments to FRS 101 Presentation of Items of Other Comprehensive Income

The MASB issued an amendment to FRS 124 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships and clarifies the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Effective for financial periods beginning on or after 1 January 2013

FRS 9 Financial Instruments

FRS 10 Consolidated Financial Statements

FRS 11 Joint Arrangements

FRS 12 Disclosure of interests in Other Entities

FRS 13 Fair Value Measurement

FRS 119 Employee Benefits

FRS 127 Separate Financial Statements

FRS 128 Investment in Associate and Joint Ventures

IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

Except for the changes in accounting policies arising from the adoption of FRS 10 and FRS 11, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the changes in accounting policy on adoption of the FRS 10 and FRS 11 are described below:

FRS 10 Consolidated Financial Statements

FRS 10 replaces the portion of FRS 127 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. FRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in FRS 127.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective (cont'd.)

FRS 11 Joint Arrangements

FRS 11 replaces FRS 131 Interests in Joint Ventures and IC Interpretation 11.3 Jointly-controlled Entities – Non-monetary Contributions by Venturers.

FRS 11 removes the option to account for jointly controlled entities (“JCE”) using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

FRS 128 Investment in Associate and Joint Ventures

As a consequence of the new FRS 11 Joint Arrangements and FRS 12 Disclosure of Interests in Other Entities, FRS 128 Investments in Associates, has been renamed FRS 128 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard becomes effective for annual periods beginning on or after 1 January 2013.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called ‘Transitioning Entities’).

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

However, on 30 June 2012, MASB has decided to allow the Transitioning Entities to defer adoption of the MFRS Framework for another year. MFRS will therefore be mandated for all companies for annual periods beginning on or after 1 January 2014.

The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2014. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2014.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(iii) Transactions with non-controlling interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with owners. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(b) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not co-terminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(c) Jointly controlled entities

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves an unincorporated entity or the establishment of a separate entity in which each venturer has an interest.

Investment in jointly controlled entity is accounted for in the consolidated financial statements using the equity method of accounting as described in Note 2.4(b). Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and losses on transactions between the Group and its jointly controlled entities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(c) Jointly controlled entities (cont'd.)

The financial statements of the jointly controlled entities are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

In the Company's separate financial statements, investment in jointly controlled entity is stated at cost less impairment loss. On disposal of such investment, the difference between net disposal proceeds and their carrying amount is included in profit or loss.

(d) Intangible assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on usage based method and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each reporting date.

(iii) Concession rights

As disclosed in Note 1.2, the Group signed Operating Agreements on 12 February 2009 for a period of 25 years ending 2034 and the consideration paid to the GoM is classified as concession rights.

The Group's amortisation policy in respect of the operating agreements is determined on the method reflecting the asset's usage based on passengers volume and usage of airport activities over the concession period. The current amortisation used shall reflect the pattern in which the concession's future economic benefits are expected to be consumed by the Group and is applied consistently from period to period, unless there is a change in the expected pattern of consumption of those future economic benefits.

(iv) Infrastructure and construction assets

Infrastructure and construction assets comprised assets which are constructed by the Group in exchange for the right of the Group to charge users of the public service infrastructure that it has constructed or upgraded and are stated at the fair value of construction services delivered including certain mark-up on the actual costs incurred and are amortised over the respective economic useful lives on a straight line amortisation. The Capital Work in Progress relating to these assets is not amortised until the assets are fully completed and brought to use.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(d) Intangible assets (cont'd.)

(iv) Infrastructure and construction assets (cont'd.)

Capital improvements relate to the upgrading and resurfacing of runway.

The amortisation policy of these classes of assets is over the concession period.

(e) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Capital work-in-progress comprises the construction of buildings, renovation in-progress and other assets which have not been commissioned. Capital work-in-progress is not depreciated.

Capital work-in-progress is capitalised in accordance with FRS 116 Property, Plant and Equipment and is recognised as an asset when:

- (i) it is probable that future economic benefits associated with the asset will flow to the enterprise; and
- (ii) the cost of the asset to the enterprise can be measured reliably.

In prior year, upon the adoption of IC 12 Service Concession Arrangements, certain classes of property and equipment were reclassified as infrastructure and construction assets within intangibles.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Land & buildings	2% – 4%
Hotel property	4%
Infrastructure, safety equipment and motor vehicles	4% – 50%
Office, communications and electronic equipment	10% – 50%
Furniture and fittings	10% – 20%
Plant and machinery	10% – 20%
Crockery, glassware, cutlery and linen	20%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(f) Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(g) Inventories

Inventories relating to merchandise goods and food and beverages are stated at the lower of cost (determined on a weighted average basis) and net realisable value. Cost of inventories comprises cost of purchase of goods. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution. Other inventories not to be resold and for consumption purposes are classified as spares and consumables.

(h) Plantation development expenditure

New planting expenditure incurred on land clearing and upkeep of trees to maturity are capitalised under plantations.

Amortisation of plantation development expenditure is at a rate of 4% per annum.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(i) Replanting expenditure

Replanting expenditure incurred during the year is recognised in the profit or loss. Replanting expenditure represents the total cost incurred from land clearing to the point of harvesting.

(j) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(j) Financial assets (cont'd.)

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

The Group and the Company do not have any financial assets designated as financial assets at fair value through profit or loss nor held to maturity investments.

(k) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(k) Impairment of financial assets (cont'd.)

(ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(l) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at banks and deposits at call which have an insignificant risk of changes in value.

(m) Leases

(i) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Lease assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(m) Leases (cont'd.)

(ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

(n) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

(o) Income tax and zakat

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(o) Income tax and zakat (cont'd.)

(ii) Deferred tax (cont'd.)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Zakat

Zakat payable by the Group and the Company is a form of contribution according to the principles of Syariah.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(p) Provisions for liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Provision for restructuring costs is recognised when a detailed and formal restructuring plan has been approved, and the restructuring has either commenced or has been announced publicly. Costs relating to ongoing activities are not provided for.

(q) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(r) Concession liabilities

Concession liabilities are in respect of concession contracts and are recognised for the following arrangements:

- (i) Annual charges and land usage charges payable to GoM.
- (ii) Airport Facilities Agreement relating to chilled water utilities pursuant to the operating agreement payable to a service provider.

(s) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(iii) Defined benefit plan

The Group operated an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for all qualifying staff who have been confirmed in service whereby only employees who have earned in return for their service up to 31 December 2004 shall continue to benefit from the Scheme but limited to their qualifying number of years employed up to and equivalent factoring as at 31 December 2004. The existing employees as well as new employees who have earned in return for their service subsequent to 31 December 2004 are not eligible for the Scheme but shall be compensated based on the Scheme in the defined contribution plans in Note 2.4(s)(ii) above.

The Group's obligations under the Scheme were determined based on triennial actuarial valuation where the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted using the Projected Unit Credit Method in order to determine its present value.

However, as disclosed in Note 30, during the year the Group had revised the Scheme for executive employees and the remaining amount due to employees will be credited to their EPF contribution.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(t) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies monetary are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each statements of financial position presented are translated at the closing rate prevailing at the reporting date;
- Income and expenses for each profit or loss are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(t) Foreign currencies (cont'd.)

The principal exchange rates used for every unit of foreign currency ruling at the reporting date are as follows:

	2012 RM	2011 RM
United States Dollar (USD)	3.06	3.17
Great Britain Pound (GBP)	4.95	4.90
Singapore Dollar (SGD)	2.50	2.56
Euro (EUR)	4.04	4.11
Switzerland Swiss Franc (CHF)	3.35	3.38
China Renminbi (RMB)	0.49	0.50
Hong Kong Dollar (HKD)	0.39	0.41

(u) User Fee

User Fee is payable to the GoM and equal to a specified percentage of all revenue the Group derive from activities at KLIA and other airports that involves the use of airport infrastructure, assets provided by or financed by the GoM or land belonging to the GoM. The User Fee increases over time by approximately 0.25% per annum and is payable on quarterly basis and increases further depending on the capital expenditure borne by the GoM based on the criteria set out in the Operating Agreements. The revenue base used in calculating the User Fee does not include any construction revenue, reimbursements, interest income, recovery of bad debt or inter-company transactions. The amount recognised in the profit or loss represents half of the total User Fee payable to the GoM. The balance is paid to reduce the amount due to GoM as disclosed in Note 33(c). Upon its full settlement, the full User Fee thereafter will be fully recognised in the profit or loss.

(v) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(ii) Sale of goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(v) Revenue recognition (cont'd.)

(iii) Revenue from services

Revenue from airport management and horticulture service rendered are recognised net of service taxes and discounts as and when the services are performed.

Revenue from contracts are recognised by reference to the stage of completion at the reporting date. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(iv) Marginal Cost Support Sum ("MARCS")

Under the Operating Agreements, the GoM shall assist the Group in bearing its socio-economic obligations by compensating the Group with a marginal cost support sum ("MARCS") for marginal losses suffered, arising from the undertaking of socio-economic activities and GoM policies.

The MARCS support is recognised in the financial statements throughout the concession year as revenue when recovery is probable and the amount that is recoverable can be measured reliably. Further details are disclosed in Notes 1.2 and 3. There were no MARCS recognised in 2012 as the Group is no longer entitled to claim for MARCS since the Government has approved the revised Passenger Service Charge ("PSC") rates with effect from November 2011.

(v) Revenue from hotel operations

Revenue from rental of hotel rooms, sale of food and beverages and other related income are recognised when the services are performed.

(vi) Construction revenue

Construction revenue is recognised by reference to the stage of completion of the construction activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Where the outcome of the Construction cannot be estimated reliably, revenue is recognised to the extent of Construction costs incurred if it is probable that they will be recoverable. Construction costs are recognised as expenses in the year in which they are incurred.

(vii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(w) Disposal groups classified as held for sale and discontinued operations

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(w) Disposal groups classified as held for sale and discontinued operations (cont'd.)

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

(x) Concession contracts

A substantial portion of the Group's assets are used within the framework of concession contracts/ Operating Agreements granted by the GoM ("the grantor"). The characteristics of the Operating Agreements generally provide, directly or indirectly, for customer involvement in the determination of the service and its remuneration, and the return of the assets necessary to the performance of the service at the end of the contract.

In order to fall within the scope of concession contract, a contract must satisfy the following two criteria:

- the grantor controls or regulates what services the operator must provide with the infrastructure/assets, to whom it must provide them, and at what price; and
- the grantor controls the significant residual interest in the infrastructure/assets at the end of the term of the arrangement.

Such assets are not recognised by the Group as property, plant and equipment but as intangible assets as described in Note 2.4(d)(ii). The intangible asset model applies where the operator is paid by the users or where the concession grantor has not provided a contractual guarantee in respect of the amount recoverable. The intangible asset corresponds to the right granted by the concession grantor to the operator to charge users of the public service.

Intangible assets resulting from the application of this policy are recorded in the statement of financial position under the heading 'Concession intangible assets' and are amortised on the method reflecting the asset's usage based on passengers volume and usage of airports activities over the concession period. Under the intangible asset model, revenue includes revenue from the construction of the infrastructure/assets and operating revenue of the infrastructure.

(y) IC Interpretation 12 Service Concession Arrangements

IC Interpretation 12 – Service Concession Arrangements ("IC 12") adopted by the Group applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. Depending on the contractual terms, this interpretation requires the operator to recognise a financial asset if it has an unconditional contractual right to receive cash or an intangible asset if it receives a right (license) to charge users of the public service. Some contractual terms may give rise to both a financial asset and an intangible asset.

The IC 12 considered the nature of the rights conveyed to the operator in a service concession arrangement. It first examined whether the infrastructure used to provide public services could be classified as property, plant and equipment of the operator under FRS 116. It started from the principle that infrastructure used to provide public services should be recognised as property, plant and equipment of the party that controls its use. This principle determines which party should recognise the property, plant and equipment as its own.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(y) IC Interpretation 12 Service Concession Arrangements (cont'd.)

The interpretation also concluded that treatment of infrastructure that the operator constructs or acquires or to which the grantor gives the operator access for the purpose of the service arrangement should be determined by whether the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and the grantor control through ownership, beneficial entitlement or otherwise any significant residual interest in the infrastructure at the end of the term of the arrangement.

Under IC 12, the operator may provide construction services to the grantor in exchange for an intangible asset, i.e. a right to collect revenue in accordance with the Operating Agreements. In accordance with FRS 138 Intangible Assets, the operator recognises the intangible asset at its fair value. The fair value of the intangible asset is calculated by including a certain mark-up on the actual cost incurred, estimated to reflect a margin consistent where possible with other similar construction works.

In addition, pursuant to the Airport Facilities Agreement (“AFA”) where the agreement is dependent on a specified asset, the Group recognised an asset and a liability at an amount equal to the value of the underlying asset as determined in the AFA and subsequently the liability shall be reduced as payments are made and an imputed finance charge on the liability recognised using the purchaser’s incremental borrowing rate of interest.

2.5 Significant accounting judgements and estimates

(a) Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group’s accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) Amortisation of concession rights

The carrying amount of the concession asset is amortised over the concession period determined by the method where the amortisation method used shall reflect the pattern which the concession’s future economic benefits are expected to be consumed by the Group based on the expected number of passengers and the utilisation of the airports over the concession period. The variable factors in determining the estimated amortisation includes projected total number of passengers for subsequent years to year 2034. The assumptions to arrive at the passenger volume projections and usage of airports also take into consideration the growth rate based on current market and economic conditions. Changes in the expected passenger volume and usage of airports could impact future amortisation charges.

(ii) Amount due from GoM

Management assessed the amount claimable from the GoM together with the future obligations of the Group in respect of User Fee payable to the GoM.

Profit projections are used in determining the future obligations in respect of future User Fee payable for any potential set-off against the amount claimable from GoM as at reporting date. The profit projections by the management are based on various assumptions, amongst others including passenger volume, usage of airports, amortisation of concession asset and projected growth rate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Significant accounting judgements and estimates (cont'd.)

(a) Critical judgements made in applying accounting policies (cont'd.)

(ii) Amount due from GoM (cont'd.)

Further management's key assumptions and judgement on arriving at the initial recognition and the fair value of the amount receivable from the GoM relating to the option of the racing circuit which was recognised as receivables in prior years are as follows:

- The present value of the consideration of the racing circuit option is calculated on the assumption that the amount expected to be received by the Group at the end of the option period in April 2019.
- The consideration of the racing circuit is based on the book value of the circuit as at 31 December 2010 and subsequent to the present value of the amount classified as long-term debts (receivable from the GoM).
- The discounted rate used of 4.55% which approximated the prevailing market rates at the date of inception and subsequent changes to the accretion of the present value is accounted for as interest income relating to loans and receivables in future years.

Details of amounts due from and to GoM are disclosed in Notes 21 and 33.

(iii) Revenue recognition

Included in the Group's revenue is revenue in respect of certain aeronautical and commercial debtors where the Group has not finalised the definitive terms of agreement with these customers. The estimated revenue is based on pre-determined rates negotiated upon the operations of the K.L. International Airport ("KLIA") and the amount determined is expected to be probable. The management estimates that based on their experience with other customers where definitive terms were finalised, the formalisation of the agreed rates will not be materially different if such rates are being re-negotiated. Revenue will not be recognised if the amounts cannot be reliably measured and are not expected to be probable.

Significant judgement is also applied to determine the accrued revenue for aeronautical and commercial debtors based on passenger movements, the number of airlines and timing of billings.

As at reporting date, the amount of accrued revenue for aeronautical and commercial debtors as disclosed in Note 21 comprised approximately 4% (2011: 4%) of the total revenue.

(iv) Land use rights

The Group has assessed that the previous amount paid was in relation to the rights to occupy the land leased by the Federal Land Commissioner, and accordingly pursuant to Amendments to FRS 117, prepaid land lease payments is classified as land use rights.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Significant accounting judgements and estimates (cont'd.)

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ii) Deferred taxation

Deferred tax assets are recognised for all unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in Note 23.

(iii) Airline incentives

The management determined that the Group's obligation to provide the airlines incentives should be recognised and measured by allocating some of the consideration received or receivable from the sales transactions to award credits and deferring the recognition of revenue.

In deferring the recognition of revenue, management estimated and made certain assumptions on the probability of each airline to have met the conditions imposed by the Group in order to qualify under the incentive programme such as the achievement of the growth rate of the inbound passengers and landing managed by the respective airlines, the probability of non-disputing of billings and settlement of outstanding debts; and the likelihood of the existence of the airlines within the next twelve months from the date of the airlines' incentive entitlement.

Further information on airline incentives are disclosed in Note 33(d).

(iv) Impairment of investments in associates

Investments in associates are for long term basis and the Company determines whether the carrying amounts of its investments in associates are impaired at least on an annual basis at reporting date. This requires an estimation of the value in use of the cash-generating units ("CGU") which is attributable to those investments. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Significant accounting judgements and estimates (cont'd.)

(b) Key sources of estimation uncertainty (cont'd.)

(iv) Impairment of investments in associates (cont'd.)

In respect of the investment in Sabiha Gokcen International Airport ("SGIA"), the recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a period of 17 years projection. The key assumptions used for each of the CGU's value-in-use calculations are as follows:

(a) Gross Margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year, adjusted for market and economic conditions and internal resource efficiency. The average gross margin expected in the projection is approximately 46% (2012: 53.8%).

(b) Growth rate

The average growth rate used is based on the annual growth rate of 6.6% (2011: 7.5%).

(c) Discount rate

The discount rates used range is 7.8% (2011:12%) which approximates the CGU's average cost of funds in SGIA.

(d) Sensitivity to changes in the assumptions

Management believes that no reasonably possible changes to the above key assumptions, would cause the carrying amount of investment to materially exceed its recoverable amount.

(v) Concession contract and percentage of completion

The Group provides construction services in exchange for the right to operate the airport in accordance with the Operating Agreements. As described in Note 2.4(y) IC 12 Service Concession Arrangement, the Group recognises the revenues and costs in accordance to FRS 111 Construction Contracts by reference to the stage of completion of the construction activity. The date of completion is measured by reference to the Construction costs incurred for work performed to date bear to the estimated total costs for the contract.

(vi) Mark-up rate for the construction

The airport operations right in exchange for the construction services provided is recognised at the fair value of the consideration receivable for the construction services delivered. The fair value of the consideration receivable for the construction services delivered is calculated by including certain mark-up, estimated to reflect a margin consistent with other similar construction work where possible, on the actual costs incurred. Mark-up rate used in calculating the fair value of the consideration receivable estimated by the Group on the current construction projects is 4.5% and 7.5% depending on the nature of work involved as disclosed in Note 16.

(vii) Concession liabilities

As disclosed in Note 2.4(r) & (y), the Group recognised an asset and a liability at an amount equal to the fair value of the underlying asset as determined in the agreement and subsequently the liability shall be reduced when payments are made and an imputed finance charge estimated to be at 5.5% per annum over the period of 20 years ending 2018. Had the estimation of the finance charge increase or decrease by 10% of the discount rate used, the net interest charged would be higher by approximately RM712,000 and lower by RM681,000 respectively.

3. REVENUE

	Group		Company	
	2012 RM'000	Restated 2011 RM'000	2012 RM'000	2011 RM'000
Airport operations:				
– Airport services:				
– Aeronautical	1,101,729	992,624	–	–
Less: airline incentives	(65,019)	(103,660)	–	–
	1,036,710	888,964	–	–
– Non-aeronautical	448,943	424,425	–	–
– Construction revenue*	1,385,049	820,502	1,247,930	711,550
– Duty free and non-dutiable goods	536,455	473,328	–	–
Non-airport operations:				
– Agriculture and horticulture	45,594	55,390	–	–
– Hotel operations	75,051	73,783	–	–
– Project and repair maintenance	20,260	18,420	–	–
Dividend income from subsidiaries	–	–	117,279	194,093
	3,548,062	2,754,812	1,365,209	905,643

Included in aeronautical revenue is marginal cost support sum income of RM57,252,000 (2011: RM145,489,000) as disclosed in Note 2.4(v)(iv).

* Construction revenue relates to revenue recognised as required under IC 12 and in accordance with FRS 111 in respect of the construction of klia2 and development of Penang International Airport.

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

233

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

4. OTHER INCOME

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest income:				
– Unquoted investment and staff loan	6,987	9,259	1,097	348
– Other loans and receivables	10,974	10,732	–	–
– Net fair value gain on available-for-sale financial assets	550	776	–	–
Investment income from:				
Available-for-sale financial assets on equity instruments				
– quoted in Malaysia	12,371	114	8,281	–
– unquoted in Malaysia	3,100	25,491	1,116	–
Rental income:				
– Minimum lease payments	9,120	9,088	–	–
Gain on disposal of property, plant and equipment	–	316	–	–
Gain on disposal of bonds and medium-term notes	725	–	–	–
Net realised foreign exchange gain	3,785	3,154	196	906
Management fee charged to subsidiaries	–	–	100,888	74,214
Excess fund from liquidation	381	–	381	–
Interest from late payments	4,478	4,591	–	–
Recoupment of expenses	61,907	60,572	199	550
Miscellaneous	10,577	7,466	3,066	4,054
	124,955	131,559	115,224	80,072

5. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2012 RM'000	Restated 2011 RM'000	2012 RM'000	2011 RM'000
Wages and salaries	268,451	250,581	50,380	34,740
Bonus	64,200	52,881	16,676	6,328
Contributions to defined contribution plans	60,226	50,453	10,522	7,930
Social security contributions	3,901	3,735	498	345
Short-term accumulating compensated absences	2,222	824	673	152
Retirement benefits (Note 30)	764	320	25	84
Other employee benefits	71,639	68,013	20,160	12,280
	471,403	426,807	98,934	61,859

Included in employee benefits expense of the Group and of the Company are executive director's remuneration amounting to RM1,462,000 (2011: RM1,279,000) and RM1,462,000 (2011: RM1,279,000) respectively as further disclosed in Note 8.

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

235

6. FINANCE COSTS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest expense:				
– concession payables and borrowings	116,330	95,037	110,928	90,038
– financial liabilities	13,633	12,739	–	–
Less: Interest expense capitalised in intangible assets (Note 16)*	(110,928)	(88,967)	(110,928)	(90,038)
Total finance costs	19,035	18,809	–	–

* The amount is arrived at after netting off interest income of RM5,362,000 (2011: RM27,561,000).

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

7. PROFIT BEFORE TAX AND ZAKAT

The following items have been included in arriving at profit before tax and zakat:

	Group		Company	
	2012 RM'000	Restated 2011 RM'000	2012 RM'000	2011 RM'000
Non-executive directors' remuneration excluding benefits-in-kind (Note 8)	807	658	807	658
Auditors' remuneration:				
– statutory	529	487	82	76
– other services	1,013	415	1,013	415
User Fee expenses	99,183	84,240	–	–
Rental expense	16,000	15,813	6,069	5,771
Depreciation of property, plant and equipment (Note 13)	33,311	22,107	17,145	7,163
Amortisation of:				
– plantation development expenditure (Note 14)	2,647	2,555	–	–
– land use rights (Note 15)	121	150	–	–
– intangibles (Note 16)	185,198	149,632	–	–
Amortisation of premium on investments	55	84	–	–
Property, plant and equipment written off	1,531	1	–	–
Intangible assets written off	1,662	717	–	–
Loss on disposal of intangible assets	112	284	–	–
Loss on disposal of property, plant and equipment	5,858	–	–	–
Net (writeback of)/allowance for doubtful debts	(1,876)	2,054	23,297	–
Inventories written off	3,292	961	–	–
Bad debts written off/(recovered)	9,267	(100)	6,573	–
Utilities charges	198,416	187,799	1,940	1,757
Repair and maintenance costs	169,247	149,448	6,429	6,480
Management fee paid to hotel operator	2,725	2,775	–	–
Legal and other professional fees	16,865	12,278	5,929	4,161

User Fee amounting to RM99,183,000 (2011: RM84,240,000) relates to license and operating rights payable to the GoM which ranges from 9.38% to 9.66% (2011: 9.04% to 9.26%) of gross revenues by the Group from activities carried out at KLIA and other airports excluding construction revenue, reimbursements, interest income, recovery of bad debt or inter-company transactions.

Construction cost is in respect of cost recognised relating to the construction of klia2 and development of Penang International Airport by reference to the stage of completion. Construction cost also includes employee cost of RM10,083,000 (2011: RM3,961,000).

8. DIRECTORS' REMUNERATION

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Executive director's remuneration (Note 5):				
– Other emoluments	1,462	1,279	1,462	1,279
Non-executive directors' remuneration (Note 7):				
– Fees	388	399	388	399
– Other emoluments	419	259	419	259
	807	658	807	658
Total directors' remuneration	2,269	1,937	2,269	1,937
Estimated money value of benefits-in-kind	211	33	211	33
Total directors' remuneration including benefits-in-kind	2,480	1,970	2,480	1,970

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

237

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Executive:				
- Salaries and other emoluments	957	816	957	816
- Bonus	293	277	293	277
- Defined contribution plans	212	186	212	186
- Estimated money value of benefits-in-kind	17	17	17	17
	1,479	1,296	1,479	1,296
Non-executive:				
- Fees	388	399	388	399
- Allowances	419	259	419	259
- Estimated money value of benefits-in-kind	194	16	194	16
	2,480	1,970	2,480	1,970

The amount of fee paid to the immediate holding company in respect of services rendered to the Company by directors are RM143,000 (2011: RM73,500).

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

8. DIRECTORS' REMUNERATION (CONT'D.)

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2012	2011
Executive director:		
RM850,001 - RM900,000	–	–
RM900,001 - RM950,000	–	–
RM950,001 - RM1,000,000	–	–
RM1,000,001 - RM1,050,000	–	–
RM1,050,001 - RM1,100,000	–	–
Above RM1,100,001	1	1

	Number of directors	
	2012	2011
Non-executive directors:		
Less than RM50,000	2	7
RM50,001 - RM100,000	8	5
RM100,001 - RM150,000	–	–
RM150,001 - RM200,000	–	1
RM200,001 - RM250,000	–	–
RM250,001 - RM300,000	–	–
RM300,001 - RM350,000	1	–

9. INCOME TAX AND ZAKAT

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Malaysian income tax and zakat:				
Current income tax	154,819	152,427	14,052	27,392
Under/(over) provision in prior years	3,658	(2,084)	1,025	(1,860)
	158,477	150,343	15,077	25,532
Deferred tax (Note 23):				
Relating to origination and reversal of temporary differences	32,960	25,836	10,915	15,292
Under/(over) provision of deferred tax liabilities in prior years	7,250	(6,971)	(76)	969
	40,210	18,865	10,839	16,261
	198,687	169,208	25,916	41,793
Income tax expenses	198,687	169,208	25,916	41,793
Zakat	9,798	3,767	2,391	3,360
Total income tax expense and zakat	208,485	172,975	28,307	45,153

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

239

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

9. INCOME TAX AND ZAKAT (CONT'D.)

Reconciliation between tax expense and accounting profit

The reconciliations between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2012 and 2011 are as follows:

Group	2012 RM'000	2011 RM'000
Profit/(loss) before tax and zakat from:		
Continuing operations	602,756	574,192
Discontinued operations (Note 10)	189	(54)
	602,945	574,138
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	150,736	143,535
Tax effects of share of results of associates	4,440	14,772
Income not subject to tax	(1,128)	(3,966)
Expenses not deductible for tax purposes	33,695	20,624
Utilisation of previously unrecognised unabsorbed capital allowances	(8)	(1,187)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	44	4,485
Under/(over) provision of income tax in prior years	3,658	(2,084)
Under/(over) provision of deferred tax in prior years	7,250	(6,971)
Income tax expense for the year	198,687	169,208

Company	2012 RM'000	2011 RM'000
Profit before tax and zakat	91,197	193,343
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	22,799	48,336
Expenses not deductible for tax purposes	13,310	4,475
Income not subject to tax	(11,142)	(11,592)
Utilisation of previously unrecognised unabsorbed capital allowances	–	(1,186)
Deferred tax assets not recognised in respect of current year's unabsorbed capital allowances	–	2,651
Under/(over) provision of income tax in prior years	1,025	(1,860)
(Over)/under provision of deferred tax in prior years	(76)	969
Income tax expense for the year	25,916	41,793

Current income tax is calculated at the statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

10. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR DISPOSAL

During the year, a subsidiary Airport Automotive Workshop Sdn Bhd (“AAW”) ceased operation and subsequently, on 16 January 2013, AAW commenced Members’ Voluntary Winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965.

As at 31 December 2012, the assets and liabilities of AAW have been presented on the consolidated statements of financial position as assets and liabilities held for disposal and results from AAW is presented separately on the statement of comprehensive income as discontinued operation.

An analysis of the result of the discontinued operation is as follows:

	2012 RM'000	2011 RM'000
Revenue	8	17
Other income	181	–
Expenses	–	(71)
Profit/(loss) for the year from discontinued operation	189	(54)

The classes of assets and liabilities of AAW classified as held for disposal on the consolidated statement of financial position are as follows:

	2012 RM'000
Asset	
Cash and cash equivalents	63
Assets of disposal group classified as held for disposal	63
Liability	
Trade and other payables	60
Liabilities of disposal group classified as held for disposal	60

Since AAW have discontinued its operations, the presentation to the results is classified as discontinued operation and the comparatives relating to AAW result is restated as required by FRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Prior year assets and liabilities held for disposal were in respect of Asia Pacific Auction Centre Sdn. Bhd. (“APAC”) and its subsidiaries which completed the liquidation during the year.

11. EARNINGS PER SHARE

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2012 RM'000	2011 RM'000
Profit from continuing operations attributable to ordinary equity holders of the Company	394,271	401,217
Profit/(loss) from discontinued operation attributable to ordinary equity holders of the Company	189	(54)
Profit attributable to ordinary equity holders of the Company	394,460	401,163

	Group	
	2012	2011
Weighted average number of ordinary shares in issue ('000)	1,186,257	1,100,000

	Group	
	2012 sen	2011 sen
Basic earnings per share for:		
Profit from continuing operations	33.24	36.47
Profit/(loss) from discontinued operations	0.02	—
Profit for the year	33.26	36.47

On 21 January 2013, the Company further increased its paid up share capital to RM1,217,088,046 by the issuance of 7,088,046 ordinary shares of RM1 each, at a total premium of RM26,438,000 arising from the Dividend Reinvestment Plan relating to electable portion (for those shareholders electing for the re-investment) of the interim dividend of 6.0%, on 1,210,000,000 ordinary shares, declared on 30 November 2012 for the financial year ended 31 December 2012 as disclosed in Note 38. Had this ordinary shares been issued as at 31 December 2012, the diluted earnings per share is 33.22 sen.

Other than the above, there were no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

Weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the period.

12. DIVIDENDS

	Dividends in respect of year		Dividends recognised in year	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Recognised during the year:				
Interim dividend for 2012: 6.0% on single tier on 1,210,000,000 ordinary shares (6.00 sen net per ordinary share)	72,600	—	72,600	—
Final dividend for 2011: on 1,210,000,000 ordinary shares				
– 12.85% less 25% taxation, (9.64 sen net per share)	—	116,640	116,640	—
– 0.3% on single tier (0.3 sen net per share)	—	3,630	3,630	—
Interim dividend for 2011: 8.0% less 25% taxation, on 1,100,000,000 ordinary shares (6.00 sen net per ordinary share)	—	66,000	—	66,000
Final dividend for 2010: 11.75% less 25% taxation, on 1,100,000,000 ordinary shares (8.81 sen net per ordinary share)	—	—	—	96,938
Proposed for approval at forthcoming Annual General Meeting (not recognised as liability as at 31 December 2012):				
Final dividend for 2012: on 1,217,088,000 ordinary shares 7.63% on single tier	92,864	—	—	—
	165,464	186,270	192,870	162,938

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2012, of 7.63% on 1,217,088,046 ordinary shares on single tier basis will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2013.

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

243

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

13. PROPERTY, PLANT AND EQUIPMENT

	Property and buildings RM'000	Hotel property RM'000	Safety equipment and motor vehicles RM'000	Office, communication and electronic equipment, furniture and fittings RM'000	Plant and machinery, crockery, glassware, cutlery and linen RM'000	Capital work-in- progress RM'000	Total RM'000
Group							
At 31 December 2012							
Cost							
At 1 January 2012	77,955	120,809	2,855	179,540	22,358	45,357	448,874
Additions	106	–	254	3,583	103	66,290	70,336
Disposals	–	(8,825)	–	(8,038)	–	–	(16,863)
Written off	–	(2,248)	–	(3,678)	(612)	–	(6,538)
Transfers	(846)	–	–	14,924	448	(14,526)	–
Reclassified from intangible assets	–	–	2,291	–	–	–	2,291
Assets held for disposal written off	–	–	–	(15)	–	–	(15)
At 31 December 2012	77,215	109,736	5,400	186,316	22,297	97,121	498,085
Accumulated depreciation and impairment							
At 1 January 2012	14,702	45,704	2,672	111,259	11,507	2,496	188,340
Charge for the year							
– Continuing operations (Note 7)	2,928	3,712	87	24,002	2,582	–	33,311
– Discontinued operation (Note 10)	–	–	–	1	–	–	1
Disposals	–	(2,883)	–	(7,925)	–	–	(10,808)
Written off	–	(721)	(3,677)	(609)	–	–	(5,007)
Reclassified from intangible assets	–	–	1,421	–	–	–	1,421
Assets held for disposal written off	–	–	–	(2)	–	–	(2)
At 31 December 2012	17,630	45,812	503	126,726	14,089	2,496	207,256
Net carrying amount	59,585	63,924	4,897	59,590	8,208	94,625	290,829

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Property and buildings RM'000	Hotel property RM'000	Safety equipment and motor vehicles RM'000	Office, communication and electronic equipment, furniture and fittings RM'000	Plant and machinery, crockery, glassware, cutlery and linen RM'000	Capital work-in- progress RM'000	Total RM'000
Group							
At 31 December 2011							
Cost							
At 1 January 2011	76,936	120,745	4,160	140,762	21,145	36,914	400,662
Additions	153	64	390	3,338	230	45,753	49,928
Disposals	–	–	(1,485)	–	–	–	(1,485)
Written off	–	–	(210)	(21)	–	–	(231)
Transfers	866	–	–	35,461	983	(37,310)	–
At 31 December 2011	77,955	120,809	2,855	179,540	22,358	45,357	448,874
Accumulated depreciation and impairment							
At 1 January 2011	11,952	41,884	4,160	98,542	8,913	2,496	167,947
Charge for the year							
– Continuing operations (Note 7)	2,750	3,820	207	12,736	2,594	–	22,107
– Discontinued operation (Note 10)	–	–	–	1	–	–	1
Disposals	–	–	(1,485)	–	–	–	(1,485)
Written off	–	–	(210)	(20)	–	–	(230)
At 31 December 2011	14,702	45,704	2,672	111,259	11,507	2,496	188,340
Net carrying amount	63,253	75,105	183	68,281	10,851	42,861	260,534

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

245

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Building RM'000	Motor vehicles RM'000	Office equipment RM'000	Capital work-in- progress RM'000	Total RM'000
Company					
At 31 December 2012					
Cost					
At 1 January 2012	33,167	1,070	58,186	23,405	115,828
Additions	106	1,124	502	11,337	13,069
Transfers	(859)	–	8,130	(7,271)	–
At 31 December 2012	32,414	2,194	66,818	27,471	128,897
Accumulated depreciation					
At 1 January 2012	3,118	1,060	18,686	–	22,864
Charge for the year (Note 7)	1,333	58	15,754	–	17,145
At 31 December 2012	4,451	1,118	34,440	–	40,009
Net carrying amount	27,963	1,076	32,378	27,471	88,888
At 31 December 2011					
Cost					
At 1 January 2011	33,134	1,764	27,617	31,464	93,979
Additions	33	240	654	21,856	22,783
Disposal	–	(934)	–	–	(934)
Transfers	–	–	29,915	(29,915)	–
At 31 December 2011	33,167	1,070	58,186	23,405	115,828
Accumulated depreciation					
At 1 January 2011	1,740	1,666	13,229	–	16,635
Charge for the year (Note 7)	1,378	328	5,457	–	7,163
Disposal	–	(934)	–	–	(934)
At 31 December 2011	3,118	1,060	18,686	–	22,864
Net carrying amount	30,049	10	39,500	23,405	92,964

Included in the cost of property, plant and equipment of the Group and of the Company are cost of fully depreciated assets which are still in use amounting to RM101,374,000 (2011: RM108,078,000) and RM14,279,000 (2011: RM12,281,000) respectively.

14. PLANTATION DEVELOPMENT EXPENDITURE

	Group	
	2012 RM'000	2011 RM'000
Cost		
At 1 January	72,812	70,763
Additions	1,121	2,049
At 31 December	73,933	72,812
Accumulated amortisation		
At 1 January	20,950	18,395
Charge for the year (Note 7)	2,647	2,555
At 31 December	23,597	20,950
Net carrying amount	50,336	51,862

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

247

15. LAND USE RIGHTS

	Group	
	2012 RM'000	2011 RM'000
Net carrying amount		
At 1 January	7,760	7,910
Amortisation during the year (Note 7)	(121)	(150)
At 31 December	7,639	7,760
Analysed as:		
Short term land use rights	1,716	1,766
Long term land use rights	5,923	5,994
	7,639	7,760

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

16. INTANGIBLE ASSETS

	Concession rights RM'000	Terminal building, plant and infrastructures RM'000	Capital work-in- progress RM'000	Total RM'000
Group				
At 31 December 2012				
Cost				
At 1 January 2012	1,982,138	2,040,451	1,811,047	5,833,636
Additions	–	57,535	1,601,085	1,658,620
Disposals	–	(683)	–	(683)
Written off	–	(6,876)	(315)	(7,191)
Transfers	–	240,527	(240,527)	–
Reclassified to Property, plant and equipment	–	(2,291)	–	(2,291)
At 31 December 2012	1,982,138	2,328,663	3,171,290	7,482,091
Accumulated amortisation and impairment				
At 1 January 2012	263,483	842,923	–	1,106,406
Charge for the year (Note 7)	43,543	141,655	–	185,198
Disposals	–	(563)	–	(563)
Written off	–	(5,529)	–	(5,529)
Reclassified to Property, plant and equipment	–	(1,421)	–	(1,421)
At 31 December 2012	307,026	977,065	–	1,284,091
Net carrying amount	1,675,112	1,351,598	3,171,290	6,198,000
At 31 December 2011				
Cost				
At 1 January 2011	1,982,138	1,975,853	819,209	4,777,200
Additions	–	12,103	1,053,229	1,065,332
Disposals	–	(556)	–	(556)
Written off	–	(7,917)	(423)	(8,340)
Transfers	–	60,968	(60,968)	–
At 31 December 2011	1,982,138	2,040,451	1,811,047	5,833,636
Accumulated amortisation and impairment				
At 1 January 2011	223,349	741,320	–	964,669
Charge for the year (Note 7)	40,134	109,498	–	149,632
Disposals	–	(272)	–	(272)
Written off	–	(7,623)	–	(7,623)
At 31 December 2011	263,483	842,923	–	1,106,406
Net carrying amount	1,718,655	1,197,528	1,811,047	4,727,230

16. INTANGIBLE ASSETS (CONT'D.)

	Capital work-in- progress RM'000
Company	
At 31 December 2012	
Cost	
At 1 January 2012	1,542,458
Addition	1,360,256
Disposal	(47,294)
At 31 December 2012	2,855,420
Net carrying amount	2,855,420
At 31 December 2011	
Cost	
At 1 January 2011	735,266
Addition	807,192
At 31 December 2011	1,542,458
Net carrying amount	1,542,458

Capital work-in-progress comprises fair value of the consideration receivable for the construction service delivered during the stage of construction, including an average of 4.5% mark-up and 7.5% mark-up on the cost incurred for klia2 and expansion to Penang International Airport, respectively.

The capital work-in-progress are costs incurred to date in respect of the construction of klia2 amounting to RM2,855,420,000 (2011: RM1,495,788,000) and are not depreciated.

The Group's intangibles include borrowing costs arising from the borrowings under the Sukuk Program specifically for the purpose of the construction of klia2. Details of borrowings and securities are disclosed in Note 32. During the financial year, the net borrowing costs capitalised in capital work-in-progress amounted to RM110,928,000 (2011: RM90,038,000).

The additions in intangible assets were acquired by way of:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash	1,595,315	1,027,089	1,306,517	776,551
Profit from construction contracts	63,305	38,243	53,739	30,641
Total additions	1,658,620	1,065,332	1,360,256	807,192

17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2012 RM'000	2011 RM'000
Unquoted shares at cost	1,777,266	1,787,719
Acquisition during the year	—	3
Less: Accumulated impairment losses	—	(10,456)
	1,777,266	1,777,266

Name of Company	Issued and Paid-up Capital RM	Effective Interest Held		Principal Activities
		2012 %	2011 %	
Malaysia Airports Sdn. Bhd. (230646-U)	360,113,847	100	100	Management, operations and maintenance of designated airports and provision of airport related services in Malaysia other than K.L. International Airport ("KLIA").
Malaysia Airports (Sepang) Sdn. Bhd. (320480-D)	50,000,002	100	100	Management, operations, maintenance and future development of KLIA and Low Cost Carrier Terminal ("LCCT") in Sepang and provision of airport related services.
Malaysia Airports (Niaga) Sdn. Bhd. (281310-V)	5,000,002	100	100	Operating duty free, non-duty free outlets and providing management services in respect of food and beverage outlets at airports.
Malaysia Airports Consultancy Services Sdn. Bhd. (375245-X)	500,002	100	100	Provision of maintenance and technical services in connection with the airport industry.
Malaysia Airports (Properties) Sdn. Bhd. (484656-H)	2	100	100	Provision of non passenger related services which involves property management and establishing fixed asset requirements.

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Name of Company	Issued and Paid-up Capital RM	Effective Interest Held		Principal Activities
		2012 %	2011 %	
MAB Agriculture- Horticulture Sdn. Bhd. (467902-D)	10,000,000	100	100	Cultivation and selling of oil palm and other agricultural products, and engaging in horticulture activities.
K.L. Airport Hotel Sdn. Bhd. (330863-D)	10,000,000	100	100	Owner of the hotel known as Sama-Sama Hotel K.L. International Airport.
– preference shares	900,000			
Malaysia Airports Technologies Sdn. Bhd. (512262-H)	1,150,002	100	100	Operations and maintenance services and undertaking Information and Communication Technology business ventures.
Asia Pacific * Auction Centre Sdn. Bhd. (488190-H)	10,556,000	–	100	Liquidated during the year.
Cargo One * Restaurant & Lounge Sdn. Bhd. (528261-V)	2	–	100	Liquidated during the year.
Malaysia Airports @ (Mauritius) Pte Ltd	USD1,000	100	100	Investment holding.
MAHB (Mauritius) @ Pte Ltd	USD2	100	100	Investment holding management.
Asia Pacific * Auction Sales Sdn. Bhd. (523300-X)	2,000	–	100	Liquidated during the year.
Asia Pacific * Machinery Auctions Sdn. Bhd. (503068-D)	2,000	–	100	Liquidated during the year.
Malaysia Motor * Auctions Sdn. Bhd. (500189-H)	2,000	–	100	Liquidated during the year.
Beans Around * The World Coffee Shop Sdn. Bhd. (528250-P)	2	–	100	Liquidated during the year.
Eraman (Malaysia) Sdn. Bhd. (324329-K)	2	100	100	Dormant. Intended principal activity is general trading.

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Name of Company	Issued and Paid-up Capital RM	Effective Interest Held		Principal Activities
		2012 %	2011 %	
Malaysia International Aerospace Centre Sdn. Bhd. (438244-H)	2	100	100	Planning, management and marketing for the development of Malaysia International Aerospace Centre at Sultan Abdul Aziz Shah Airport and other airports in Malaysia.
Airport Ventures Sdn. Bhd. (512527-U)	2	100	100	Investment holding.
Malaysia Airports MSC Sdn. Bhd. (516854-V)	500,000	100	100	Dormant. Intended principal activities are to provide internet services, development and incubation of electronic commerce, and to acquire, manage, lease, establish, equip, maintain and operate radio wireless, close circuit television and television telecast.
Malaysia Airports (Labuan) Pte Ltd (LL05298)	USD1,000	100	100	Investment holding management.
Urusan Teknologi Wawasan Sdn. Bhd. (459878-D)	750,000	100	100	Provision of mechanical, electrical and civil engineering services at KLIA in Sepang.
Airport Automotive Workshop Sdn. Bhd. (808167-P)	200,000	51 **	51 **	Operations of automotive vehicle workshop. The Company has ceased operations since April 2012.
Malaysia Airports Capital Berhad (906593-U)	2	100	100	Investment holding management.
Malaysia Airports Capital Labuan Pte Ltd (LL07679)	USD2	100	100	Investment holding management.

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Name of Company	Issued and Paid-up Capital RM	Effective Interest Held		Principal Activities
		2012 %	2011 %	
Malaysia Airports Construction (Labuan) Private Limited (LL08348)	USD1,000	100	100	Investment holding management.
Malaysia Airports # Consultancy Services Gulf LLC	Qatari Riyal 200,000	49	–	Facilities Maintenance Services at airports.

* Subsidiaries liquidated during the year

© Audited by a member firm of Ernst & Young Global

** 51% shareholding held through Urusan Teknologi Wawasan Sdn. Bhd. (459878-D)

The Company subscribed the shares of the newly incorporated subsidiary during the year

Acquisition of subsidiary:

- (a) On 1 October 2012, Malaysia Airports Consultancy Services Sdn. Bhd. (“MACS”), a wholly-owned subsidiary of the Group and Mr. Hamad Abdullah Al-Attiyah had incorporated a limited liability company in Doha, Qatar under the name of Malaysia Airports Consultancy Services Gulf LLC (“MACS Gulf LLC”) for the purpose of undertaking activities in the areas of facilities maintenance services at airports, including the new Doha International Airport and any other activities. The issued share capital of MACS Gulf LLC is amounting to Qatari Riyal 200,000 (or the equivalent of approximately RM177,000), in which 49% is held by MACS and 51% by Mr. Hamad Abdullah Al-Attiyah.

MACS Gulf LLC is considered as subsidiary as it meets the definition of a subsidiary under FRS127 para 3 as follows:-

Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Control also exists when the parent owns half or less of the voting power of an entity when there is:

- power over more than half of the voting rights by virtue of an agreement with other investors;
- power to govern the financial and operating policies of the entity under a statute or an agreement;
- power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body; or
- power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body.

18. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Unquoted shares at cost:				
– outside Malaysia	183,096	155,172	161,582	133,658
– in Malaysia	600	600	–	–
	183,696	155,772	161,582	133,658
Share of post-acquisition reserve	(94,402)	(94,157)	–	–
Impairment of investment	(68,916)	–	–	–
	20,378	61,615	161,582	133,658
Analysed as:				
Unquoted shares at cost:				
At 1 January	155,772	136,154	133,658	135,554
Acquisition during the year	–	160	–	160
Additional contribution	27,924	19,458	27,924	19,458
Disposal of associate to a subsidiary	–	–	–	(21,514)
At 31 December	183,696	155,772	161,582	133,658
Share of post-acquisition reserve:				
At 1 January	(136,523)	(69,094)	–	–
Share of results	(17,505)	(59,764)	–	–
Share of other comprehensive income of associates	4,657	–	–	–
Dividend received	(2,400)	(7,665)	–	–
Share of post-acquisition reserve at 31 December	(151,771)	(136,523)	–	–
Additional investment (Note 33)	57,369	42,366	–	–
	(94,402)	(94,157)	–	–

Investment in associates with carrying amounts of RM171,000 (2011: RM174,000) are pledged to financial institutions for credit facilities granted to the associates.

Additional contribution is in respect of advances provided to a foreign associate as required under the funding arrangement with the shareholders of the associate and the lenders and may be converted as equity funding.

During the year, the Maldivian government declared the concession agreement with GMR Male International Airport Limited (“GMR Male”) which was awarded in 2010, as void. GMR Male is to operate, maintain, expand, rehabilitate and modernise the Ibrahim Nasir International Airport (“INIA”) for a period of 25 years which the Group has 23% interest.

18. INVESTMENTS IN ASSOCIATES (CONT'D.)

Further to the arbitration proceedings filed by the respective parties against the others, GMR Male seek inter alia, damages for repudiatory breach of the concession agreement. Pending the decision by the arbitration tribunal, the directors are of the opinion that provision for impairment on this investment ought to be made as at the reporting date.

The Group has not recognised further losses relating to GMR Male and Istanbul Sabiha Gokcen International Airport Investment Development and Operation Inc. ("SGIA") where their share of losses exceeded the Group's interest and the extent of the Group's legal and constructive obligations in its investment in GMR Male and SGIA. The Group's current year end cumulative share of unrecognised losses in the financial year was RM88.2 million (2011: RM Nil). The Group has no further obligation in respect of these losses and until such time where the associates are in a profitable position, the Group shall recognise the share of profits only after its share of the profits equals the share of losses not recognised.

Details of the associates are as follows:

Name of Associate	Country of Incorporation	Issued and Paid-up Capital	Effective Interest Held		Financial Year End	Principal Activities
			2012 %	2011 %		
Held by the Company:						
Istanbul Sabiha Gokcen International Airport Investment Development and Operation Inc. ("SGIA")	Turkey	€146,840,000	20	20	31 December	Operation, management and development and provision of airport related services.
LGM Airport Operations Trade and Tourism Inc.	Turkey	€209,037	20	20	31 December	Provision of management services in respect of transportation, parking, food and beverages, cleaning at the airport and construction of hotel and car park within the airport.
Held through a subsidiary:						
GMR Male International Airport Limited ("GMR Male")	Republic of Maldives	USD30,050,094	23	23	31 December	Operation, management and development and provision of airport related services.

18. INVESTMENTS IN ASSOCIATES (CONT'D.)

Details of the associates are as follows: (cont'd.)

Name of Associate	Country of Incorporation	Issued and Paid-up Capital	Effective Interest Held		Financial Year End	Principal Activities
			2012 %	2011 %		
Kuala Lumpur Aviation Fuelling System Sdn. Bhd. (KAF)*	Malaysia	RM3,000,000	20	20	31 March	Development, management and operations of aviation fuelling system at KLIA.

* KAF has a financial year end of 31 March 2012 to conform with its holding company's financial year end. The financial statements of the associate for the 9 months interim period ended 31 December 2012 have been used for the purpose of applying the equity method of accounting.

The summarised financial statements of the associates are as follows:

	Group	
	2012 RM'000	2011 RM'000
Assets and liabilities		
Current assets	907,265	555,866
Non-current assets	5,968,221	6,049,986
Total assets	6,875,486	6,605,852
Current liabilities	803,118	827,641
Non-current liabilities	6,588,954	6,098,784
Total liabilities	7,392,072	6,926,425
Results		
Revenue	1,962,337	2,006,381
Loss for the year	(274,656)	(309,684)

19. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Unquoted shares at cost:				
– in Malaysia	42,900	21,900	42,900	21,900
Share of post-acquisition reserve	426	677	–	–
	43,326	22,577	42,900	21,900
Analysed as:				
Unquoted shares at cost:				
At 1 January	21,900	100	21,900	–
Acquisition during the year	21,000	21,900	21,000	21,900
Disposal during the year	–	(100)	–	–
At 31 December	42,900	21,900	42,900	21,900
Share of post-acquisition reserve:				
At 1 January	677	–	–	–
Share of results	(251)	677	–	–
At 31 December	426	677	–	–

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

257

Details of the jointly controlled entities are as follows:

Name of Entity	Country of Incorporation	Issued and Paid-up Capital	Effective Interest Held		Financial Year End	Principal Activities
			2012 %	2011 %		
Held through a subsidiary:						
Segi Astana Sdn. Bhd. (SASB)*	Malaysia	RM70,001,000	30	30	31 December	Development, management and operations of property.
Airport Cooling Energy Supply Sdn. Bhd. (ACES)**	Malaysia	RM19,040,000	23	23	31 August	Development, management and operations of chilled water plant.

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

19. INVESTMENT IN JOINTLY CONTROLLED ENTITIES (CONT'D.)

Details of the jointly controlled entities are as follows: (cont'd.)

Name of Entity	Country of Incorporation	Issued and Paid-up Capital	Effective Interest Held		Financial Year End	Principal Activities
			2012 %	2011 %		
Held through a subsidiary: (cont'd.)						
– Redeemable Preference Shares		RM 76,160,000				

* On 22 September 2011, the Company had entered into a Joint Venture Agreement with WCT Land Sdn Bhd to provide ancillary and complementary support services and facilities to the klia2 Terminal Building. The consideration in respect of this investment was RM21,000,300 out of which RM21,000,000 was acquired during the year.

** On 27 October 2011, the Company had entered into a Joint Venture Agreement with TNB Engineering Corporation Berhad and incorporated ACES for the operation and maintenance of a generation plant for the supply of Chilled Water and power at the klia2. The consideration in respect of this investment was RM21,900,000.

The summarised financial statements of the jointly controlled entities are as follows:

	Group	
	2012 RM'000	2011 RM'000
Assets and liabilities		
Current assets	111,973	266,974
Non-current assets	841,006	365,592
Total assets	952,979	632,566
Current liabilities	109,972	205,543
Non-current liabilities	674,356	326,545
Total liabilities	784,328	532,088
Results		
Revenue	–	–
(Loss)/profit for the year	(899)	2,257

ACES has a financial year end of 31 August 2012. The financial statements of ACES for the 4 months interim period ended 31 December 2012 have been used for the purpose of applying the equity method of accounting.

20. AVAILABLE-FOR-SALE INVESTMENTS (“AFS”)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Bonds and medium term notes in Malaysia at fair value	5,523	11,273	–	–
Quoted unit trust in Malaysia	74,276	7,174	37,910	–
AFS at fair value	79,799	18,447	37,910	–
* Unquoted shares at cost:				
– in Malaysia	17,475	17,253	–	2,000
– outside Malaysia	205,905	213,979	–	–
AFS at cost	223,380	231,232	–	2,000
Total other investments	303,179	249,679	37,910	2,000

Movement in available-for-sale investments are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At 1 January	249,679	242,114	2,000	2,005
Additions	70,933	3,180	35,600	–
Fair value adjustment	(333)	740	310	–
Amortisation of premium on investments	(55)	(84)	–	–
Disposals	(8,968)	(3,000)	–	(5)
Foreign currency translation	(8,077)	6,729	–	–
At 31 December	303,179	249,679	37,910	2,000

* The fair value information has not been disclosed for these financial instruments as their fair value cannot be measured reliably due to the lack of quoted market price in an active market and assumption required for valuing these financial instruments.

Unquoted shares of RM32,629,000 (2011: RM33,909,000) for the Group are pledged as security in respect of certain agreement entered into by the Group.

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current				
Trade receivables				
Third parties	274,394	261,257	–	–
Due from GoM	244,015	438,861	–	–
Accrued revenue	56,964	68,606	–	–
	575,373	768,724	–	–
Less: Allowance for doubtful debts				
Third parties	(50,679)	(54,570)	–	–
Trade receivables, net	524,694	714,154	–	–
Other receivables				
Amounts due from subsidiaries	–	–	509,073	892,930
Staff loans (Note 22)	3,525	3,539	–	–
Deposits	7,499	4,347	987	987
Tax recoverable	7,014	15,906	4,511	15,374
Prepayments	65,545	1,379	59,932	72
Sundry receivables	43,451	55,166	12,751	20,802
	127,034	80,337	587,254	930,165
Less: Allowance for doubtful debts	(11,488)	(9,473)	(1,791)	(8)
Other receivables, net	115,546	70,864	585,463	930,157
	640,240	785,018	585,463	930,157
Non-current				
Trade receivables				
Third parties	1,250	5,501	–	–
Other receivables				
Due from GoM	353,748	342,553	49,204	49,204
	354,998	348,054	49,204	49,204
Total trade and other receivables (current and non-current)	995,238	1,133,072	634,667	979,361
Add: Cash and bank balances (Note 25)	774,166	778,343	489,959	500,553
Less: Tax recoverable and prepayments	(72,559)	(17,285)	(64,443)	(15,446)
Total loans and receivables	1,696,845	1,894,130	1,060,183	1,464,468

21. TRADE AND OTHER RECEIVABLES (CONT'D.)

Ageing analysis of trade receivables

The ageing analysis of the Group's total trade receivables (current and non-current), but excluding accrued revenue is as follows:

	Group	
	2012 RM'000	2011 RM'000
Neither past due nor impaired	342,257	545,607
1 to 30 days past due not impaired	66,984	42,610
31 to 60 days past due not impaired	8,495	11,532
61 to 90 days past due not impaired	14,145	12,843
91 to 120 days past due not impaired	4,372	7,717
More than 121 days past due not impaired	11,496	6,868
	105,492	81,570
Impaired	71,910	78,442
	519,659	705,619

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 82% (2011: 71%) of the Group's trade receivables arise from customers with more than 5 years of experience with the Group and losses have occurred infrequently.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance for doubtful debts used to record the doubtful debts are as follows:

	Individually impaired	
	2012 RM'000	2011 RM'000
Group		
Trade receivables		
– nominal amounts	71,910	78,442
Less: Allowance for doubtful debts	(50,679)	(54,570)
	21,231	23,872

21. TRADE AND OTHER RECEIVABLES (CONT'D.)

Receivables that are impaired (cont'd.)

- (a) Receivables amounting to RM16,847,000 (2011: RM13,885,000) are in respect of certain debtors who have the obligations to repay their debts but are prolonged as settlement of the outstanding balances pending approvals. Historically, the nature for these type of debts will eventually be settled, including the possible set off against any future liabilities of the Group with the same debtors. Accordingly, no further allowance for doubtful debt is necessary.
- (b) Receivables amounting to RM4,544,000 (2011: RM10,053,000) are expected to be settled by installment arrangement plan.

Movement in allowance for doubtful debts:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade				
At 1 January	54,570	60,228	—	—
Net writeback of doubtful debts	(3,891)	(5,658)	—	—
At 31 December	50,679	54,570	—	—
Other receivables				
At 1 January	9,473	1,761	8	8
Net allowance for doubtful debts	2,015	7,712	1,783	—
At 31 December	11,488	9,473	1,791	8

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(a) Credit risk

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management and bears interest at 1% per month on overdue balances. As at reporting date, the concentration of credit risk in the form of outstanding balances is mainly due to eight (2011: seven) customers representing approximately 54% (2011: 55%) of the total trade receivables.

(b) Amounts due from subsidiaries (Current)

Amounts due from subsidiaries are non-interest bearing and are repayable on demand. All related parties receivables are unsecured and are to be settled in cash. Included in amounts due from subsidiaries was RM42,390,000 (2011: RM507,890,000) paid by the Company to GoM on behalf of its subsidiary in prior years.

21. TRADE AND OTHER RECEIVABLES (CONT'D.)

(c) Trade receivables (Non-current)

The Group had previously negotiated with several debtors to extend the settlement of outstanding debts by entering into debts settlement agreements. The non-current amounts consist of overdue balances of these debtors with the term of settlements ranging from 1 to 6 years (2011: 1 to 6 years). The amounts due are non-interest bearing, unsecured and are to be repaid by cash settlement.

(d) Other receivables (Non-current)

Amount due from GoM is further discussed in Note 21(f).

(e) Prepayments

Prepayments amounting to RM59,699,000 (2011: RM Nil) are in respect of contractual advanced payments to supplier as required in the various contracts relating to klia2.

(f) Due from GoM

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current				
Trade receivables				
MARCS (Note 2.4(v)(iv))	117,166	253,652	—	—
Landing rebates	126,849	185,209	—	—
	244,015	438,861	—	—
Non-current				
Other receivables				
Debts assumed from former subsidiary	121,200	121,200	49,204	49,204
Receivable on call option (Note 2.5(a)(ii))	232,548	221,353	—	—
	353,748	342,553	49,204	49,204
Total amount due from GoM	597,763	781,414	49,204	49,204

Other information on financial risks of other receivables are disclosed in Note 40.

22. STAFF LOANS

	Group	
	2012 RM'000	2011 RM'000
Staff loans	38,855	38,067
Less: Current (Note 21)	(3,525)	(3,539)
Non-current portion	35,330	34,528
Analysed as:		
Current	3,525	3,539
Non-current:		
Later than 1 year but not later than 2 years	3,288	3,334
Later than 2 years but not later than 5 years	8,369	8,444
Later than 5 years	23,673	22,750
	35,330	34,528
	38,855	38,067

The staff loans attract interest rate at 4% (2011: 4%) per annum.

The Group has assessed the non-current portion and considered that the fair value amounts to approximate the carrying amounts.

23. DEFERRED TAX (ASSETS)/LIABILITIES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At 1 January	57,023	38,158	24,319	8,058
Recognised in income statements (Note 9)	40,210	18,865	10,839	16,261
At 31 December	97,233	57,023	35,158	24,319
Presented in the statements of financial position as follows:				
Deferred tax assets	(22,216)	(21,071)	–	–
Deferred tax liabilities	119,449	78,094	35,158	24,319
	97,233	57,023	35,158	24,319

23. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D.)

The component and movement of deferred tax liabilities and assets during the financial year are as follows:

Deferred tax liabilities of the Group:

	Property, plant and equipment and intangibles RM'000
At 1 January 2012	122,049
Recognised in the income statement	38,162
At 31 December 2012	160,211
Less: Offset against deferred tax assets	(40,762)
	119,449
At 1 January 2011	103,904
Recognised in the income statement	18,145
At 31 December 2011	122,049
Less: Offset against deferred tax assets	(43,955)
	78,094

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

265

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

23. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D.)

Deferred tax assets of the Group:

	Unutilised tax losses and unabsorbed capital allowances RM'000	Receivables RM'000	Retirement benefits RM'000	Payables RM'000	Total RM'000
At 1 January 2012	(10)	(35,114)	(1,641)	(28,261)	(65,026)
Recognised in the income statement	(3,856)	2,328	4,196	(620)	2,048
At 31 December 2012	(3,866)	(32,786)	2,555	(28,881)	(62,978)
Less: Offset against deferred tax liabilities					40,762
					(22,216)
At 1 January 2011	(10)	(37,536)	(13,794)	(14,406)	(65,746)
Recognised in the income statement	–	2,422	12,153	(13,855)	720
At 31 December 2011	(10)	(35,114)	(1,641)	(28,261)	(65,026)
Less: Offset against deferred tax liabilities					43,955
					(21,071)

Deferred tax liabilities of the Company:

	Property, plant and equipment and intangibles RM'000
At 1 January 2012	27,134
Recognised in the income statement	17,172
At 31 December 2012	44,306
At 1 January 2011	10,848
Recognised in the income statement	16,286
At 31 December 2011	27,134

23. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D.)

Deferred tax assets of the Company:

	Retirement benefits RM'000	Payables RM'000	Total RM'000
At 1 January 2012	(756)	(2,059)	(2,815)
Recognised in the income statement	756	(7,089)	(6,333)
At 31 December 2012	–	(9,148)	(9,148)
At 1 January 2011	(742)	(2,048)	(2,790)
Recognised in the income statement	(14)	(11)	(25)
At 31 December 2011	(756)	(2,059)	(2,815)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Unutilised tax losses	3,880	3,905	–	–
Unabsorbed capital allowances	97	106	–	–
Other deductible temporary differences	6,418	6,240	–	–
	10,395	10,251	–	–

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries of the Group are subject to no substantial changes in shareholdings of those subsidiaries under Section 44(5A) and (5B) of Income Tax Act, 1967.

Deferred tax assets have not been recognised where it is not probable that future taxable profits will be available against which the company or subsidiaries can utilise the benefits.

24. INVENTORIES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cost				
Spares and consumables	17,088	15,456	40	40
Merchandise goods	81,342	62,592	–	–
Food and beverages	667	475	–	–
	99,097	78,523	40	40

The cost of inventories relating to merchandise goods, food and beverages recognised as an expense during the financial year amounted to RM281,927,000 (2011: RM243,171,000).

25. CASH AND CASH EQUIVALENTS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash on hand and at banks	150,562	90,151	56,193	17,496
Deposits with licensed banks	36,506	127,900	401	–
Money on call with licensed banks	587,098	560,292	433,365	483,057
Cash and bank balances	774,166	778,343	489,959	500,553

Other information on financial risks of cash and cash equivalents are disclosed in Note 40.

26. SHARE CAPITAL

	Number of shares of RM1 each		Amount	
	2012	2011	2012 RM	2011 RM
Authorised:				
Special Rights Redeemable Preference Share of RM1 each	1	1	1	1
Ordinary shares of RM1 each	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000
	2,000,000,001	2,000,000,001	2,000,000,001	2,000,000,001

26. SHARE CAPITAL (CONT'D.)

Issued and fully paid:

	Number of shares of RM1 each	Amount RM
At 1 January 2011		
Special Rights Redeemable Preference Share of RM1 each	1	1
Ordinary shares of RM1 each	1,100,000,000	1,100,000,000
At 31 December 2011	1,100,000,001	1,100,000,001
Issuance of new shares via private placement	110,000,000	110,000,000
At 31 December 2012	1,210,000,001	1,210,000,001

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Ordinary shares issued for cash

During the financial year, the Company issued 110,000,000 new ordinary shares of RM1 each through a private placement at an issue price of RM5.60 per ordinary share for cash, for the purpose of partly financing the capital expenditure for klia2 project. The share premium of RM506,015,915 arising from the issuance of ordinary shares and the share issue cost of RM8,346,000 have been included in the share premium account. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

Special Rights Redeemable Preference Share

- (a) The Special Rights Redeemable Preference Share ("Special Share") of RM1 enables the GoM, through the Minister of Finance, to ensure that certain major decisions affecting the operations of the Company are consistent with GoM policies. The Special Shareholder, which may only be the GoM or any representative or person acting on its behalf, is entitled to receive notices of meetings but not entitled to vote at such meetings of the Company. However, the Special Shareholder is entitled to attend and speak at such meetings.

The Special Shareholder has the right to appoint any person, but not more than six at any time, to be directors.

- (b) The Special Shareholder has the right to require the Company to redeem the Special Share at par at any time by serving written notice upon the Company and delivering the relevant share certificate.
- (c) The Special Shareholder shall be entitled to repayment of the capital paid-up on the Special Share in priority to any repayment of capital to any other member.
- (d) The Special Shareholder does not have any right to participate in the capital or profits of the Company.
- (e) Certain matters which vary the rights attached to the Special Share can only be effective with the written consent of the Special Shareholder, in particular matters relating to the creation and issue of additional shares which carry different voting rights, the dissolution of the Company, substantial disposal of assets, amalgamations, merger and takeover.

27. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopt the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance of Malaysian Income Tax Act, 1967 (Section 108 balance) and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company has not elected for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as at 31 December 2012 and 2011 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2012, the Company has fully utilised the credit in the Section 108 balance and can distribute its entire retained earnings under the single-tier system without any restrictions.

28. FAIR VALUE ADJUSTMENT RESERVE

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

29. OTHER RESERVE AND FOREX CURRENCY TRANSLATION RESERVES

Other reserve represents the discount on acquisition of minority interest.

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

30. RETIREMENT BENEFITS

The Group operated an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for all qualifying staff who have been confirmed in service whereby only employees who have earned in return for their service up to 31 December 2004 shall continue to benefit from the Scheme but limited to their qualifying number of years employed up to and equivalent factoring as at 31 December 2012.

The Group's obligations under the Scheme was determined based on the latest actuarial valuation by an independent valuer carried out on 24 December 2011. The existing employees as well as new employees who have earned in return for their service subsequent to 31 December 2004 are not eligible for the Scheme but shall be compensated based on the Scheme in the defined contribution plans in Note 2.4(s)(ii). The value of retirement benefits shall be paid on the attainment of retirement age of 55.

The Group's obligations under the Scheme continued to be determined based on triennial actuarial valuation where the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted using the Projected Unit Credit Method in order to determine its present value.

30. RETIREMENT BENEFITS (CONT'D.)

In previous financial year, the Group entered a collective agreement with the non-executive staff of the Group where the non-executive staff have accepted the terms of the collective agreement including the proposed year which the entitlements will be credited in the employees' EPF. The retirement benefits for employees were revised where the employees were entitled for the Scheme will have the amounts due to them and be credited to their Employee Provident Fund accounts ("EPF") in addition to the Group's defined contribution plans. During the year, the Group completed the arrangement with the other executive staff. Accordingly the remaining amounts previously set aside for retirement benefits were credited to the employees' EPF account.

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current	–	565	–	400
Non-current	–	5,537	–	1,051
	–	6,102	–	1,451

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Present value of unfunded defined benefit obligations	–	6,102	–	1,451
Analysed as:				
Current (Note 33)	–	565	–	400
Non-current:				
Later than 1 year but not later than 2 years	–	404	–	94
Later than 2 years but not later than 5 years	–	1,674	–	549
Later than 5 years	–	3,459	–	408
	–	5,537	–	1,051
	–	6,102	–	1,451

30. RETIREMENT BENEFITS (CONT'D.)

The amount recognised in the income statements comprises:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest cost (Note 5)	764	320	25	84

Movements in the net liability in the current year were as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At 1 January	6,102	55,310	1,451	2,967
Reclassification to staff benefits payable	(5,721)	(42,933)	(1,416)	(744)
Recognised in income statements	764	320	25	84
Contributions paid	(1,145)	(6,595)	(60)	(856)
At 31 December	–	6,102	–	1,451

Principal actuarial assumptions used:

	Group		Company	
	2012 %	2011 %	2012 %	2011 %
(i) Discount rate	–	5.5	–	5.5

The rate used to discount post-employment benefit obligations is determined by reference to the market yields at the reporting date on high quality corporate bonds.

- (ii) There is no projection for future salary increases as this Scheme is a frozen scheme.
- (iii) The mortality and disability rates are based on published statistics.

31. OTHER FINANCIAL LIABILITY

	Group	
	2012 RM'000	2011 RM'000
At 1 January	183,486	177,716
Foreign currency translation	(6,924)	5,770
At 31 December	176,562	183,486

Other financial liability is in respect of unsecured debentures issued by a foreign subsidiary comprising 57,700,000 (2011: 57,700,000) fully paid debenture units of USD1 each. Interest on the debentures are payable upon the realisation of dividends from other investment held by the foreign subsidiary. The debentures have a 10-year period and the debenture holders have the rights to redeem the debentures at the nominal value and the debentures may be converted to ordinary shares issued by the foreign subsidiary.

32. LOANS AND BORROWINGS

		Group		Company	
	Maturity	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Non-Current					
Unsecured:					
Revolving loan					
4.55% p.a. fixed rate RM note	2020	1,000,000	1,000,000	1,000,000	1,000,000
4.68% p.a. fixed rate RM note	2022	1,500,000	1,500,000	1,500,000	1,500,000
4.15% p.a. fixed rate RM note	2024	600,000	–	600,000	–
		3,100,000	2,500,000	3,100,000	2,500,000
Total loans and borrowings					
4.55% p.a. fixed rate RM note		1,000,000	1,000,000	1,000,000	1,000,000
4.68% p.a. fixed rate RM note		1,500,000	1,500,000	1,500,000	1,500,000
4.15% p.a. fixed rate RM note		600,000	–	600,000	–
		3,100,000	2,500,000	3,100,000	2,500,000

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

273

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

32. LOANS AND BORROWINGS (CONT'D.)

The remaining maturities of the loans and borrowings as at 31 December 2012 are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
On demand or within one year	—	—	—	—
More than 1 year and less than 2 years	—	—	—	—
More than 2 years and less than 5 years	—	—	—	—
5 years or more	3,100,000	2,500,000	3,100,000	2,500,000
	3,100,000	2,500,000	3,100,000	2,500,000

4.55%, 4.68% and 4.15% p.a fixed rate RM notes

These notes with total face value of RM3,100,000 are unsecured. Details of the notes are as follows:

Coupon rate	Issue size (RM'000)	Issue date	Maturity date
4.55%	1,000,000	30.08.2011	28.08.2020
4.68%	1,500,000	17.12.2011	16.12.2022
4.15%	600,000	28.12.2012	27.12.2024

Malaysia Airports Capital Berhad ("MACB" or the "Issuer"), a wholly owned subsidiary of MAHB as disclosed in Note 17, is a special purpose vehicle and its principal activity is to undertake the issuance of Ringgit-denominated Islamic Commercial Papers ("ICPs") and Islamic Medium Term Notes ("IMTNs") pursuant to an Islamic Commercial Paper Programme ("ICP Programme") and an Islamic Medium Term Notes Programme ("IMTN Programme"), respectively in accordance with Shariah principles (collectively referred to as the "Sukuk Programmes").

The Sukuk Programmes have a combined aggregate nominal value of up to RM3.1 billion (with a sub-limit of RM1.0 billion in nominal value for the ICP Programme).

Proceeds raised from the Sukuk Programmes will be utilised by MAHB to part finance the construction of a new terminal ("klia2") and/or to refinance MAHB's existing borrowings/financing which were utilised for Shariah-compliant purposes and/or for MAHB's Shariah-compliant general corporate purposes.

The Sukuk Programmes have been accorded a short-term rating of P1 and long-term rating of AAA (with stable outlook) respectively by RAM Rating Services Berhad. The Sukuk Programmes are issued under the Shariah Principle of Ijarah and Murabahah utilising Commodity ("Commodity Murabahah").

32. LOANS AND BORROWINGS (CONT'D.)

On 30 August 2010, MACB completed the issuance of the first tranche comprising RM1.0 billion nominal value IMTNs under the Shariah principle of Ijarah pursuant to the IMTN Programme. The IMTNs issued under the first tranche have a tenure of ten (10) years from the date of issuance with a periodic distribution (coupon) rate of 4.55% per annum.

On 17 December 2010, MACB completed the issuance of the second tranche comprising RM1.5 billion nominal value IMTNs pursuant to the IMTN Programme based on the Shariah Principle of Commodity Murabahah. The IMTNs issued under the second tranche have a tenure of twelve (12) years from the date of issuance with a periodic distribution (coupon) rate of 4.68% per annum.

On 28 December 2012, MACB completed the issuance of the final tranche comprising RM0.6 billion nominal value IMTNs pursuant to the IMTN Programme based on the Shariah Principle of Commodity Murabahah. The IMTNs issued under the final tranche have a tenure of twelve (12) years from the date of issuance with a periodic distribution (coupon) rate of 4.15% per annum.

The terms of the Sukuk Programmes contain various covenants including the following:

MAHB shall maintain a Debt to Equity Ratio ("D:E Ratio") not exceeding 1.25 times throughout the tenure of the Sukuk Programmes. The D:E Ratio is the ratio of indebtedness of the Group represented by:

- (i) the aggregate face value of all outstanding ICPs, and all outstanding principal amount payable under the IMTNs; and
- (ii) all other indebtedness of the Company for borrowed monies (be it actual or contingent) for principal only, hire purchase obligations, finance lease obligations, fair value of financial derivatives in connection with borrowed monies recognised by the Company in its audited consolidated financial statements and other contingent liabilities of the Company calculated in accordance with the applicable accounting standards; but excluding any inter-company loans which are subordinated to the Sukuk,

to the equity of the Group including, if any, preference equity, subordinated shareholders' advances/loans and retained earnings/losses less goodwill (if any).

The D:E Ratio shall be calculated on a yearly and half yearly basis and as and when such calculations are required to be made under the terms of the transaction documents during the tenor of the Sukuk Programmes. In the case of D:E Ratio calculated on a yearly basis, such calculations shall be based on the latest audited consolidated financial statements of the Company and in the case of D:E Ratio calculated at any other times, the calculations shall be based on the latest consolidated management accounts of the Company.

Other information on financial risks of borrowings are disclosed in Note 40.

33. TRADE AND OTHER PAYABLES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current				
Trade payables				
Third parties	142,847	182,930	–	–
Other payables				
Amounts due to subsidiaries	–	–	13,319	197,935
Accruals	143,038	116,694	81,993	60,626
Provisions for liabilities	21,588	18,939	3,742	2,133
Sundry payables	261,054	260,900	90,098	50,909
Due to GoM	26,743	116,526	–	–
Deferred income	61,177	80,924	–	–
Dividend payable	72,651	191	72,651	191
Deposits	58,570	49,144	22,174	21,143
Retirement benefits (Note 30)	–	565	–	400
Concession liabilities (Note 33(e))	14,727	14,581	–	–
	659,548	658,464	283,977	333,337
	802,395	841,394	283,977	333,337
Non-current				
Other payables				
Deferred income	38,621	21,770	–	–
Provision for additional investment relating to an associate (Note 18)	57,369	42,366	–	–
Concession liabilities (Note 33(e))	154,905	170,285	–	–
	250,895	234,421	–	–
Total trade and other payables (current and non-current)	1,053,290	1,075,815	283,977	333,337
Add: Loans and borrowings (Note 32)	3,100,000	2,500,000	3,100,000	2,500,000
Less: – Provisions for liabilities	(21,588)	(18,939)	(3,742)	(2,133)
– Deferred income	(99,798)	(102,694)	–	–
– Provision for additional investment relating to an associate	(57,369)	(42,366)	–	–
– Retirement benefits	–	(565)	–	(400)
Total financial liabilities carried at amortised cost	3,974,535	3,411,251	3,380,235	2,830,804

33. TRADE AND OTHER PAYABLES (CONT'D.)

Movements of provisions for liabilities during the year is as follows:

Group	Short term accumulating compensated absences RM'000	Assessment fees RM'000	Total RM'000
At 31 December 2012			
At 1 January 2012	11,424	7,515	18,939
Additional provision during the year	2,505	3,475	5,980
Writeback of provision	(271)	–	(271)
Utilised during the year	(14)	(3,046)	(3,060)
At 31 December 2012	13,644	7,944	21,588
At 31 December 2011			
At 1 January 2011	10,536	6,985	17,521
Additional provision during the year	4,873	4,069	8,942
Writeback of provision	(511)	–	(511)
Utilised during the year	(3,474)	(3,539)	(7,013)
At 31 December 2011	11,424	7,515	18,939

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

277

Company	Short term accumulating compensated absences RM'000
At 31 December 2012	
At 1 January 2012	2,133
Provision during the year	1,623
Utilised during the year	(14)
At 31 December 2012	3,742
At 31 December 2011	
At 1 January 2011	1,981
Provision during the year	152
Utilised during the year	–
At 31 December 2011	2,133

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

33. TRADE AND OTHER PAYABLES (CONT'D.)

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 (2011: 30 to 90) days.

(b) Amounts due to subsidiaries

Amounts due to all related parties are non-interest bearing and are repayable on demand. The amounts are unsecured and are to be settled in cash.

(c) Due to GoM

Amount due to GoM is in respect of User Fee payable to the GoM and is unsecured and non-interest bearing. The Group pays the GoM on a quarterly basis amount equal to half the total amount calculated as the User Fee based on revenue generated from activities carried out at KLIA and other airports until the amount is fully settled.

(d) Deferred income

Deferred income is analysed as follows:

	Group	
	2012 RM'000	2011 RM'000
Analysed as:		
Current	61,177	80,924
Non-current:		
Later than 1 year but not later than 2 years	2,346	1,074
Later than 2 years but not later than 5 years	7,039	3,264
Later than 5 years	29,236	17,432
	38,621	21,770
	99,798	102,694

Deferred income is in respect of customer loyalty programme on airline incentives and deferred lease rental from commercial activities.

33. TRADE AND OTHER PAYABLES (CONT'D.)

(e) Concession liabilities

Concession liabilities are in respect of lease rental payable to the GoM for all airports managed by the Group and in respect of an Airport Facility Agreement ("AFA") as disclosed in Note 2.4 (y) where the arrangement with a service provider in supplying chilled water utility contains a lease arrangement and the fulfillment of the arrangement is dependent on a specified asset pursuant to an operating agreement upon the adoption of IC 12.

Concession liabilities are analysed as follows:

	Group			
	Lease rental payable to GoM		Airport Facility Arrangement	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Analysed as:				
Current	1,506	2,066	13,221	12,515
Non-current:				
Later than 1 year but not later than 2 years	2,258	2,160	13,967	13,221
Later than 2 years but not later than 5 years	7,410	7,087	46,807	44,308
Later than 5 years	67,068	69,649	17,395	33,860
Total minimum lease payment	76,736	78,896	78,169	91,389
	78,242	80,962	91,390	103,904

	Group	
	2012 RM'000	2011 RM'000
Current (Note 33)	14,727	14,581
Non-current (Note 33)	154,905	170,285
Total concession liabilities	169,632	184,866

The AFA obligation is arrived at after discounting the future estimated finance charge of RM16,115,000 (2011: RM21,517,000).

Other information on financial risks of other payables are disclosed in Note 40.

34. LEASE ARRANGEMENTS

(a) Operating lease

The Group has entered into non-cancellable operating lease agreements for the use of certain plant and equipment. These leases have an average life of between 3 and 5 years with no renewal or purchase option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

The Group also leases various plant and machinery under cancellable operating lease agreements. The Group is required to give a period of between one to three months notice for the termination of those agreements.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the reporting date but not recognised as liabilities are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Future minimum rental payments:				
Not later than 1 year	12,946	13,951	7,474	1,335
Later than 1 year and not later than 5 years	22,702	20,509	12,206	1,048
	35,648	34,460	19,680	2,383

35. COMMITMENTS

31 December 2012

Group

(i) Approved and contracted for:

	Due year 2013 RM'000	Due year 2014 to 2017 RM'000	Due year 2018 to 2066 RM'000	Total RM'000
Lease rental payable to GoM other than within the operating agreements ^(a)	–	–	66,063	66,063
Capital expenditure	1,476,269	–	–	1,476,269
	1,476,269	–	66,063	1,542,332

35. COMMITMENTS (CONT'D.)

	Due year 2013 RM'000	Due year 2014 to 2017 RM'000	Due year 2018 to 2066 RM'000	Total RM'000
31 December 2012 (cont'd.)				
Group (cont'd.)				
(ii) Approved but not contracted for:				
Capital expenditure	837,917	206,485	–	1,044,402
(iii) Other Investments				
Investment in Istanbul Sabiha Gokcen International Airport ^(b)	–	116,433	–	116,433
Investment in Segi Astana Sdn. Bhd. ^(c)	10,818	–	–	10,818
	10,818	116,433	–	127,251
	2,325,004	322,918	66,063	2,713,985

	Due year 2012 RM'000	Due year 2013 to 2016 RM'000	Due year 2017 to 2066 RM'000	Total RM'000
31 December 2011				
Group				
(i) Approved and contracted for:				
Lease rental payable to GoM other than within the operating agreements ^(a)	–	–	66,063	66,063
Capital expenditure	1,867,343	129,295	–	1,996,638
	1,867,343	129,295	66,063	2,062,701
(ii) Approved but not contracted for:				
Capital expenditure	484,137	818,735	–	1,302,872
(iii) Other Investments				
Investment in Istanbul Sabiha Gokcen International Airport ^(b)	–	146,790	–	146,790
Investment in GMR Male International Airport (“GMR Male”)	61,100	28,000	–	89,100
Investment in Segi Astana Sdn. Bhd. ^(c)	21,000	10,817	–	31,817
	82,100	185,607	–	267,707
	2,433,580	1,133,637	66,063	3,633,280

35. COMMITMENTS (CONT'D.)

	Due year 2013 RM'000	Due year 2014 to 2017 RM'000	Due year 2018 to 2066 RM'000	Total RM'000
31 December 2012				
Company				
(i) Approved and contracted for:				
Capital expenditure	1,447,269	–	–	1,447,269
(ii) Approved but not contracted for:				
Capital expenditure	2,92,613	–	–	292,613
(iii) Other Investments				
Investment in Istanbul Sabiha Gokcen International Airport ^(b)	–	116,433	–	116,433
Investment in Segi Astana Sdn. Bhd. ^(c)	10,818	–	–	10,818
	10,818	116,433	–	127,251
	1,750,700	116,433	–	1,867,133
	Due year 2012 RM'000	Due year 2013 to 2016 RM'000	Due year 2017 to 2066 RM'000	Total RM'000
31 December 2011				
Company				
(i) Approved and contracted for:				
Capital expenditure	1,739,612	129,295	–	1,868,907
(ii) Approved but not contracted for:				
Capital expenditure	–	818,735	–	818,735
(iii) Other Investments				
Investment in Istanbul Sabiha Gokcen International Airport ^(b)	–	146,790	–	146,790
Investment in Segi Astana Sdn. Bhd. ^(c)	21,000	10,817	–	31,817
	21,000	157,607	–	178,607
	1,760,612	1,105,637	–	2,866,249

35. COMMITMENTS (CONT'D.)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Analysed as:				
Not later than 1 year	2,325,004	2,433,580	1,750,700	1,760,612
Later than 1 year and not later than 5 years	322,918	1,133,637	116,433	1,105,637
Later than 5 years	66,063	66,063	–	–
	2,713,985	3,633,280	1,867,133	2,866,249

- (a) Lease payable to the Federal Lands Commissioner under the Lease Agreement not within the Operating Agreements.
- (b) A Shareholder Support Agreement dated 6 June 2008 and amended and restated on 3 October 2011 (“Agreement”) was entered between the Company, together with GMR Infrastructure Limited, GMR Infrastructure Overseas S.L.U., Limak Insaat Sanayi Ve Ticaret A.S. and Limak Yatirim Isletme Hizmetleri Ve Insaat A.S. (collectively referred to as “Shareholders”), and, amongst others, Istanbul Sabiha Gokcen Uluslararası Havalimani Yatirim Yapim Ve Isletme A.S. (“ISGIA”) to facilitate the loan financing arrangements by ISGIA to fund the development of the Sabiha Gokcen International Airport in Istanbul, Turkey for amounts up to RM116,400,000 (2011: RM146,800,000). Pursuant to the Agreement, each Shareholder had agreed to provide further equity funding to ISGIA under certain prescribed circumstances, which include additional investment as may be requested by the Authority pursuant to its Implementation Agreement and to ensure ISGIA has sufficient funds to meet certain loan covenants and obligations as stipulated therein. The Company’s obligation to provide further equity funding is expected to be based on its proportionate shareholding in ISGIA and the Company is not obliged to cover any shortfall of any other Shareholder. As at 31 December 2012, there are no further approved commitments relating to the equity funding for the additional investment in ISGIA.
- (c) The commitments in respect of investment in Segi Astana Sdn Bhd are in accordance with the shareholders’ agreement where the Company will be subscribing the new shares issued by Segi Astana Sdn Bhd progressively as stipulated in the Share Subscription Schedule between years 2012 and 2013 of up to RM31.8 million.

36. FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES

- (a) As at 31 December 2012, the Company provided corporate guarantees as follows:
- RM32,320,000 (2011: RM32,880,000) for the purpose of guarantee to a financial institution for credit facilities granted to Istanbul Sabiha Gokcen International Airport Investment Development and Operation Inc (“ISG”).
 - RM13,736,000 (2011: RM13,974,000) for the purpose of guarantee to a financial institution for credit facilities granted to LGM Airport Operations Trade and Tourism Inc, a related company of ISG.
 - RM24,240,000 (2011: RM24,660,000) for advance payment guarantee to a Duty Free Operator at ISG.

The Company has assessed the financial guarantee contracts and concluded that the guarantees are more likely not to be called upon by the banks and accordingly not recognised as financial liability as at 31 December 2012.

36. FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES (CONT'D.)

- (b) XY Base Technologies Sdn Bhd ("Plaintiff") filed an application against our Company and our subsidiaries ("Defendants") in the High Court (Suit No. 22-87-2022) for the following claims:
- (i) The sum of RM6,466,769.00 against MA (Sepang) for software support ("Software Support");
 - (ii) General damages for unlawful interference with the Plaintiff's employees against all the Defendants;
 - (iii) General damages for breach of memorandum of understanding/joint venture with the Plaintiff against all the Defendants; and
 - (iv) General damages for breach and unlawful use of confidential information/business plan with Plaintiff against all the Defendants.

The High Court had on 23 September 2011 allowed the Plaintiff's claim against MA (Sepang) and payment as to the judgment sum of RM6,466,769.00 for Software Support has been paid by MA (Sepang). In addition to this, the High Court has fixed 4 December 2012 for hearing to assess the damages in respect of the interference by the Defendants with the Plaintiff's employees. The matter is now fixed for continued hearing on the 7 March 2013 by the court. The solicitors of the Defendants in this matter are of the view that the Court could award damages to the Plaintiff, however they are currently unable to quantify the sum claimed by the Plaintiff as the Plaintiff will have to prove its actual losses at the abovementioned hearing.

- (c) On 13 December 2011, the Court of Appeal ("COA") has reversed the judgment by the High Court in respect of the legal suit by Federal Express Brokerage Sdn Bhd, United Parcel Service (M) Sdn Bhd and UPS SCS (Malaysia) Services Sdn Bhd (collectively referred to as "the Appellants") against Malaysia Airports (Sepang) Sdn Bhd ("MA (Sepang)").

Based on the advice from the Group's legal counsel, MA (Sepang) filed an application for leave to appeal on 22 December 2011 and such other relevant application against the COA's decision to the Federal Court.

On 31 May 2012, the Company announced that in response to Notices under Section 218(1)(e) of the Act served on MA (Sepang) on 1 February 2012 by the Appellants, MA (Sepang) filed an application for Fortuna Injunction in the High Court to refrain the Appellants from presenting any winding up petitions against MA (Sepang). The High Court has on 29 May 2012 allowed the said application with costs of RM15,000 to be paid by the Appellants jointly within one month from the date of the order.

On 18 September 2012, the Federal Court granted MA (Sepang)'s application for leave to appeal and Attorney General's application to intervene. The Federal Court has fixed the hearing of the matter on 25 February 2013. In view of the ongoing legal proceedings, other than the relevant information disclosed in the financial statements, any further disclosures may be prejudicial to the outcome of the appeal.

37. RELATED PARTY DISCLOSURES

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2012 RM'000	2011 RM'000
Related Party Balances:		
Amount owing by associated companies	5,057	14,177
Related Party Transactions:		
<u>Associates:</u>		
KL Aviation Fuelling System Sdn. Bhd.	5,781	5,781
Istanbul Sabiha Gokcen International Airport	2,980	2,019
LGM Airport Operations Trade and Tourism Inc.	(249)	1,028
GMR Male International Airport	1,210	1,528
<u>Jointly Controlled Entities:</u>		
Segi Astana Sdn. Bhd.	1,273	530
Airport Cooling Energy Supply Sdn. Bhd.	715	894
Other Expenses:		
Bad debts written off		
<u>Associate:</u>		
GMR Male International Airport	9,342	–

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

285

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

(b) Other transactions

	Company	
	2012 RM'000	2011 RM'000
Disposal of associate to a subsidiary	–	(21,514)

Related companies:

These are subsidiaries and associates of the Company and its subsidiaries.

37. RELATED PARTY DISCLOSURES (CONT'D.)

(c) Compensation of key management personnel

The remuneration of other members of key management during the year was as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Short-term employee benefits	11,667	11,203	8,759	8,097
Post-employment benefit:				
Defined contribution plans	1,845	1,769	1,402	1,294
	13,512	12,972	10,161	9,391

Remuneration of directors is as disclosed in Note 8.

38. SIGNIFICANT EVENTS

(i) Dividend Reinvestment Plan

During the year, the Company undertook a recurring Dividend Reinvestment Plan (“DRP”) that provides Shareholders the option to elect to reinvest their cash dividend(s) declared by the Company (whether interim, final, special or any other cash dividend) (“Dividend(s)”) in new ordinary shares of RM1.00 each in the MAHB Shares.

The DRP will provide Shareholders with an opportunity to reinvest their Dividends in new MAHB Shares (“New Shares”) in lieu of receiving cash and has capital management benefits as the reinvestment of Dividends by Shareholders in the New Shares will enlarge the Company’s share capital base and strengthen the Company’s capital position.

Under the DRP, any cash so retained within the Company, that would otherwise be made payable by way of Dividend, will be preserved to fund the Group’s continuing growth and expansion plan, and/or for the Group’s working capital (including payment for general corporate activities and to defray expenses incurred in the course of day-to-day business operations). The issue of New Shares under the DRP is also expected to improve the liquidity of MAHB Shares currently listed on the Main Market of Bursa Securities.

In addition, Shareholders are also expected to benefit from their participation in the DRP as the New Shares may be issued at a discount and their subscription of such new shares will be free from any brokerage fees and other related transaction costs. The DRP will also provide the Shareholders with greater flexibility to meet their investment objectives as they would have the choice of receiving the Dividends in cash or reinvesting into the Company through the subscription of additional Shares.

In relation to Dividends declared, the Board may, at its absolute discretion, determine whether to offer Shareholders an option to reinvest such Dividend in New Shares (“Reinvestment Option”) and where applicable, the size of the portion of such Dividend to which the Reinvestment Option applies (“Electable Portion”).

38. SIGNIFICANT EVENTS (CONT'D.)

(i) Dividend Reinvestment Plan (cont'd.)

Shareholders will have the following options in respect of a Reinvestment Option:

- (a) elect to participate and thereby reinvest the entire Electable Portion (or a part thereof) at the Issue Price (as defined below) for New Shares and to receive wholly in cash:
 - (i) the portion of the Dividend to which the Reinvestment Option does not apply, as determined by the Board ("Non-Electable Portion"); and
 - (ii) the remaining portion of the Electable Portion not reinvested (if any) ("Remaining Portion"); or
- (b) elect not to participate in the Reinvestment Option and thereby receive the entire Dividend wholly in cash.

The issue price of such New Shares shall be the higher of the following ("Issue Price"):

- (a) the adjusted volume-weighted average market price ("VWAP") of MAHB Shares for the five market days immediately before the price fixing date (i.e. a date on which the Issue Price will be determined) after applying a discount of not more than 10%. The VWAP shall be adjusted for Dividends before applying the aforementioned discount in fixing the Issue Price; or
- (b) the par value of MAHB Shares at the material time.

The DRP had received all the necessary approvals from Bank Negara Malaysia, Bursa securities and from its shareholders at the Extraordinary General Meeting held on 30 November 2012. Subsequent to financial year ended 31 December 2012, an amount of RM33,526,046 was re-invested in the DRP and as disclosed in Note 11, the paid up share capital of the Company was increased to RM1,217,088,046 by the issuance of 7,088,046 shares of RM1 each under the DRP.

(ii) Investment in GMR Male International Airport Limited

On 27 November 2012, the Maldivian government declared the concession agreement with GMR Male International Airport Limited ("GMR Male") which was awarded in 2010, as void. GMR Male is to operate, maintain, expand, rehabilitate and modernise the Ibrahim Nasir International Airport ("INIA") for a period of 25 years which the Group has 23% interest. As disclosed in Note 18, a provision for impairment loss in the investment in GMR Male has been provided for in the financial statements.

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

287

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

39. SUBSEQUENT EVENT

On 31 December 2012, K.L. Airport Hotel Sdn. Bhd.(“KLAH”), a wholly-owned subsidiary of the Group has entered into a Joint Venture Agreement with ATOZ Hospitality Services Sdn Bhd (“ATOZ”), to set up a private limited Joint Venture Company for the purpose of operating and managing a new airport hotels brand known as “Sama-Sama Hospitality Group” which comprised of two sub-brands namely, “Sama-Sama Hotel” and “Sama-Sama Express”. The authorised capital of JV Company shall be 100,000 and the registered paid-up capital shall be RM100 divided into 100 ordinary shares of RM1.00 each. The shareholdings of the Parties shall be in the proportions of 51% for KLAH and 49% for ATOZ. There were no effects to the Group at the reporting date.

On 1 January 2013, Pan Pacific Hotel KLIA under KLAH has been rebranded to Sama-Sama Hotel K.L. International Airport.

On 2 January 2013, the JV Company was incorporated as Sama-Sama Hospitality Management Sdn Bhd.

40. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer and Head of Treasury. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group’s policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group’s and the Company’s exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(b) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group’s income and operating cash flows are substantially independent of changes in market interest rates. The Group’s interest-bearing financial assets are mainly short-term in nature and have been mostly placed in fixed deposits.

40. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Interest rate risk (cont'd.)

The Group has minimal exposure to interest rate risk at the reporting date. The following table sets out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the reporting date and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk:

	Note	WAEIR %	Within 1 Year RM'000	1-2 Years RM'000	Over 5 Years RM'000	Total RM'000
At 31 December 2012						
Group						
Fixed rate term loan	32	4.54	–	–	3,100,000	3,100,000
Floating rate						
Cash and cash equivalents	25	2.79	622,928	–	–	622,928
Company						
Fixed rate term loan	32	4.54	–	–	3,100,000	3,100,000
Floating rate						
Cash and cash equivalents	25	2.78	435,450	–	–	435,450
At 31 December 2011						
Group						
Fixed rate term loan	32	4.62	–	–	2,500,000	2,500,000
Floating rate						
Cash and cash equivalents	25	2.72	688,192	–	–	688,192
Company						
Fixed rate term loan	32	4.62	–	–	2,500,000	2,500,000
Floating rate						
Cash and cash equivalents	25	3.03	483,057	–	–	483,057

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 days (2011: 77 days). Interest on financial instruments are fixed at fixed rate until the maturity of the instrument. The other financial instruments of the Group and of the Company that are not included in the above tables are not subject to interest rate risks.

40. FINANCIAL INSTRUMENTS (CONT'D.)

(c) Foreign currency risk

Other than the Group's investments in foreign associates and foreign subsidiaries, the Group does not operate internationally but is mainly exposed to the United States Dollar, Great Britain Pound, Euro, Singapore Dollar, Swiss Franc, China RMB and Hong Kong Dollar. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to a manageable level and short-term imbalances are addressed by buying and selling foreign currencies at spot rate.

The net unhedged financial assets and financial liabilities of the Group and the Company that are not denominated in their functional currencies are as follows:

Group	Net Financial Assets/(Liabilities) Held in Non-Functional Currencies							
	United States Dollar RM'000	Great Britain Pound RM'000	Euro RM'000	Singapore Dollar RM'000	Switzerland Swiss Franc RM'000	China RMB/CNY RM'000	Hong Kong HKD RM'000	Total RM'000
At 31 December 2012								
Ringgit Malaysia	(9,790)	(288)	(20,866)	1,670	–	2,712	(120)	(26,682)
At 31 December 2011								
Ringgit Malaysia	6,868	(236)	(1,209)	1,185	15	(6)	(124)	6,493
Company								
At 31 December 2012								
Ringgit Malaysia	(676)	(223)	(22,181)	–	–	–	(124)	(23,204)
At 31 December 2011								
Ringgit Malaysia	11,710	(163)	1,587	424	–	–	(124)	13,434

40. FINANCIAL INSTRUMENTS (CONT'D.)

(c) Foreign currency risk (cont'd.)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, GBP, Euro and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group 2012 RM'000 Profit net of tax	Company 2012 RM'000 Profit net of tax
USD/RM	– strengthened 5%	490	34
	– weakened 5%	(490)	(34)
GBP/RM	– strengthened 5%	14	11
	– weakened 5%	(14)	(11)
Euro/RM	– strengthened 5%	1,043	1,109
	– weakened 5%	(1,043)	(1,109)
SGD/RM	– strengthened 5%	(84)	–
	– weakened 5%	84	–
RMB/RM	– strengthened 5%	(136)	–
	– weakened 5%	136	–
HKD/RM	– strengthened 5%	6	6
	– weakened 5%	(6)	(6)

(d) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

At the reporting date, the entire trade and other payable will mature on demand or within a year.

40. FINANCIAL INSTRUMENTS (CONT'D.)

(d) Liquidity risk (cont'd.)

Analysis of financial instrument by remaining contractual maturities

The below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date on contractual undiscounted repayment obligations.

	On demand within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
31 December 2012				
Financial liabilities:				
Trade and other payables	822,481	–	–	822,481
Loans and borrowings	115,700	578,500	3,453,967	4,148,167
Total undiscounted financial liabilities	938,181	578,500	3,453,967	4,970,648
31 December 2011				
Financial liabilities:				
Trade and other payables	913,929	–	–	913,929
Loans and borrowings	115,700	578,500	2,969,984	3,664,184
Total undiscounted financial liabilities	1,029,629	578,500	2,969,984	4,578,113
Company				
31 December 2012				
Financial liabilities:				
Trade and other payables	283,977	–	–	283,977
Loans and borrowings	115,700	578,500	2,853,967	3,548,167
Total undiscounted financial liabilities	399,677	578,500	2,853,967	3,832,144
31 December 2011				
Financial liabilities:				
Trade and other payables	333,337	–	–	333,337
Loans and borrowings	115,700	578,500	2,969,984	3,664,184
Total undiscounted financial liabilities	449,037	578,500	2,969,984	3,997,521

40. FINANCIAL INSTRUMENTS (CONT'D.)

(e) Credit risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets.

Exposure to credit risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. Majority of trade receivables are due from tenants, airline companies and representative firms. The customer portfolio of the Group is diversified, with Malaysia Airlines and Air Asia Group, being the main customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. The Group obtains bank guarantee from its major customer other than airlines.

Investments are acquired after assessing the quality of the relevant investments. Cash and cash equivalent is placed with reliable financial institution.

The credit risk of the trade and other receivables are disclosed in Note 21. The Group's other financial assets, which comprise investments and cash and cash equivalents arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets as disclosed in Notes 20 and 25.

Credit risk concentration profile

At the reporting date, approximately 54% (2011: 55%) of the Group's trade receivables were due from eight (2011: seven) major customers who are reputable and located in Malaysia.

In addition, the Group's concentration of risk also includes the amount receivable from the GoM as disclosed in Note 21 and the Group minimise its credit risk by regular communication with the GoM.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 21. Deposits with banks and other financial institutions, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21.

40. FINANCIAL INSTRUMENTS (CONT'D.)

(f) Fair values

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	21
Trade and other payables	33

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values are as follows:

- (i) Other receivables (non-current), loans and borrowings and other payables (non-current)
Fair value has been determined using discounted estimated cash flows. The discount rates used are the current market incremental lending rates for similar types of lending and borrowings.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.
- (ii) Unit trusts, bonds and medium term notes
The fair value of unit trusts, bonds and medium notes is based on market price.

41. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group actively manages its capital structure and makes adjustments to it in light of changes in, amongst others, its operating environment and economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2012 and 31 December 2011.

Gearing ratio is not a standardised term under the Financial Reporting Standards and its determination may vary from other companies. The gearing ratio is included in management's analysis because it is used as a financial measure of potential capacity of the Group to incur and service its debt coverage and determined as aggregate indebtedness over the equity of the Group. The Group's policy is to keep its gearing ratio manageable so as to maintain its strong credit ratings and in any event not exceeding 125% as provided in the Covenants under its Sukuk Programmes. The Group includes loans, borrowings and certain financial guarantee and contingent liabilities within the aggregate indebtedness, but excludes inter-company loans which are subordinated to the Sukuk Programmes. Equity of the Group includes, if any, preference equity, subordinated shareholders' advances or loans and retained earnings or accumulated losses less goodwill.

41. CAPITAL MANAGEMENT (CONT'D.)

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Loans and borrowings	32	3,100,000	2,500,000	3,100,000	2,500,000
Financial guarantee and contingent liabilities	36	70,296	71,514	70,296	71,514
Other financial liability	31	176,562	183,486	–	–
Aggregate indebtedness		3,346,858	2,755,000	3,170,296	2,571,514
Equity attributable to the owners of the parent		4,359,280	3,546,869	2,669,497	2,191,493
Total equity		4,359,280	3,546,869	2,669,497	2,191,493
Gearing ratio		77%	78%	119%	117%

42. SEGMENT INFORMATION

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(b) Business segments

For management purposes, the Group is organised into business units and has the following reportable operating segments:-

(i) Duty free and non-dutiable goods

To operate duty free, non duty free outlets and provide management service in respect of food and beverage outlets at designated airports.

(ii) Airport services

To manage, operate and maintain designated airports in Malaysia and to provide airport related services.

(iii) Agriculture and horticulture

To cultivate and sell oil palm and other agricultural products and to carry out horticulture activities.

(iv) Hotel

To manage and operate a hotel, known as The Pan Pacific Hotel KLIA which was rebranded to Sama-Sama Hotel K.L. International Airport on 1 January 2013.

42. SEGMENT INFORMATION (CONT'D.)

(b) Business segments (cont'd.)

(v) Project and repair maintenance

To provide consultancy, operations and maintenance of Information and Communication Technology business ventures and provision of mechanical and electrical engineering.

Other business segments include investment holding and other activities, none of which are of a sufficient size to be reported separately.

(c) Geographical segments

No segmental information is provided on a geographical basis as the results of the overseas subsidiaries company are considered insignificant to the Group.

(d) Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

42. SEGMENT INFORMATION (CONT'D.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Continuing operations									
	Airport operations			Non-airport operations			Discontinued operations			
	Duty free and non-dutiable goods RM'000	Airport services RM'000	Agriculture and horticulture RM'000	Hotel maintenance RM'000	Project and repair maintenance RM'000	Others RM'000	Eliminations RM'000	Notes	Total RM'000	Total operation RM'000
31 December 2012										
Revenue										
External sales										
Airport operations:										
Aeronautical	-	1,036,710	-	-	-	-	-		1,036,710	1,036,710
Non-aeronautical:										
Retail	536,455	-	-	-	-	-	-		536,455	536,455
Others	1,057	447,886	-	-	-	-	-		448,943	448,943
Construction	-	1,385,049	-	-	-	-	-		1,385,049	1,385,049
Non-airport operations	-	-	45,594	75,051	20,260	-	-		140,905	140,913
Inter-segment sales	2,337	153,962	2,926	1,331	27,241	-	(187,797)	A	-	-
Inter-segment dividends	-	-	-	-	-	117,279	(117,279)		-	-
Total revenue	539,849	3,023,607	48,520	76,382	47,501	117,279	(305,076)		3,548,062	3,548,070

42. SEGMENT INFORMATION (CONT'D.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment: (cont'd.)

	Continuing operations									
	Airport operations			Non-airport operations			Discontinued operations			
	Duty free and non-dutiable goods RM'000	Airport services RM'000	Agriculture and horticulture RM'000	Hotel maintenance RM'000	Project and repair RM'000	Others RM'000	Eliminations RM'000	Notes	Total RM'000	Total operation RM'000
31 December 2012 (cont'd.)										
Results										
Segment results	42,857	906,919	20,737	9,787	1,329	53,629	(105,518)	B	929,740	929,929
Depreciation and amortisation	(5,558)	(187,009)	(3,498)	(7,888)	(148)	(17,176)	-	-	(221,277)	(221,277)
Finance costs	-	(19,029)	(1)	-	(1)	(4)	-	-	(19,035)	(19,035)
Impairment of Investment of associate company	-	-	-	-	-	(68,916)	-	-	(68,916)	(68,916)
Share of results of associates	-	3,760	-	-	-	(21,265)	-	-	(17,505)	(17,505)
Share of results of jointly controlled entities	-	-	-	-	-	(251)	-	-	(251)	(251)
Profit/(loss) before tax	37,299	704,641	17,238	1,899	1,180	(53,983)	(105,518)	-	602,756	602,945
Income tax expense	(10,266)	(181,157)	(2,903)	(1,798)	(2,486)	(28,601)	18,726	C	(208,485)	(208,485)
Profit/(loss) for the year	27,033	523,484	14,335	101	(1,306)	(82,584)	(86,792)	-	394,271	394,460

42. SEGMENT INFORMATION (CONT'D.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment: (cont'd.)

	Continuing operations										Discontinued operations Project and repair maintenance RM'000	Total operation RM'000
	Airport operations			Non-airport operations								
	Duty free and non-dutiable goods RM'000	Airport services RM'000	Agriculture and horticulture RM'000	Hotel maintenance RM'000	Project and repair RM'000	Others RM'000	Eliminations RM'000	Notes	Total RM'000			
31 December 2012 (cont'd.)												
Assets												
Segment assets	182,209	5,459,506	69,921	90,579	122,302	6,059,319	(4,894,557)	D	7,089,279	63	7,089,342	
Additions to non-current assets	2,703	298,435	1,426	33,203	38	1,394,272	-	E	1,730,077	-	1,730,077	
Investment in associates	-	20,151	-	-	-	227	-		20,378	-	20,378	
Total assets	184,912	5,778,092	71,347	123,782	122,340	7,453,818	(4,894,557)		8,839,734	63	8,839,797	
Liabilities												
Segment liabilities representing total liabilities	88,751	2,341,831	678	18,903	48,012	4,808,078	(2,825,796)	F	4,480,457	60	4,480,517	

42. SEGMENT INFORMATION (CONT'D.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment: (cont'd.)

	Continuing operations						Discontinued operations Auction, Project and repair maintenance RM'000	Total operation RM'000	
	Airport operations			Non-airport operations					
	Duty free and non-dutiable goods RM'000	Airport services RM'000	Agriculture and horticulture RM'000	Hotel maintenance RM'000	Project and repair RM'000	Others RM'000			Eliminations RM'000
31 December 2011									
Revenue									
External sales									
Airport operations:									
Aeronautical	-	888,964	-	-	-	-	-	888,964	-
Non-aeronautical:									
Retail	473,328	-	-	-	-	-	-	473,328	-
Others	1,246	423,179	-	-	-	-	-	424,425	-
Construction	-	820,502	-	-	-	-	-	820,502	-
Non-airport operations	-	-	55,390	73,783	18,281	-	-	147,454	156
Inter-segment sales	1,604	137,851	2,747	861	87,106	-	(230,030)	139	(139)
Inter-segment dividends	-	-	-	-	-	194,093	(194,093)	-	-
Total revenue	476,178	2,270,496	58,137	74,644	105,387	194,093	(424,123)	2,754,812	17
								2,754,829	

42. SEGMENT INFORMATION (CONT'D.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment: (cont'd.)

	Continuing operations										Discontinued operations	
	Airport operations			Non-airport operations			Project and repair maintenance				Auction, Project and repair maintenance	
	Duty free and non-dutiable goods RM'000	Airport services RM'000	Agriculture and horticulture RM'000	Hotel RM'000	Project and repair maintenance RM'000	Others RM'000	Eliminations RM'000	Notes	Total RM'000	Total RM'000	RM'000	RM'000
Results												
Segment results	44,190	778,636	23,633	17,882	9,905	174,205	(221,918)	B	826,533	(54)		826,479
Depreciation and amortisation	(4,258)	(151,624)	(3,385)	(7,979)	(259)	(6,940)	-		(174,445)	-		(174,445)
Finance costs	-	(18,809)	-	-	-	-	-		(18,809)	-		(18,809)
Share of results of associates	-	3,476	-	-	-	(63,240)	-		(59,764)	-		(59,764)
Share of results of jointly controlled entities	-	-	-	-	-	677	-		677	-		677
Profit/(loss) before tax	39,932	611,679	20,248	9,903	9,646	104,702	(221,918)		574,192	(54)		574,138
Income tax expense	(9,912)	(144,766)	(4,757)	(2,742)	(4,272)	(46,686)	40,160	C	(172,975)	-		(172,975)
Profit/(loss) for the year	30,020	466,913	15,491	7,161	5,374	58,016	(181,758)		401,217	(54)		401,163

42. SEGMENT INFORMATION (CONT'D.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment: (cont'd.)

	Continuing operations						Discontinued operations				
	Airport operations			Non-airport operations			Auction, Project and repair				
	Duty free and non-dutiable goods RM'000	Airport services RM'000	Agriculture and horticulture RM'000	Hotel maintenance RM'000	Project and repair maintenance RM'000	Others RM'000	Eliminations RM'000	Notes	Total RM'000	Total operation RM'000	
31 December 2011 (cont'd.)											
Assets											
Segment assets	184,964	5,889,989	88,641	126,094	174,052	5,754,544	(5,970,414)	D	6,247,870	446	6,248,316
Additions to non-current assets	9,241	258,188	2,432	3,169	22	844,257	-	E	1,117,309	-	1,117,309
Investment in associates	-	600	-	-	21,514	39,501	-		61,615	-	61,615
Total assets	194,205	6,148,777	91,073	129,263	195,588	6,638,302	(5,970,414)		7,426,794	446	7,427,240
Liabilities											
Segment liabilities representing total liabilities	109,758	3,074,871	28,784	18,193	121,840	4,549,744	(4,022,997)	F	3,880,193	178	3,880,371

42. SEGMENT INFORMATION (CONT'D.)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

- (A) Inter-segment sales and dividends are eliminated on consolidation.
- (B) The following items are added to/(deducted from) segment profit to arrive at "Profit before tax from continuing operations" presented in the consolidated statements of comprehensive income:

	2012 RM'000	2011 RM'000
Profit from inter-segment revenue	—	—
Profit from inter-segment dividend	(117,279)	(194,093)
Foreign currency exchange	—	—
	(117,279)	(194,093)

- (C) Inter-segment tax payable on dividend received are eliminated on consolidation.
- (D) The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2012 RM'000	2011 RM'000
Investment in subsidiaries	(1,883,982)	(1,883,805)
Inter-segment assets	(3,010,575)	(4,086,609)
	(4,894,557)	(5,970,414)

- (E) Additions to non-current assets consist of:

	2012 RM'000	2011 RM'000
Property, plant and equipment	70,336	49,928
Plantation development expenditure	1,121	2,049
Intangible assets	1,658,620	1,065,332
	1,730,077	1,117,309

- (F) The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated financial statements of financial position:

	2012 RM'000	2011 RM'000
Provision for additional investment relating to an associate	(57,369)	(42,366)
Inter-segment liabilities	2,883,165	4,065,363
	2,825,796	4,022,997

43. SUPPLEMENTARY EXPLANATORY NOTE ON DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2012 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total retained earnings of the Company and its subsidiaries				
– Realised	3,440,220	3,163,928	61,133	234,012
– Unrealised	33,293	10,198	77,636	34,737
	3,473,513	3,174,126	138,769	268,749
Total share of retained earnings/ (accumulated losses) from associated companies:				
– Realised	(211,319)	(187,793)	–	–
– Unrealised	54,892	51,270	–	–
	(156,427)	(136,523)	–	–
Total share of retained earnings from jointly controlled entities:				
– Realised	265	677	–	–
– Unrealised	160	–	–	–
	425	677	–	–
Less: Consolidation adjustments	(1,490,753)	(1,413,112)	–	–
Total retained earnings as per financial statements	1,826,758	1,625,168	138,769	268,749

The determination of realised and unrealised profits above is solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

PASSENGER MOVEMENTS		2012	2011	% +/-
Terminal passengers	(international)	32,379,493	30,441,067	6.4%
Terminal passengers	(domestic)	34,275,100	32,922,125	4.1%
Transit passengers		541,127	646,466	-16.3%
Total passenger movements		67,195,720	64,009,658	5.0%

AIRCRAFT MOVEMENTS		2012	2011	% +/-
Commercial aircraft	(international)	241,433	227,514	6.1%
Commercial aircraft	(domestic)	404,750	404,622	0.03%
Total commercial aircraft		646,183	632,136	2.2%
All other aircraft		199,549	228,440	-12.6%
Total aircraft movements		845,732	860,576	-1.7%

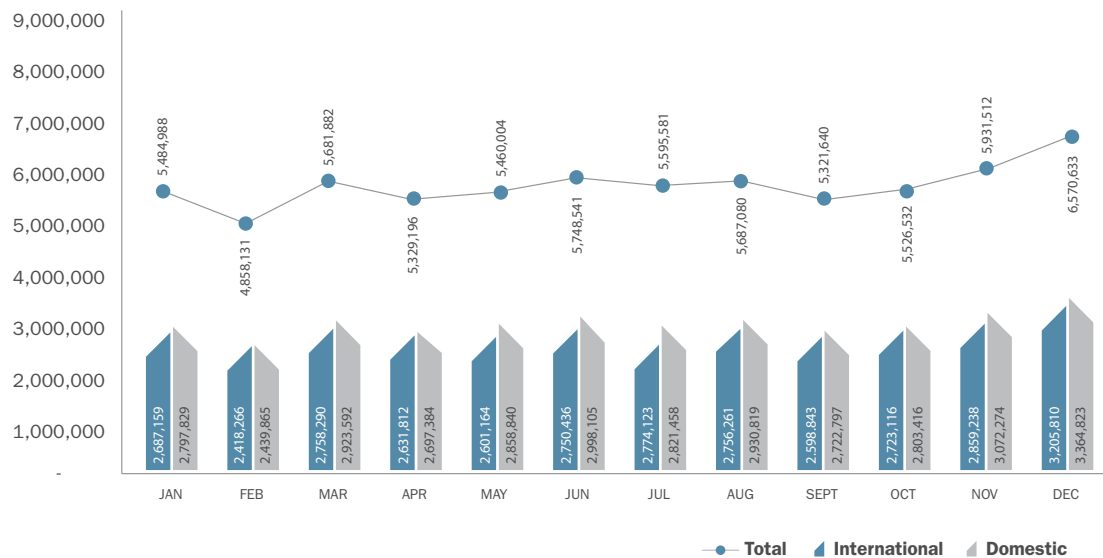
CARGO MOVEMENTS (kg)		2012	2011	% +/-
Cargo movements	(international)	712,382,356	721,752,807	-1.3%
Cargo movements	(domestic)	164,200,713	166,546,077	-1.4%
Transit cargo		10,372,244	11,527,677	-10.0%
Total cargo movements		886,955,313	899,826,561	-1.4%

MAIL MOVEMENTS (kg)		2012	2011	% +/-
Mail movements	(international)	27,929,208	24,154,543	15.6%
Mail movements	(domestic)	8,483,066	7,793,346	8.9%
Transit mail		59,735	137,752	-56.6%
Total mail movements		36,472,009	32,085,641	13.7%

AIRPORTS	DOMESTIC			INTERNATIONAL			TOTAL			TRANSIT		
	Arrival	Departure	Total	Arrival	Departure	Total	2012*	2011*	% + / -	Domestic	Int'l	Total
KLIA	5,981,167	5,920,291	11,901,458	13,713,614	13,898,474	27,612,088	39,887,866	37,704,510	5.8%	193	374,127	374,320
Penang	1,209,063	1,229,267	2,438,330	1,162,850	1,161,076	2,323,926	4,767,815	4,600,274	3.6%	2,760	2,799	5,559
Kota Kinabalu	2,265,486	2,272,504	4,537,990	651,028	655,590	1,306,618	5,848,135	5,808,639	0.7%	1,874	1,653	3,527
Kuching	1,872,347	1,866,511	3,738,858	210,961	210,045	421,006	4,186,523	4,286,722	-2.3%	20,216	6,443	26,659
Langkawi	726,482	737,540	1,464,022	64,344	64,677	129,021	1,594,106	1,504,697	5.9%	1,063	-	1,063
Kota Bharu	621,750	632,805	1,254,555	2,174	2,476	4,650	1,259,205	1,132,345	11.2%	-	-	-
Ipoh	361	237	598	36,079	36,677	72,756	73,354	71,169	3.1%	-	-	-
Kuala Terengganu	270,647	276,505	547,152	1,907	1,772	3,679	550,831	502,966	9.5%	-	-	-
Alor Setar	215,613	218,031	433,644	-	-	-	433,644	407,717	6.4%	-	-	-
Melaka	1,657	1,999	3,656	16,289	14,407	30,696	34,355	21,322	61.1%	-	3	3
Subang	560,243	559,468	1,119,711	164,010	158,793	322,803	1,442,514	1,320,227	9.3%	-	-	-
Kuantan	125,616	122,603	248,219	15,866	15,989	31,855	280,074	248,846	12.5%	-	-	-
Tioman	21,182	21,644	42,826	8,506	8,809	17,315	60,141	62,010	-3.0%	-	-	-
Pangkor	1,945	2,123	4,068	-	-	-	4,068	547	643.7%	-	-	-
Redang	12,770	12,517	25,287	5,260	5,375	10,635	35,960	46,159	-22.1%	38	-	38
Labuan	290,745	284,897	575,642	-	4	4	617,130	567,928	8.7%	41,484	-	41,484
Lahad Datu	71,261	71,472	142,733	-	-	-	142,733	131,054	8.9%	-	-	-
Sandakan	404,705	408,775	813,480	569	950	1,519	834,626	788,515	5.8%	19,627	-	19,627
Tawau	478,962	483,671	962,633	9,127	10,348	19,475	982,153	922,452	6.5%	45	-	45
Bintulu	320,471	316,657	637,128	30	-	30	661,553	590,253	12.1%	24,395	-	24,395
Miri	963,773	970,507	1,934,280	35,167	36,250	71,417	2,018,415	1,856,626	8.7%	12,718	-	12,718
Sibu	591,786	591,633	1,183,419	-	-	-	1,204,267	1,133,093	6.3%	20,848	-	20,848
Mulu	24,535	25,084	49,619	-	-	-	49,670	67,041	-25.9%	51	-	51
Limbang	28,276	29,576	57,852	-	-	-	57,852	56,211	2.9%	-	-	-
STOL Sabah	2,134	2,216	4,350	-	-	-	5,970	5,046	18.3%	1,620	-	1,620
STOL Sarawak	72,692	80,898	153,590	-	-	-	162,760	173,289	-6.1%	9,170	-	9,170
Peninsular Malaysia	9,748,496	9,735,030	19,483,526	15,190,899	15,368,525	30,559,424	50,423,933	47,622,789	5.9%	4,054	376,929	380,983
Sabah	3,513,293	3,523,535	7,036,828	660,724	666,892	1,327,616	8,430,747	8,223,634	2.5%	64,650	1,653	66,303
Sarawak	3,873,880	3,880,866	7,754,746	246,158	246,295	492,453	8,341,040	8,163,235	2.2%	87,398	6,443	93,841
Total 2012	17,135,669	17,139,431	34,275,100	16,097,781	16,281,712	32,379,493	67,195,720	64,009,658	5.0%	156,102	385,025	541,127
Total 2011	16,480,188	16,441,937	32,922,125	15,148,998	15,292,069	30,441,067	64,009,658			212,621	433,845	646,466
% change	4.0%	4.2%	4.1%	6.3%	6.5%	6.4%	5.0%			-26.6%	-11.3%	-16.3%

Note : * Including transit passengers

PASSENGER MOVEMENTS AT MAHB AIRPORTS 2012



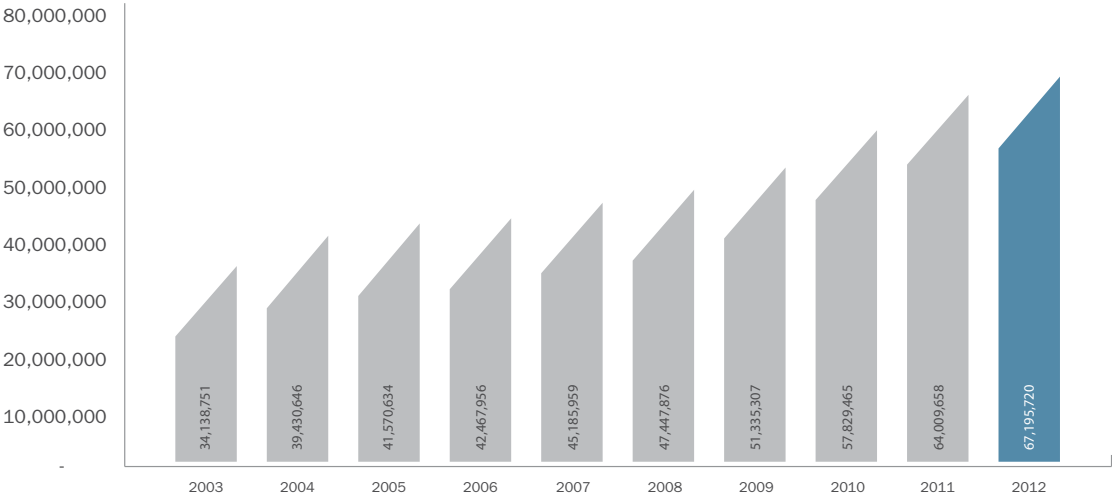
MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

307

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

AIRPORTS	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	% + / -
KLIA	17,454,564	21,058,572	23,213,926	24,129,748	26,453,379	27,529,355	29,682,093	34,087,636	37,704,510	39,887,866	5.8%
Penang	2,334,669	2,987,993	2,834,545	3,103,772	3,173,117	3,405,762	3,325,423	4,166,969	4,600,274	4,767,815	3.6%
Kota Kinabalu	3,302,366	3,918,201	3,975,136	4,015,221	4,399,939	4,689,164	4,868,526	5,223,454	5,808,639	5,848,135	0.7%
Kuching	2,923,633	3,317,879	3,354,973	3,196,352	3,236,468	3,238,614	3,574,632	3,684,517	4,286,722	4,186,523	-2.3%
Langkawi	726,817	845,276	830,334	934,024	1,122,911	1,196,956	1,359,271	1,374,729	1,504,697	1,594,106	5.9%
Johor Bahru	651,352	-	-	-	-	-	-	-	-	-	-
Kota Bharu	589,950	639,871	635,397	678,306	759,316	836,060	1,003,162	1,047,755	1,132,345	1,259,205	11.2%
Ipoh	115,286	103,123	74,451	64,711	814	5,376	21,937	48,508	71,169	73,354	3.1%
Kuala Terengganu	394,240	435,620	419,475	398,252	430,800	487,495	523,619	520,611	502,966	550,831	9.5%
Alor Setar	353,778	346,502	323,669	292,549	291,006	307,564	421,314	400,997	407,717	433,644	6.4%
Melaka	31,108	46,692	27,683	18,509	27,209	23,751	18,576	21,687	21,322	34,355	61.1%
Subang	72,491	90,593	83,602	83,502	95,583	307,747	819,840	1,118,309	1,320,227	1,442,514	9.3%
Kuantan	351,179	349,375	298,184	273,005	262,486	259,529	226,912	220,878	248,846	280,074	12.5%
Tioman	56,900	57,957	54,054	57,559	46,260	48,767	49,057	54,056	62,010	60,141	-3.0%
Pangkor	6,095	10,247	11,193	9,866	8,906	8,132	7,617	2,588	547	4,068	643.7%
Redang	-	20,750	30,650	28,928	33,738	34,957	28,246	48,610	46,159	35,960	-22.1%
Labuan	696,961	686,103	642,582	575,684	535,294	550,859	476,876	505,903	567,928	617,130	8.7%
Lahad Datu	107,914	117,584	116,973	108,697	77,024	99,983	98,558	113,442	131,054	142,733	8.9%
Sandakan	497,999	574,213	621,513	633,194	626,192	618,927	672,469	741,674	788,515	834,626	5.8%
Tawau	551,168	620,847	680,901	660,331	736,646	768,967	866,601	897,848	922,452	982,153	6.5%
Bintulu	427,894	464,576	487,077	449,673	381,158	417,918	487,060	557,459	590,253	661,553	12.1%
Miri	1,377,312	1,509,684	1,594,855	1,559,379	1,454,167	1,537,840	1,620,345	1,694,915	1,856,626	2,018,415	8.7%
Sibu	817,687	903,108	920,930	898,923	809,955	831,772	939,732	1,009,002	1,133,093	1,204,267	6.3%
Mulu	41,280	54,767	52,914	48,825	37,463	43,652	49,255	66,575	67,041	49,670	-25.9%
Limbang	83,459	96,209	105,652	89,814	50,107	49,181	45,512	50,044	56,211	57,852	2.9%
STOL Sabah	6,945	7,099	6,009	5,933	1,942	3,741	0	793	5,046	5,970	18.3%
STOL Sarawak	165,704	167,805	173,956	153,199	134,079	145,807	148,674	170,506	173,289	162,760	-6.1%
Peninsular Malaysia	23,138,429	26,992,571	28,837,163	30,072,731	32,705,525	34,451,451	37,487,067	43,113,333	47,622,789	50,423,933	5.9%
Sabah	5,163,353	5,924,047	6,043,114	5,999,060	6,377,037	6,731,641	6,983,030	7,483,114	8,223,634	8,430,747	2.5%
Sarawak	5,836,969	6,514,028	6,690,357	6,396,165	6,103,397	6,264,784	6,865,210	7,233,018	8,163,235	8,341,040	2.2%
Grand Total	34,138,751	39,430,646	41,570,634	42,467,956	45,185,959	47,447,876	51,335,307	57,829,465	64,009,658	67,195,720	5.0%
% change	0.4%	15.5%	5.4%	2.2%	6.4%	5.0%	8.2%	12.7%	10.7%	5.0%	

PASSENGER MOVEMENTS AT MAHB AIRPORTS (2003 – 2012)



MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

309

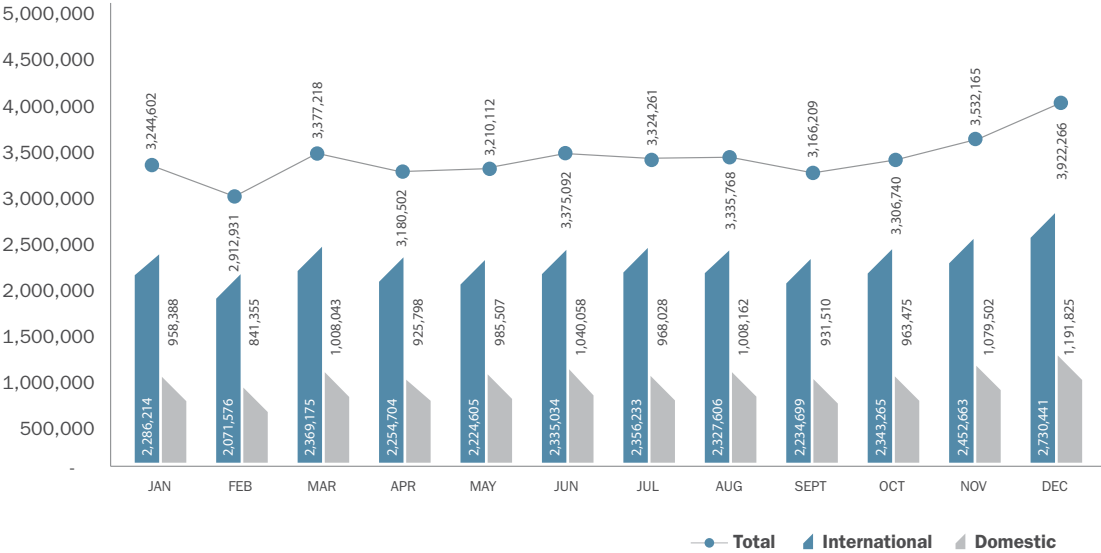
- PREFACE
- PERFORMANCE REVIEW
- PERSPECTIVES
- LEADERSHIP
- CORPORATE FRAMEWORK
- GOVERNANCE
- FINANCIAL STATEMENTS
- AIRPORTS STATISTIC

PASSENGER
MOVEMENTS AT
KL INTERNATIONAL
AIRPORT 2012

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

310

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC



	ARRIVAL		DEPARTURE		TOTAL		% + / -
	2012	2011	2012	2011	2012	2011	
SOUTH EAST ASIA							
Balikpapan	21,669	20,372	20,206	19,161	41,875	39,533	5.9%
Banda Acheh	29,218	27,997	29,584	28,916	58,802	56,913	3.3%
Bandar Seri Begawan	154,861	144,801	155,848	144,760	310,709	289,561	7.3%
Bandung	162,564	152,455	173,202	162,452	335,766	314,907	6.6%
Bangkok	724,383	723,051	729,862	747,827	1,454,245	1,470,878	-1.1%
Cebu	711	-	887	-	1,598	-	-
Chiang Mai	71,123	52,896	72,206	52,635	143,329	105,531	35.8%
Clark Field	65,098	44,703	65,690	46,849	130,788	91,552	42.9%
Da Nang	26,847	1,154	26,696	1,416	53,543	2,570	1983.4%
Denpasar Bali	394,866	402,437	387,995	392,141	782,861	794,578	-1.5%
Don Mueang	96,642	-	102,423	-	199,065	-	-
Hanoi	133,608	120,700	146,912	130,248	280,520	250,948	11.8%
Hatyai	43,165	43,324	42,704	43,045	85,869	86,369	-0.6%
Ho Chi Minh City	370,850	335,303	362,673	319,792	733,523	655,095	12.0%
Jakarta	913,983	767,493	929,414	784,501	1,843,397	1,551,994	18.8%
Koh Samui	16,178	-	16,509	-	32,687	-	-
Krabi	50,432	47,251	49,234	46,041	99,666	93,292	6.8%
Lombok	5,006	-	5,867	-	10,873	-	-
Manila	218,275	163,240	205,630	158,707	423,905	321,947	31.7%
Mataram	-	2,526	-	6,418	-	8,944	-
Medan	284,678	258,971	300,752	271,729	585,430	530,700	10.3%
Padang	71,552	68,786	71,327	70,226	142,879	139,012	2.8%
Palembang	40,886	19,986	41,455	20,372	82,341	40,358	104.0%
Pekan Baru	48,138	47,448	49,198	47,198	97,336	94,646	2.8%
Phnom Penh	137,587	130,197	155,649	132,961	293,236	263,158	11.4%
Phuket	288,386	261,595	286,549	258,186	574,935	519,781	10.6%
Semarang	37,330	-	42,355	-	79,685	-	-
Siem Reap	66,226	60,684	64,426	58,021	130,652	118,705	10.1%
Singapore	1,581,595	1,479,495	1,528,571	1,464,692	3,110,166	2,944,187	5.6%
Solo City	23,232	40,121	31,456	49,080	54,688	89,201	-38.7%
Surabaya	246,014	263,019	275,047	288,200	521,061	551,219	-5.5%
Surat Thani	16,221	-	16,483	-	32,704	-	-
Ujung Pandang	27,497	28,003	29,661	28,971	57,158	56,974	0.3%
Vientiane	24,913	19,986	25,343	20,052	50,256	40,038	25.5%
Yanゴン	127,405	121,933	123,281	99,429	250,686	221,362	13.2%
Yogyakarta	50,530	49,559	60,515	59,105	111,045	108,664	2.2%
Total	6,571,669	5,899,486	6,625,610	5,953,131	13,197,279	11,852,617	11.3%

INTERNATIONAL
PASSENGER
MOVEMENTS BY
SECTORS AT
**KL INTERNATIONAL
AIRPORT 2012**

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

312

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

	ARRIVAL		DEPARTURE		TOTAL		% + / -
	2012	2011	2012	2011	2012	2011	
NORTH EAST ASIA							
Beijing	193,816	120,891	195,751	125,582	389,567	246,473	58.1%
Changsha	–	88	–	373	–	461	–
Chengdu	66,408	67,223	68,092	68,775	134,500	135,998	–1.1%
Chongqing	–	185	–	255	–	440	–
Fuzhou	13,612	13,378	13,430	13,367	27,042	26,745	1.1%
Guangzhou	302,347	295,026	306,186	301,162	608,533	596,188	2.1%
Guilin	29,872	30,136	30,123	30,359	59,995	60,495	–0.8%
Haikou	546	6,255	707	6,103	1,253	12,358	–89.9%
Haneda	90,200	40,666	85,657	37,239	175,857	77,905	125.7%
Hangzhou	107,903	98,174	110,048	102,682	217,951	200,856	8.5%
Harbin	404	261	694	601	1,098	862	27.4%
Hong Kong	631,349	635,513	677,651	667,144	1,309,000	1,302,657	0.5%
Kaohsiung	8,773	11,826	8,201	11,686	16,974	23,512	–27.8%
Kunming	20,451	20,221	20,640	19,630	41,091	39,851	3.1%
Macau	143,686	143,918	146,544	146,196	290,230	290,114	0.04%
Nanning	6,652	4,520	6,586	5,692	13,238	10,212	29.6%
Osaka	113,097	60,288	117,786	63,261	230,883	123,549	86.9%
Pyongyang	965	773	1,023	934	1,988	1,707	16.5%
Sapporo Chitose	1,860	1,055	1,998	1,716	3,858	2,771	39.2%
Seoul	280,631	257,906	285,305	261,159	565,936	519,065	9.0%
Shanghai Pu Dong	185,202	187,365	195,972	190,751	381,174	378,116	0.8%
Shantou	128	–	209	–	337	–	–
Shenzhen	99,316	99,953	100,851	101,111	200,167	201,064	–0.4%
Taipei	348,476	327,740	346,808	326,817	695,284	654,557	6.2%
Tianjin	36,000	65,065	36,972	68,052	72,972	133,117	–45.2%
Tokyo	156,506	144,743	161,851	147,778	318,357	292,521	8.8%
Xianyang	–	236	–	585	–	821	–
Wuxi	80	–	–	–	80	–	–
Xianmen	42,944	50,246	44,197	52,165	87,141	102,411	–14.9%
Zhengzhou	1,636	489	12,527	9,781	14,163	10,270	37.9%
Total	2,882,860	2,684,140	2,975,809	2,760,956	5,858,669	5,445,096	7.6%

	ARRIVAL		DEPARTURE		TOTAL		% + / -
	2012	2011	2012	2011	2012	2011	
SOUTHWEST PACIFIC							
Adelaide	66,568	68,061	74,521	68,808	141,089	136,869	3.1%
Auckland	67,735	66,929	71,275	67,744	139,010	134,673	3.2%
Brisbane	50,883	58,803	56,873	56,687	107,756	115,490	-6.7%
Christchurch	24,012	45,154	24,689	42,727	48,701	87,881	-44.6%
Christmas Island	1,869	2,624	1,842	2,517	3,711	5,141	-27.8%
Gold Coast	81,243	92,335	83,162	95,861	164,405	188,196	-12.6%
Koror	-	-	30	-	30	-	-
Melbourne	308,638	342,008	326,467	346,073	635,105	688,081	-7.7%
Perth	226,708	224,790	239,749	225,058	466,457	449,848	3.7%
Port Moresby	-	1,545	-	1,692	-	3,237	-
Sydney	240,885	187,887	265,725	193,555	506,610	381,442	32.8%
Total	1,068,541	1,090,136	1,144,333	1,100,722	2,212,874	2,190,858	1.0%
SOUTH ASIA							
Bangalore	75,400	73,195	78,119	76,249	153,519	149,444	2.7%
Chennai	245,055	230,097	233,451	212,359	478,506	442,456	8.1%
Colombo	206,195	178,663	197,163	155,879	403,358	334,542	20.6%
Delhi	145,255	202,270	140,428	206,209	285,683	408,479	-30.1%
Dhaka	234,149	204,321	211,875	177,055	446,024	381,376	17.0%
Hyderabad	44,046	39,441	43,497	40,427	87,543	79,868	9.6%
Islamabad	-	-	972	-	972	-	-
Karachi	15,300	39,019	15,550	35,603	30,850	74,622	-58.7%
Kathmandu	87,448	37,900	69,693	41,630	157,141	79,530	97.6%
Kochi	48,289	49,610	50,928	51,814	99,217	101,424	-2.2%
Kolkata	20,187	20,305	22,459	21,568	42,646	41,873	1.8%
Lahore	9,000	9,205	7,803	9,568	16,803	18,773	-10.5%
Male	36,230	46,148	35,041	46,968	71,271	93,116	-23.5%
Mumbai	104,169	130,483	93,966	126,460	198,135	256,943	-22.9%
Peshawar	8,153	5,467	8,187	7,565	16,340	13,032	25.4%
Thiruvananthapuram	-	653	-	436	-	1,089	-
Tiruchirapally	58,106	78,035	67,893	90,079	125,999	168,114	-25.1%
Total	1,336,982	1,344,812	1,277,025	1,299,869	2,614,007	2,644,681	-1.2%

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

313

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

INTERNATIONAL
PASSENGER
MOVEMENTS BY
SECTORS AT
**KL INTERNATIONAL
AIRPORT 2012**

	ARRIVAL		DEPARTURE		TOTAL		% + / -
	2012	2011	2012	2011	2012	2011	
CENTRAL ASIA							
Almaty	20,967	15,489	19,985	14,851	40,952	30,340	35.0%
Tashkent	18,937	17,411	20,183	16,691	39,120	34,102	14.7%
Total	39,904	32,900	40,168	31,542	80,072	64,442	24.3%
MIDDLE EAST							
Abu Dhabi	118,535	84,789	125,057	83,297	243,592	168,086	44.9%
Amman	17,333	14,706	18,879	16,487	36,212	31,193	16.1%
Baghdad	2,707	–	2,578	–	5,285	–	–
Bahrain	9,876	60,826	9,724	58,014	19,600	118,840	–83.5%
Beirut	–	294	–	300	–	594	–
Cairo	41,272	16,639	43,822	18,304	85,094	34,943	143.5%
Dammam	284	11,716	169	8,332	453	20,048	–97.7%
Doha	184,168	128,941	174,475	120,970	358,643	249,911	43.5%
Dubai	317,140	308,286	314,070	306,782	631,210	615,068	2.6%
Jeddah	156,283	139,476	155,225	140,020	311,508	279,496	11.5%
Kuwait	10,911	11,259	14,557	15,935	25,468	27,194	–6.3%
Mashad	5,148	2,378	5,139	2,379	10,287	4,757	116.2%
Madinah	21,962	11,276	43,474	22,150	65,436	33,426	95.8%
Muscat	62,769	44,472	64,016	47,671	126,785	92,143	37.6%
Riyadh	52,645	50,102	30,193	28,273	82,838	78,375	5.7%
Sanaa	7,592	5,712	8,534	5,796	16,126	11,508	40.1%
Shiraz	3,015	7,889	3,697	8,085	6,712	15,974	–58.0%
Tehran Imam Khomeini	102,301	113,899	104,251	113,829	206,552	227,728	–9.3%
Total	1,113,941	1,012,660	1,117,860	996,624	2,231,801	2,009,284	11.1%

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

314

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

	ARRIVAL		DEPARTURE		TOTAL		% + / -
	2012	2011	2012	2011	2012	2011	
EUROPE							
Amsterdam	189,274	192,357	200,575	204,519	389,849	396,876	-1.8%
Frankfurt	65,800	70,524	69,762	73,545	135,562	144,069	-5.9%
Istanbul	34,679	33,610	35,964	34,622	70,643	68,232	3.5%
London Gatwick	18,490	11,765	20,642	11,504	39,132	23,269	68.2%
London Heathrow	246,344	214,331	240,083	219,154	486,427	433,485	12.2%
London Stansted	-	61,657	-	71,841	-	133,498	-
Manchester	-	-	78	-	78	-	-
Moscow	1,015	303	1,385	-	2,400	303	692.1%
Paris	85,749	82,653	83,912	84,899	169,661	167,552	1.3%
Paris Orly	12,395	42,188	14,792	45,665	27,187	87,853	-69.1%
Rome	2,885	35,100	2,615	36,545	5,500	71,645	-92.3%
Total	656,631	744,488	669,808	782,294	1,326,439	1,526,782	-13.1%
NORTH AMERICA							
Los Angeles	18,117	13,585	20,398	16,710	38,515	30,295	27.1%
Total	18,117	13,585	20,398	16,710	38,515	30,295	27.1%
SOUTH AMERICA							
Buenos Aires	1,527	17,637	1,136	16,748	2,663	34,385	-92.3%
Total	1,527	17,637	1,136	16,748	2,663	34,385	-92.3%
AFRICA							
Addis Ababa	956	-	1,568	-	2,524	-	-
Cape Town	1,164	12,345	1,421	11,990	2,585	24,335	-89.4%
Harare	35	1,478	27	1,232	62	2,710	-97.7%
Johannesburg	2,639	30,982	2,501	29,640	5,140	60,622	-91.5%
Mauritius	18,648	13,928	20,810	15,688	39,458	29,616	33.2%
Total	23,442	58,733	26,327	58,550	49,769	117,283	-57.6%
Grand Total	13,713,614	12,898,577	13,898,474	13,017,146	27,612,088	25,915,723	6.5%

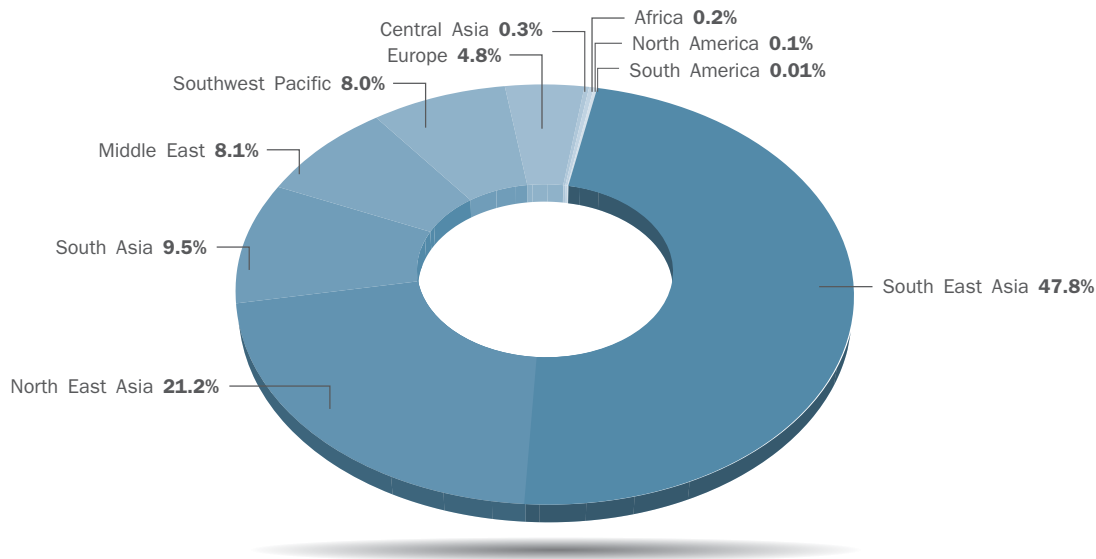
MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

315

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

KL INTERNATIONAL AIRPORT PASSENGER MOVEMENTS BY SECTORS 2012

International Movements: 27,612,088



AIRLINES WITH MORE THAN 1% INTERNATIONAL MARKET SHARE AT KLIA

AIRLINES	PASSENGER MOVEMENTS	MARKET SHARE %
Malaysia Airlines	8,181,432	29.2%
AirAsia	7,218,032	25.8%
AirAsia X	2,482,380	8.9%
Indonesia AirAsia	1,258,293	4.5%
Emirates	814,839	2.9%
Cathay Pacific Airways	711,922	2.5%
Qatar Airways	457,898	1.6%
KLM Royal Dutch Airlines	443,915	1.6%
Silk Air	409,434	1.5%
Thai Airways International	399,741	1.4%

10 HIGHEST GROWTH INTERNATIONAL PERFORMANCE AT KLIA

AIRLINES	PASSENGER MOVEMENTS	% Y-O-Y
Transaero	2,400	692.1%
Lion Airlines	268,740	241.1%
Egypt Air	110,125	184.0%
United Airways	86,319	161.5%
Biman Bangladesh Airlines	183,323	70.4%
Etihad Airways	243,734	45.0%
Jetstar Asia	358,978	39.9%
Air Astana	41,844	37.9%
Oman Air	126,785	37.6%
Qatar Airways	457,898	34.6%

DOMESTIC TRAFFIC AT KLIA

AIRLINES	PASSENGER MOVEMENTS	% Y-O-Y
Malaysia Airlines	4,551,652	10.8%
AirAsia	7,349,616	11.6%

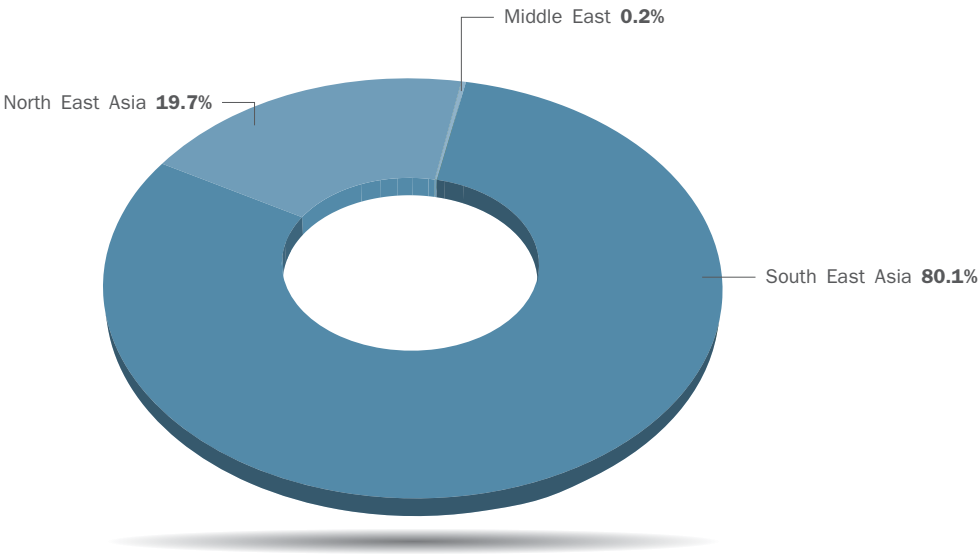
MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

317

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

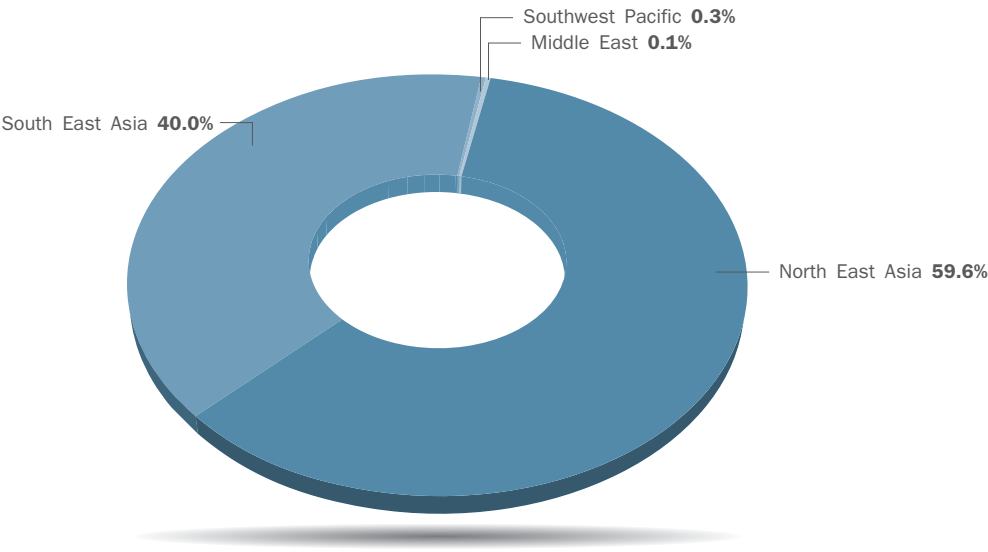
PENANG INTERNATIONAL AIRPORT PASSENGER MOVEMENTS BY SECTORS 2012

International Movements: 2,326,725



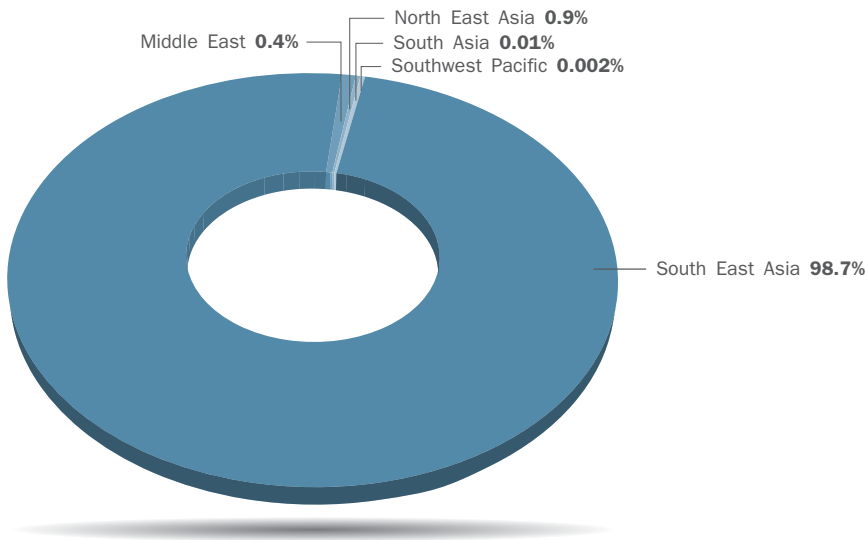
KOTA KINABALU INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS 2012

International Movements: 1,308,271



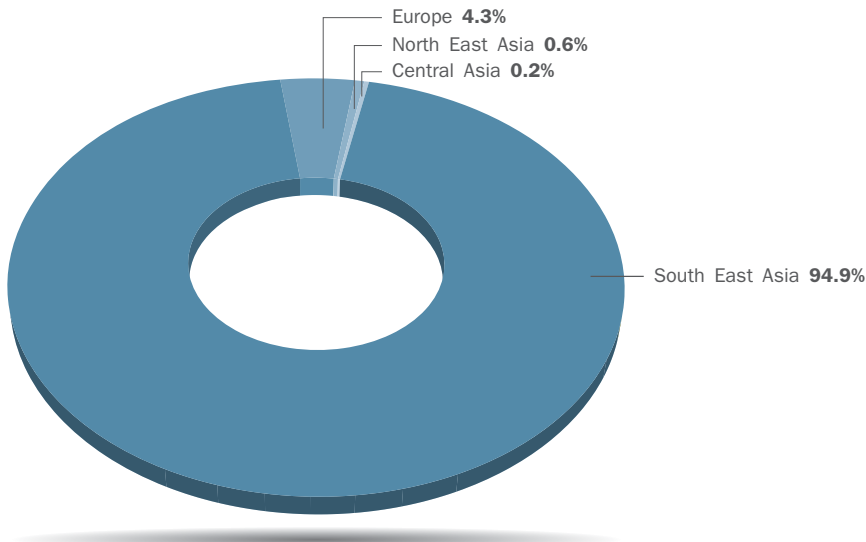
KUCHING INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS 2012

International Movements: 427,449



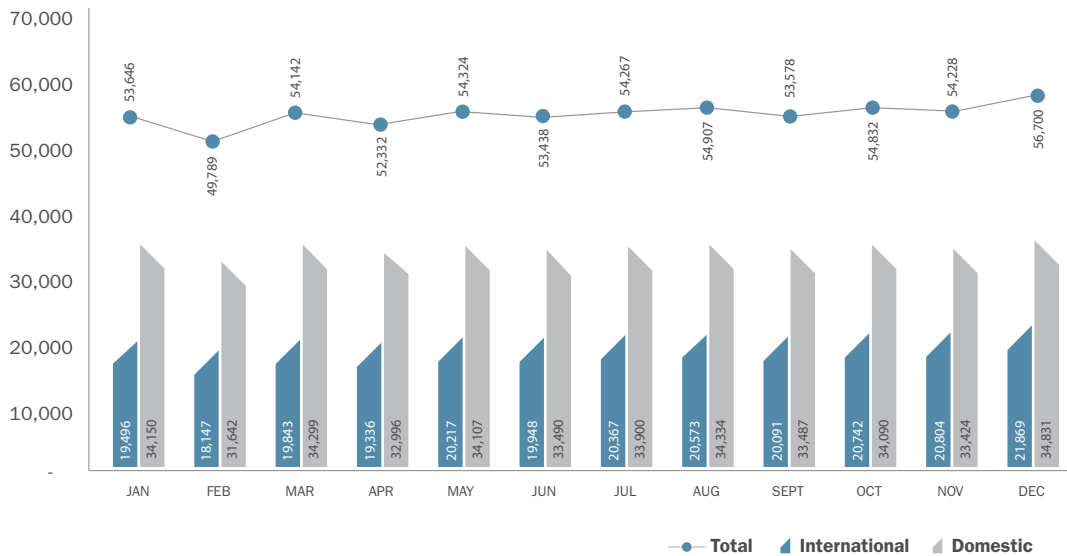
LANGKAWI INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS 2012

International Movements: 129,021



AIRPORTS	DOMESTIC			INTERNATIONAL			TOTAL		
	Scheduled	Non-scheduled	Total	Scheduled	Non-scheduled	Total	2012	2011	% +/-
KLIA	96,509	645	97,154	183,507	1,629	185,136	282,290	268,265	5.2%
Penang	26,427	0	26,427	23,539	0	23,539	49,966	50,610	-1.3%
Kota Kinabalu	45,202	1,118	46,320	11,936	110	12,046	58,366	59,638	-2.1%
Kuching	34,987	3,338	38,325	5,411	245	5,656	43,981	49,613	-11.4%
Langkawi	14,067	0	14,067	1,076	19	1,095	15,162	14,510	4.5%
Kota Bharu	14,395	2,552	16,947	165	0	165	17,112	15,304	11.8%
Ipoh	25	3	28	1,487	0	1,487	1,515	1,536	-1.4%
Kuala Terengganu	6,491	0	6,491	0	15	15	6,506	6,006	8.3%
Alor Setar	5,274	0	5,274	0	0	0	5,274	4,841	8.9%
Melaka	198	0	198	855	0	855	1,053	466	126.0%
Subang	25,164	0	25,164	8,060	0	8,060	33,224	30,779	7.9%
Kuantan	2,800	0	2,800	539	56	595	3,395	3,178	6.8%
Tioman	1,150	0	1,150	532	0	532	1,682	1,766	-4.8%
Pangkor	324	0	324	0	0	0	324	32	912.5%
Redang	565	0	565	312	0	312	877	1,319	-33.5%
Labuan	9,445	3,791	13,236	211	1	212	13,448	12,645	6.4%
Lahad Datu	3,022	36	3,058	0	0	0	3,058	2,941	4.0%
Sandakan	10,338	1,801	12,139	0	38	38	12,177	10,757	13.2%
Tawau	9,179	27	9,206	479	4	483	9,689	9,328	3.9%
Bintulu	10,302	1,076	11,378	0	66	66	11,444	11,270	1.5%
Miri	30,998	10,212	41,210	1,141	0	1,141	42,351	40,931	3.5%
Sibu	15,923	0	15,923	0	0	0	15,923	18,211	-12.6%
Mulu	1,760	0	1,760	0	0	0	1,760	1,912	-7.9%
Limbang	1,880	0	1,880	0	0	0	1,880	1,896	-0.8%
STOL Sabah	192	0	192	0	0	0	192	264	-27.3%
STOL Sarawak	13,931	0	13,534	0	0	0	13,534	14,118	-1.3%
Peninsular Malaysia	193,389	3,200	196,589	220,072	1,719	221,791	418,380	398,612	5.0%
Sabah	77,378	6,773	84,151	12,626	153	12,779	96,930	95,573	1.4%
Sarawak	109,781	14,626	124,010	6,552	311	6,863	130,873	137,951	-4.8%
Total 2012	380,548	24,599	404,750	239,250	2,183	241,433	646,183	632,136	2.2%
Total 2011	378,435	26,187	404,622	225,906	1,608	227,514	632,136		
% change	0.6%	-6.1%	0.03%	5.9%	35.8%	6.1%	2.2%		

COMMERCIAL AIRCRAFT MOVEMENTS AT MAHB AIRPORTS 2012



MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

321

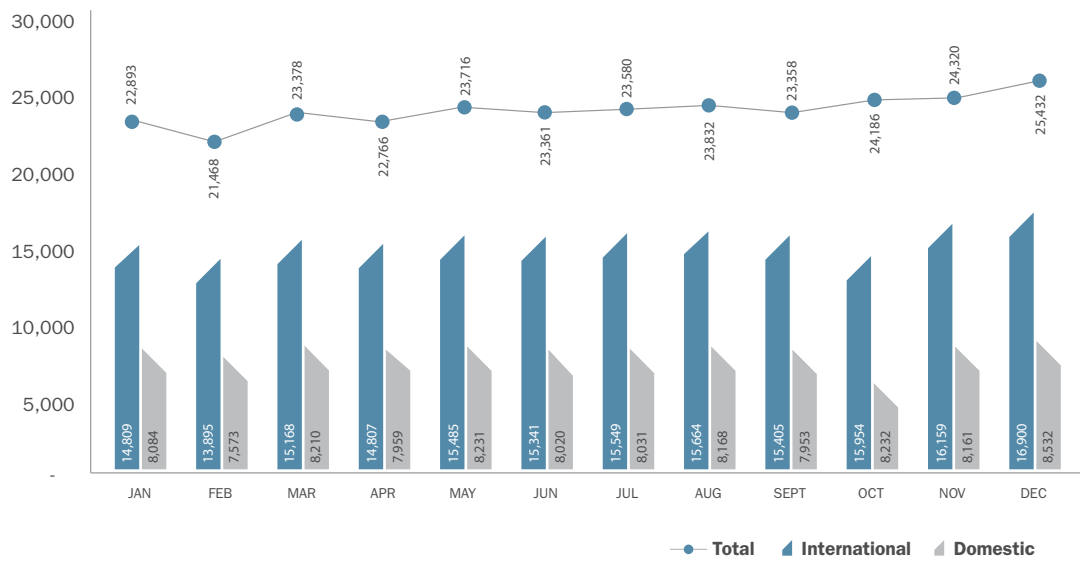
PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

COMMERCIAL
AIRCRAFT
MOVEMENTS AT
KL INTERNATIONAL
AIRPORT 2012

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

322

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC



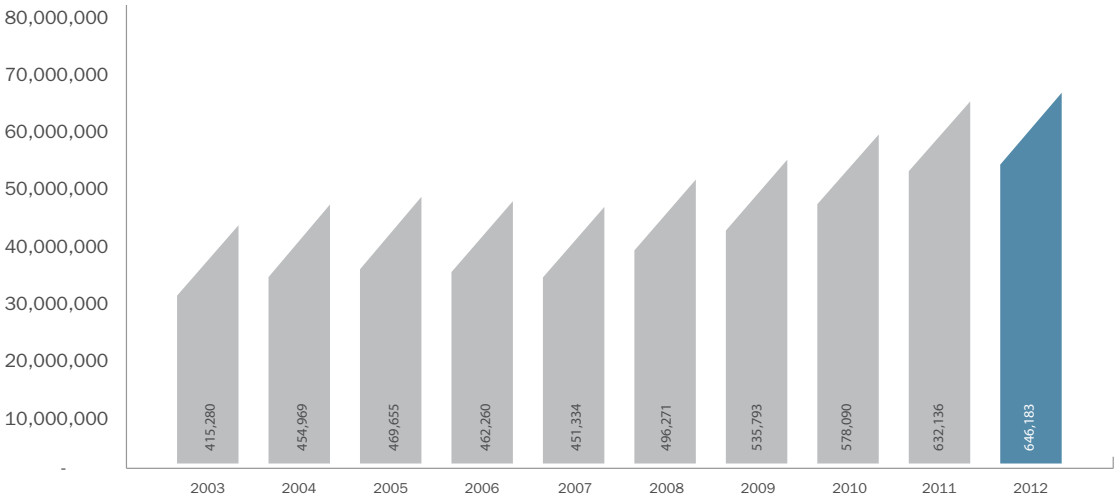
AIRPORTS	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	% + /-
KLIA	139,101	164,483	181,341	182,548	192,304	209,681	225,251	244,179	268,265	282,290	5.2%
Penang	26,516	29,182	31,173	31,448	34,508	38,335	38,343	44,753	50,610	49,966	-1.3%
Kota Kinabalu	42,491	50,313	49,680	50,594	49,881	52,463	52,677	55,089	59,638	58,366	-2.1%
Kuching	38,676	41,353	39,430	37,167	34,192	36,087	41,437	42,940	49,613	43,981	-11.4%
Langkawi	7,168	7,352	8,021	8,287	10,828	12,242	12,638	13,274	14,510	15,162	4.5%
Johor Bahru	8,848	-	-	-	-	-	-	-	-	-	-
Kota Bharu	7,520	8,888	8,765	10,368	13,074	14,083	13,709	13,180	15,304	17,112	11.8%
Ipoh	1,572	1,402	1,145	954	12	183	384	844	1,536	1,515	-1.4%
Kuala Terengganu	4,221	4,776	4,623	3,792	4,533	6,038	6,006	5,959	6,006	6,506	8.3%
Alor Setar	3,646	3,568	3,267	2,820	2,668	2,934	4,578	4,513	4,841	5,274	8.9%
Melaka	1,102	2,135	1,328	596	714	700	616	584	466	1,053	126.0%
Subang	5,140	6,981	8,988	9,158	7,234	11,448	19,897	24,509	30,779	33,224	7.9%
Kuantan	3,743	3,748	3,500	2,748	3,253	3,334	2,947	2,628	3,178	3,395	6.8%
Tioman	2,173	1,885	1,668	1,836	1,597	1,603	1,591	1,662	1,766	1,682	-4.8%
Pangkor	511	534	530	514	517	503	502	174	32	324	912.5%
Redang	-	741	1,110	934	1,053	1,083	862	1,356	1,319	877	-33.5%
Labuan	9,661	10,450	9,292	9,332	10,127	11,212	10,868	11,988	12,645	13,448	6.4%
Lahad Datu	2,882	2,948	3,010	3,203	2,195	2,922	2,922	2,860	2,941	3,058	4.0%
Sandakan	9,985	10,184	10,876	10,034	7,719	8,991	10,214	12,095	10,757	12,177	13.2%
Tawau	7,450	8,019	8,531	8,005	6,863	7,334	8,885	9,723	9,328	9,689	3.9%
Bintulu	13,288	13,240	13,146	11,388	6,542	8,933	10,948	10,994	11,270	11,444	1.5%
Miri	40,468	42,306	40,302	39,462	33,022	35,178	38,836	39,509	40,931	42,351	3.5%
Sibu	16,593	17,162	16,683	15,092	11,765	14,307	16,275	17,899	18,211	15,923	-12.6%
Mulu	3,422	3,066	2,620	2,220	1,638	1,642	1,570	1,726	1,912	1,760	-7.9%
Limbang	4,994	5,625	5,490	4,242	2,300	1,860	1,697	1,947	1,896	1,880	-0.8%
STOL Sabah	936	812	814	800	338	459	0	167	264	192	-27.3%
STOL Sarawak	13,173	13,816	14,322	14,718	12,457	12,716	12,140	13,538	14,118	13,534	-4.1%
Peninsular Malaysia	211,261	235,675	255,459	256,003	272,295	302,167	327,324	357,615	398,612	418,380	5.0%
Sabah	73,405	82,726	82,203	81,968	77,123	83,381	85,566	91,922	95,573	96,930	1.4%
Sarawak	130,614	136,568	131,993	124,289	101,916	110,723	122,903	128,553	137,951	130,873	-5.1%
Total	415,280	454,969	469,655	462,260	451,334	496,271	535,793	578,090	632,136	646,183	2.2%
% change	0.7%	9.6%	3.2%	-1.6%	-2.4%	10.0%	8.0%	7.9%	9.3%	2.2%	

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

323

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

COMMERCIAL AIRCRAFT MOVEMENTS AT MAHB AIRPORTS (2003 – 2012)



AIRPORTS	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	% + /-
KLIA	139,947	165,115	182,537	183,869	193,710	211,228	226,751	245,650	269,509	283,352	5.1%
Penang	30,558	33,069	34,616	36,259	39,265	43,796	43,621	50,205	54,713	53,766	-1.7%
Kota Kinabalu	44,748	52,352	51,824	52,055	52,047	54,317	53,554	55,241	59,638	58,366	-2.1%
Kuching	42,138	45,340	43,253	40,292	37,348	39,188	44,761	46,382	53,154	46,727	-12.1%
Langkawi	8,913	8,711	8,964	27,622	43,234	41,837	39,815	33,064	31,482	33,056	5.0%
Johor Bahru	22,253	-	-	-	-	-	-	-	-	-	-
Kota Bharu	10,010	11,869	11,194	38,352	58,996	57,102	74,863	75,906	64,114	50,991	-20.5%
Ipoh	8,505	7,075	26,657	30,626	32,462	2,183	40,883	41,069	29,074	26,929	-7.4%
Kuala Terengganu	5,508	5,834	5,622	3,792	8,781	10,045	9,875	10,959	14,296	12,809	-10.4%
Alor Star	18,318	14,784	17,632	18,495	20,277	17,705	24,031	22,187	19,621	18,006	-8.2%
Melaka	57,636	70,369	77,504	74,888	64,936	60,512	54,160	60,811	53,702	48,881	-9.0%
Subang	19,616	22,757	29,668	36,626	44,302	46,989	55,148	63,616	68,135	74,008	8.6%
Kuantan	4,054	4,088	3,757	2,973	3,487	3,551	3,110	2,802	3,452	3,613	4.7%
Tioman	2,633	2,447	2,146	2,256	1,989	2,141	2,180	2,167	2,222	2,205	-0.8%
Pangkor	657	698	752	541	589	545	502	174	32	324	912.5%
Redang	0	741	1,121	934	1,053	1,083	862	1,356	1,319	877	-33.5%
Labuan	9,896	10,668	9,510	9,554	10,349	11,328	11,045	12,093	12,762	13,589	6.5%
Lahad Datu	3,035	3,055	3,160	3,376	2,336	3,012	3,077	2,960	3,024	3,147	4.1%
Sandakan	10,588	10,823	11,662	10,776	8,410	9,622	12,915	13,517	11,715	13,153	12.3%
Tawau	8,368	8,900	9,814	9,215	7,992	8,546	9,876	10,845	10,186	11,087	8.8%
Bintulu	13,627	13,546	13,619	11,804	7,093	16,787	51,009	24,246	17,122	12,294	-28.2%
Miri	43,460	45,269	42,865	42,680	35,502	38,172	41,996	41,682	43,707	45,127	3.2%
Sibu	16,885	17,650	17,330	15,638	12,536	14,672	17,449	18,985	19,169	15,923	-16.9%
Mulu	3,524	3,122	2,642	2,220	1,660	1,664	1,592	1,444	1,920	1,780	-7.3%
Limbang	5,046	5,691	5,568	4,366	2,552	2,112	1,949	2,171	1,968	1,880	-4.5%
STOL Sabah	938	812	814	800	338	459	0	559	278	212	-23.7%
STOL Sarawak	13,305	13,838	14,394	14,854	12,719	12,978	12,140	13,538	14,262	13,630	-4.4%
Peninsular Malaysia	328,608	347,557	402,170	457,233	513,081	498,717	575,801	609,966	611,671	608,817	-0.5%
Sabah	77,573	86,610	86,784	85,776	81,472	87,284	90,467	95,215	97,603	99,554	2.0%
Sarawak	137,985	144,456	139,671	131,854	109,410	125,573	170,896	148,448	151,302	137,361	-9.2%
Total	544,166	578,623	628,625	674,863	703,963	711,574	837,164	853,629	860,576	845,732	-1.7%
% change	1.4%	6.3%	8.6%	7.4%	4.3%	1.1%	17.6%	2.0%	0.8%	-1.7%	

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

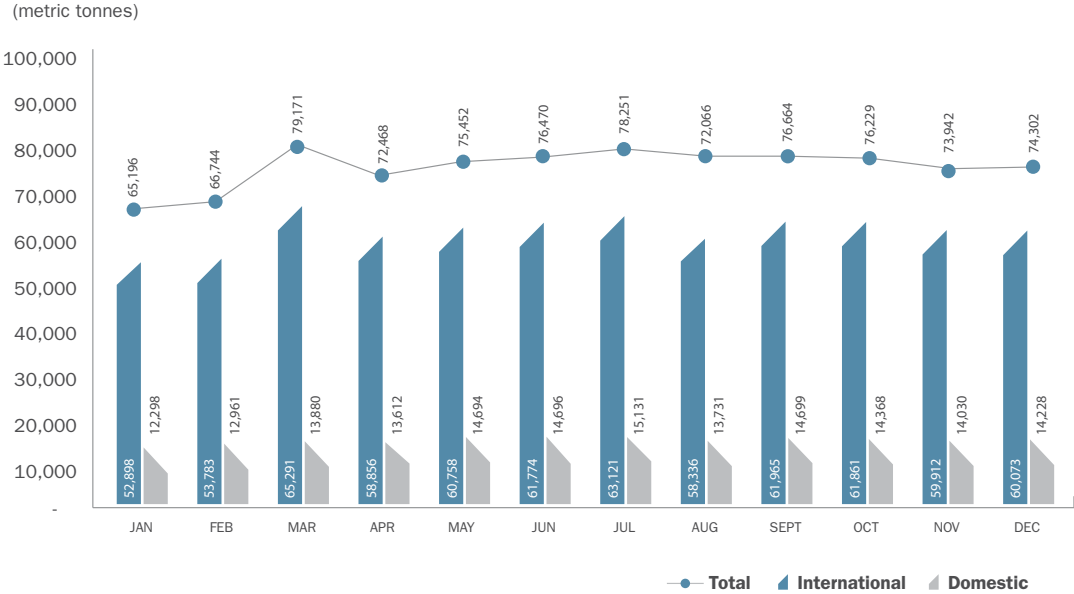
325

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

AIRPORTS (kg)	DOMESTIC			INTERNATIONAL			TOTAL			TRANSIT		
	Arrival	Departure	Total	Arrival	Departure	Total	2012*	2011*	% + / -	Domestic	Int'l	Total
KLIA	21,546,015	46,288,350	67,834,365	306,124,686	299,148,350	605,273,036	673,107,401	669,849,025	0.5%	-	-	-
Penang	15,597,376	7,834,717	23,432,093	36,878,407	53,294,619	90,173,026	123,245,880	131,845,600	-6.5%	3,519,496	6,121,265	9,640,761
Kota Kinabalu	12,991,263	7,889,559	20,880,822	689,298	1,812,370	2,501,668	23,563,295	28,534,048	-17.4%	62,237	118,568	180,805
Kuching	9,939,108	5,049,936	14,989,043	512,158	223,088	735,246	15,810,854	24,786,619	-36.2%	81,180	5,385	86,565
Langkawi	624,421	30,835	655,256	40,618	-	40,618	753,624	645,777	16.7%	57,750	-	57,750
Kota Bharu	91,804	55,372	147,176	-	-	-	147,176	164,256	-10.4%	-	-	-
Kuala Terengganu	69,928	76,603	146,531	-	-	-	146,531	103,365	41.8%	-	-	-
Alor Star	11,952	111,378	123,330	-	-	-	123,330	46,391	165.8%	-	-	-
Melaka	8,925	11,579	20,504	75,353	99,520	174,873	195,377	138,955	40.6%	-	-	-
Subang	3,841,801	8,035,480	11,877,281	4,799,282	6,003,880	10,803,162	22,680,444	19,927,599	13.8%	-	-	-
Kuantan	36,000	16,614	52,614	1,720	2,280	4,000	56,614	37,627	50.5%	-	-	-
Ipoh	-	-	-	16,830	17,020	33,850	33,850	-	-	-	-	-
Tioman	72,374	-	72,374	600	-	600	72,974	-	-	-	-	-
Pangkor	2,264	2,987	5,251	-	-	-	5,251	-	-	-	-	-
Redang	26,540	591	27,131	180	100	280	27,411	-	-	-	-	-
Labuan	1,882,235	1,357,851	3,240,086	2,564,206	8,098	2,572,304	6,071,622	5,294,125	14.7%	259,232	-	259,232
Lahad Datu	173,178	11,417	184,595	-	-	-	184,595	41,829	341.3%	-	-	-
Sandakan	671,946	1,797,616	2,469,562	-	-	-	2,478,975	2,300,108	7.8%	9,413	-	9,413
Tawau	796,355	1,689,373	2,485,728	-	3,261	3,261	2,488,989	3,198,421	-22.2%	-	-	-
Bintulu	1,618,099	952,984	2,571,083	-	-	-	2,574,046	2,071,369	24.3%	2,963	-	2,963
Miri	7,086,932	2,725,727	9,812,658	62,051	4,381	66,432	9,879,090	8,198,437	20.5%	-	-	-
Sibu	1,354,721	241,735	1,596,456	-	-	-	1,611,675	1,152,885	39.8%	15,219	-	15,219
Mulu	317,293	4,406	321,699	-	-	-	321,699	370,159	-13.1%	-	-	-
Limbang	379,111	365,030	744,141	-	-	-	744,141	497,583	49.6%	-	-	-
STOL Sabah	-	3	3	-	-	-	3	13	-76.9%	-	-	-
STOL Sarawak	298,572	212,358	510,930	-	-	-	630,466	622,370	1.3%	119,536	-	119,536
Peninsular Malaysia	41,929,400	62,464,506	104,393,906	347,937,676	358,565,769	706,503,445	820,595,862	822,758,596	-0.3%	3,577,246	6,121,265	9,698,511
Sabah	16,514,977	12,745,819	29,260,796	3,253,504	1,823,729	5,077,233	34,787,479	39,368,544	-11.6%	330,882	118,568	449,450
Sarawak	20,993,835	9,552,175	30,546,011	574,209	227,469	801,678	31,571,972	37,699,422	-16.3%	218,898	5,385	224,283
Total 2012	79,438,212	84,762,501	164,200,713	351,765,389	360,616,967	712,382,356	886,955,313	899,826,561	-1.4%	4,127,026	6,245,218	10,372,244
Total 2011	85,824,047	80,722,029	166,546,077	347,634,864	374,117,943	721,752,807	899,826,561			4,694,294	6,833,383	11,527,677
% change	-7.4%	5.0%	-1.4%	1.2%	-3.6%	-1.3%	-1.4%			-12.1%	-8.6%	-10.0%

* Including transit cargo

CARGO MOVEMENTS AT MAHB AIRPORTS 2012



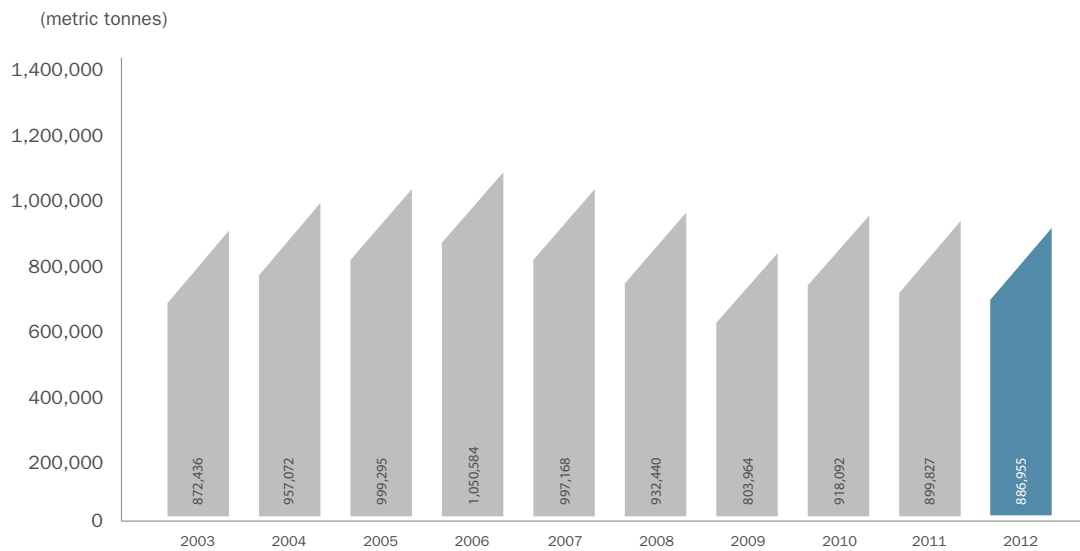
MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

327

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

AIRPORTS (Metric tonnes)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	% + / -
KLIA	586,195	651,747	653,654	672,888	644,100	649,077	584,559	674,902	669,849	673,107	0.5%
Penang	197,567	212,369	221,971	225,952	208,582	192,936	137,775	147,057	131,846	123,246	-6.5%
Kota Kinabalu	25,638	27,191	25,473	28,356	35,638	34,532	25,079	26,733	28,534	23,563	-17.4%
Kuching	26,278	26,073	28,407	29,716	23,818	19,166	20,830	26,977	24,787	15,811	-36.2%
Langkawi	287	325	449	487	524	589	572	434	646	754	16.7%
Johor Bahru	3,697	-	-	-	-	-	-	-	-	-	-
Kota Bharu	315	235	168	210	163	181	185	177	164	147	-10.4%
Kuala Terengganu	160	124	94	70	47	24	24	50	103	147	41.8%
Alor Setar	17	67	118	111	55	41	34	34	46	123	165.8%
Melaka	214	602	370	146	219	179	127	144	139	195	40.6%
Subang	14,358	18,670	46,082	71,953	63,382	18,473	18,536	19,988	19,928	22,680	13.8%
Kuantan	64	64	75	109	103	70	70	49	38	57	50.5%
Ipoh	498	735	437	357	10	-	-	-	-	34	-
Tioman	-	-	-	-	-	-	-	-	-	73	-
Pangkor	-	-	-	-	-	-	-	-	-	5	-
Redang	-	-	-	-	-	-	-	-	-	27	-
Labuan	2,733	2,653	3,077	3,207	3,985	4,566	4,165	4,592	5,294	6,072	14.7%
Lahad Datu	400	390	334	170	-	-	-	-	42	185	341.3%
Sandakan	3,713	4,053	4,531	5,475	6,224	3,055	2,099	2,806	2,300	2,479	7.8%
Tawau	2,701	2,968	3,885	3,030	2,134	1,262	1,951	3,045	3,198	2,489	-22.2%
Bintulu	940	1,375	2,110	2,205	2,252	1,978	1,903	1,703	2,071	2,574	24.3%
Miri	3,881	4,721	5,392	4,080	3,564	4,146	3,921	6,770	8,198	9,879	20.5%
Sibu	1,701	1,567	1,377	1,040	892	735	856	1,133	1,153	1,612	39.8%
Mulu	4	102	459	240	191	262	346	396	370	322	-13.1%
Limbang	226	179	289	379	440	475	530	560	498	744	49.6%
STOL Sabah	2	2	1	1	0	-	-	-	0	0	-
STOL Sarawak	847	862	540	403	845	692	402	543	622	630	1.3%
Peninsular Malaysia	803,372	884,937	923,419	972,283	917,186	861,570	741,881	842,836	822,759	820,596	-0.3%
Sabah	35,187	37,257	37,301	40,238	47,982	43,415	33,294	37,175	39,369	34,787	-11.6%
Sarawak	33,876	34,878	38,575	38,062	32,001	27,454	28,789	38,081	37,699	31,572	-16.3%
Grand Total	872,436	957,072	999,295	1,050,584	997,168	932,440	803,964	918,092	899,827	886,955	-1.4%
% change	6.7%	9.7%	4.4%	5.1%	-5.1%	-6.5%	-13.8%	14.2%	-2.0%	-1.4%	

CARGO MOVEMENTS AT MAHB AIRPORTS (2003 – 2012)



MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

329

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

CARGO
MOVEMENTS AT
KL INTERNATIONAL
AIRPORT 2012

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

330

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC



(kg)	ARRIVAL		DEPARTURE		TOTAL		% + / -
	2012	2011	2012	2011	2012	2011	
SOUTH EAST ASIA							
Balikpapan	39,355	53,806	14,816	7,122	54,171	60,928	-11.1%
Banda Aceh	587	1,986	2,158	1,215	2,745	3,201	-14.2%
Bandar Seri Begawan	162,376	82,496	1,503,735	1,254,297	1,666,111	1,336,793	24.6%
Bandung	37,549	12,988	131,587	132	169,136	13,120	1189.1%
Bangkok	14,101,518	12,788,199	10,568,058	11,305,899	24,669,576	24,094,098	2.4%
Cebu	502	-	427	-	929	-	-
Chiang Mai	-	-	87,363	17,619	87,363	17,619	395.8%
Clark Field	107,040	7,659	65,204	37,707	172,244	45,366	279.7%
Da Nang	29,603	-	221	-	29,824	-	-
Denpasar Bali	1,303,099	1,226,124	619,167	962,147	1,922,266	2,188,271	-12.2%
Don Mueang	148,859	-	28,346	-	177,205	-	-
Hanoi	1,099,187	1,687,537	1,823,282	2,574,235	2,922,469	4,261,772	-31.4%
Ho Chi Minh City	3,639,548	3,375,454	3,650,636	2,670,740	7,290,184	6,046,194	20.6%
Jakarta	17,996,177	15,105,780	8,936,460	7,841,520	26,932,637	22,947,300	17.4%
Koh Samui	5,932	-	22	-	5,954	-	-
Lombok	4,671	-	-	-	4,671	-	-
Manila	1,156,314	1,673,494	3,046,663	1,670,079	4,202,977	3,343,573	25.7%
Mataram	-	-	-	144	-	144	-
Medan	1,294,566	1,649,868	1,044,856	833,636	2,339,422	2,483,504	-5.8%
Padang	172,428	268,184	4,728	2,396	177,156	270,580	-34.5%
Palembang	17,085	19,778	295,251	66,375	312,336	86,153	262.5%
Pekan Baru	3,474	21,586	11,172	7,973	14,646	29,559	-50.5%
Phnom Penh	2,503,946	1,039,405	2,371,132	1,219,269	4,875,078	2,258,674	115.8%
Phuket	16,529	21,598	270,704	222,396	287,233	243,994	17.7%
Semarang	243,349	-	3,923	-	247,272	-	-
Siem Reap	29,908	3,619	69,428	27,402	99,336	31,021	220.2%
Singapore	12,103,400	13,427,048	11,158,878	11,813,736	23,262,278	25,240,784	-7.8%
Solo City	40,904	87,737	5,628	4,497	46,532	92,234	-49.6%
Surabaya	679,032	1,134,153	610,496	971,484	1,289,528	2,105,637	-38.8%
Ujung Pandang	670,984	651,435	21,648	1,314	692,632	652,749	6.1%
Vientiane	-	28	162,038	131,573	162,038	131,601	23.1%
Yangon	1,042,383	710,406	1,203,258	906,626	2,245,641	1,617,032	38.9%
Yogyakarta	326,898	231,973	20,701	15,293	347,599	247,266	40.6%
Total	58,977,203	55,282,341	47,731,986	44,566,826	106,709,189	99,849,167	6.9%

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

331

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

INTERNATIONAL
CARGO MOVEMENTS
BY SECTORS AT
**KL INTERNATIONAL
AIRPORT 2012**

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

332

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

(kg)	ARRIVAL		DEPARTURE		TOTAL		% + / -
	2012	2011	2012	2011	2012	2011	
NORTH EAST ASIA							
Beijing	7,447,946	4,235,489	3,180,517	3,507,346	10,628,463	7,742,835	37.3%
Chengdu	673,282	582,303	426,736	358,824	1,100,018	941,127	16.9%
Fuzhou	73,820	120,381	610	13,018	74,430	133,399	-44.2%
Guangzhou	15,244,006	15,666,026	6,240,867	6,861,162	21,484,873	22,527,188	-4.6%
Guilin	24,515	3,730	12,715	10,711	37,230	14,441	157.8%
Haikou	-	2,288	-	2,467	-	4,755	-
Haneda	1,400,393	5,881,497	519,196	842,177	1,919,589	6,723,674	-71.5%
Hangzhou	3,841,642	3,879,701	51,405	99,330	3,893,047	3,979,031	-2.2%
Hong Kong	34,622,674	30,898,284	20,393,266	21,811,697	55,015,940	52,709,981	4.4%
Kaohsiung	48,108	190,462	8,394	67,160	56,502	257,622	-78.1%
Kunming	262,135	301,057	55,591	42,544	317,726	343,601	-7.5%
Macau	1,126,266	621,599	100,473	86,538	1,226,739	708,137	73.2%
Nanning	-	607	-	1,772	-	2,379	-
Osaka	4,272,557	3,424,037	5,652,358	4,376,707	9,924,915	7,800,744	27.2%
Pyongyang	1,072	-	425	-	1,497	-	-
Sapporo Chitose	-	-	-	96	-	96	-
Seoul	17,668,470	22,002,784	15,945,377	18,044,210	33,613,847	40,046,994	-16.1%
Shanghai Pu Dong	19,658,697	18,167,311	12,490,983	14,815,281	32,149,680	32,982,592	-2.5%
Shenzhen	4,146,538	3,439,836	507,016	541,349	4,653,554	3,981,185	16.9%
Taipei	16,071,686	15,268,780	12,468,659	17,618,229	28,540,345	32,887,009	-13.2%
Tianjin	447,254	837,686	266,948	733,387	714,202	1,571,073	-54.5%
Tokyo	6,990,979	4,476,621	11,592,427	11,841,362	18,583,406	16,317,983	13.9%
Wuxi	1,545	-	-	-	1,545	-	-
Xianmen	2,287,022	2,080,287	1,206,424	1,471,594	3,493,446	3,551,881	-1.6%
Zhengzhou	-	-	2,146	1,802	2,146	1,802	19.1%
Total	136,310,607	132,080,766	91,122,533	103,148,763	227,433,140	235,229,529	-3.3%

(kg)	ARRIVAL		DEPARTURE		TOTAL		% + / -
	2012	2011	2012	2011	2012	2011	
SOUTHWEST PACIFIC							
Adelaide	1,710,708	961,691	2,989,674	2,299,638	4,700,382	3,261,329	44.1%
Auckland	2,497,639	1,990,389	3,083,877	2,978,036	5,581,516	4,968,425	12.3%
Avalon	292,920	1,075	372,070	-	664,990	1,075	61759.5%
Brisbane	1,488,058	1,211,151	3,080,676	2,415,061	4,568,734	3,626,212	26.0%
Christchurch	134,191	142,275	95,299	108,036	229,490	250,311	-8.3%
Christmas Island	-	5,240	38,186	178,722	38,186	183,962	-79.2%
Gold Coast	135,730	268,182	1,387,707	2,998,756	1,523,437	3,266,938	-53.4%
Melbourne	6,313,987	6,883,872	13,121,331	13,397,405	19,435,318	20,281,277	-4.2%
Perth	2,874,469	2,032,714	7,855,180	6,357,882	10,729,649	8,390,596	27.9%
Port Moresby	-	3,536	48,111	17,770	48,111	21,306	125.8%
Sydney	4,778,915	3,822,557	18,338,690	13,884,544	23,117,605	17,707,101	30.6%
Total	20,226,617	17,322,682	50,410,801	44,635,850	70,637,418	61,958,532	14.0%
SOUTH ASIA							
Bangalore	1,012,719	966,238	779,179	897,477	1,791,898	1,863,715	-3.9%
Chennai	6,221,262	6,486,528	5,533,271	4,847,155	11,754,533	11,333,683	3.7%
Colombo	2,983,370	2,046,992	1,964,936	1,950,481	4,948,306	3,997,473	23.8%
Delhi	4,720,837	5,880,048	5,079,056	7,314,370	9,799,893	13,194,418	-25.7%
Dhaka	6,865,324	5,962,776	4,851,422	5,005,714	11,716,746	10,968,490	6.8%
Hyderabad	762,781	898,206	410,399	458,596	1,173,180	1,356,802	-13.5%
Islamabad	-	-	9,535	-	9,535	-	-
Karachi	351,573	1,464,969	362,999	1,159,408	714,572	2,624,377	-72.8%
Kathmandu	462,872	225,792	49,611	829	512,483	226,621	126.1%
Kochi	242,375	247,829	99,911	109,589	342,286	357,418	-4.2%
Kolkata	334,942	267,865	178,564	181,387	513,506	449,252	14.3%
Lahore	170,266	108,644	55,934	48,988	226,200	157,632	43.5%
Male	242,133	303,824	717,030	829,251	959,163	1,133,075	-15.3%
Mumbai	4,998,272	5,495,665	3,664,352	5,104,231	8,662,624	10,599,896	-18.3%
Peshawar	77,426	12,246	13,401	15,217	90,827	27,463	230.7%
Thiruvananthapuram	-	6,140	-	956	-	7,096	-
Tiruchirapally	478,006	525,775	3,045	4,268	481,051	530,043	-9.2%
Total	29,924,158	30,899,537	23,772,645	27,927,917	53,696,803	58,827,454	-8.7%

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

333

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

INTERNATIONAL
CARGO MOVEMENTS
BY SECTORS AT
**KL INTERNATIONAL
AIRPORT 2012**

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

334

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

(kg)	ARRIVAL		DEPARTURE		TOTAL		% + / -
	2012	2011	2012	2011	2012	2011	
CENTRAL ASIA							
Almaty	9,099	5,773	480,568	552,744	489,667	558,517	-12.3%
Baku Heydar Aliyev	-	-	1,820	-	1,820	-	-
Tashkent	16,507	24,614	458,731	986,582	475,238	1,011,196	-53.0%
Total	25,606	30,387	941,119	1,539,326	966,725	1,569,713	-38.4%
MIDDLE EAST							
Abu Dhabi	3,685,154	2,387,775	3,988,432	2,889,641	7,673,586	5,277,416	45.4%
Amman	146,602	32,392	426,044	216,425	572,646	248,817	130.1%
Baghdad	-	-	4,290	-	4,290	-	-
Bahrain	138,027	649,931	502,623	2,610,355	640,650	3,260,286	-80.3%
Beirut	-	13,074	-	12,938	-	26,012	-
Cairo	465,191	268,132	506,063	202,430	971,254	470,562	106.4%
Dammam	-	168	8,806	220,711	8,806	220,879	-96.0%
Doha	4,596,086	3,741,502	7,624,641	5,845,177	12,220,727	9,586,679	27.5%
Dubai	5,251,559	5,195,457	9,092,477	11,712,033	14,344,036	16,907,490	-15.2%
Jeddah	1,267,298	926,546	2,651,903	2,989,044	3,919,201	3,915,590	0.1%
Kuwait	50,966	83,793	976,242	686,984	1,027,208	770,777	33.3%
Madinah	-	33,589	2,278	7,798	2,278	41,387	-94.5%
Mashad	14,030	1,003	2,036	1,022	16,066	2,025	693.4%
Muscat	2,292,337	1,184,445	3,015,605	2,427,067	5,307,942	3,611,512	47.0%
Riyadh	186,644	85,371	787,994	669,262	974,638	754,633	29.2%
Riyan Mukalla	341	995	-	-	341	995	-65.7%
Sanaa	54,675	30,348	129,214	61,719	183,889	92,067	99.7%
Sharjah	158,432	165,658	378,590	19,169	537,022	184,827	190.6%
Shiraz	18,121	3,117	31,975	31,083	50,096	34,200	46.5%
Tehran Imam Khomeini	231,161	158,873	1,710,749	1,837,572	1,941,910	1,996,445	-2.7%
Total	18,556,624	14,962,169	31,839,962	32,440,430	50,396,586	47,402,599	6.3%

(kg)	ARRIVAL		DEPARTURE		TOTAL		% + / -
	2012	2011	2012	2011	2012	2011	
EUROPE							
Amsterdam	15,054,744	11,298,033	18,642,932	16,741,154	33,697,676	28,039,187	20.2%
Basel	–	1,563,806	–	125,309	–	1,689,115	–
Erzurum	–	–	–	97,240	–	97,240	–
Frankfurt	12,918,108	15,270,561	14,102,491	13,365,289	27,020,599	28,635,850	-5.6%
Istanbul	1,806,678	1,700,699	1,721,343	1,510,172	3,528,021	3,210,871	9.9%
London Gatwick	355,459	304,918	299,612	261,485	655,071	566,403	15.7%
London Heathrow	3,991,284	3,785,626	7,378,873	6,726,135	11,370,157	10,511,761	8.2%
London Stansted	–	1,788,768	–	1,813,437	–	3,602,205	–
Luxembourg	2,532,788	2,516,176	5,643,995	4,835,287	8,176,783	7,351,463	11.2%
Maastricht	–	15,052	–	–	–	15,052	–
Moscow	1,909	–	10,109	–	12,018	–	–
Nottingham	56,855	–	–	–	56,855	–	–
Paris	3,634,394	3,714,892	3,795,663	3,775,888	7,430,057	7,490,780	-0.8%
Paris Orly	609,754	2,145,561	121,233	725,791	730,987	2,871,352	-74.5%
Rome	80,145	1,695,008	60,276	975,117	140,421	2,670,125	-94.7%
Total	41,042,118	45,799,100	51,776,527	50,952,304	92,818,645	96,751,404	-4.1%
NORTH AMERICA							
Los Angeles	914,242	446,977	556,310	827,550	1,470,552	1,274,527	15.4%
Total	914,242	446,977	556,310	827,550	1,470,552	1,274,527	15.4%
SOUTH AMERICA							
Buenos Aires	5,015	122,592	46,067	539,502	51,082	662,094	-92.3%
Total	5,015	122,592	46,067	539,502	51,082	662,094	-92.3%
AFRICA							
Addis Ababa	–	–	12,500	–	12,500	–	–
Algier	–	–	3,035	–	3,035	–	–
Cape Town	70,593	628,449	8,468	249,527	79,061	877,976	-91.0%
Harare	8,614	164,566	1,192	34,799	9,806	199,365	-95.1%
Johannesburg	7,346	278,796	129,215	1,322,985	136,561	1,601,781	-91.5%
Khartoum	–	–	140,351	–	140,351	–	–
Lusaka	–	–	81,658	–	81,658	–	–
Mauritius	55,943	49,317	573,981	356,820	629,924	406,137	55.1%
Total	142,496	1,121,128	950,400	1,964,131	1,092,896	3,085,259	-64.6%
Grand Total	306,124,686	298,067,679	299,148,350	308,542,599	605,273,036	606,610,278	-0.2%

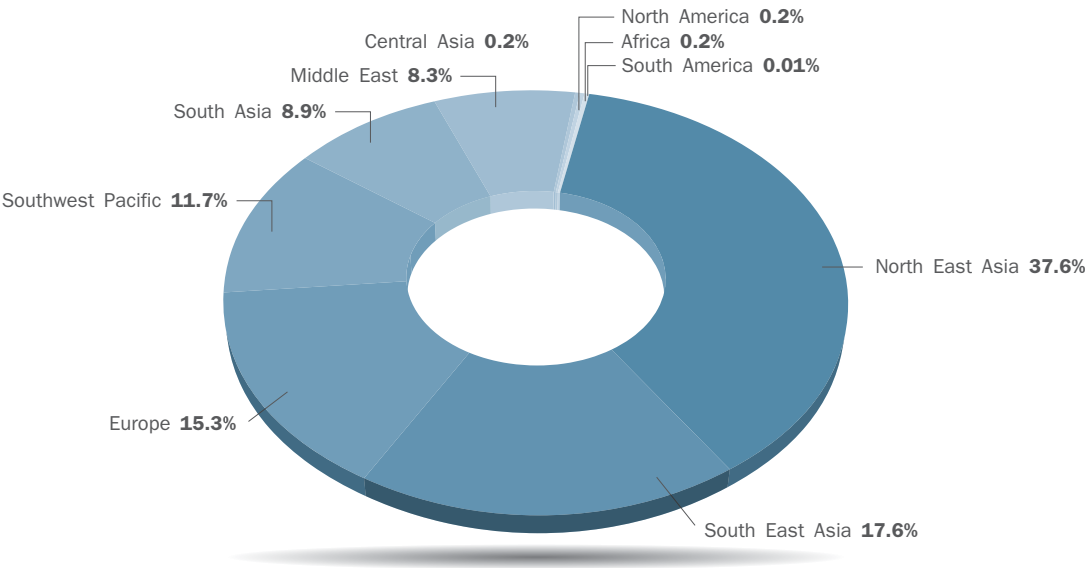
MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

335

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

KL INTERNATIONAL AIRPORT CARGO MOVEMENTS BY SECTORS 2012

International Movements: 605,273 metric tonnes



AIRLINES WITH MORE THAN 1% INTERNATIONAL MARKET SHARE AT KLIA

AIRLINES	CARGO MOVEMENTS 2012 (kg)	MARKET SHARE %
Malaysia Airlines	330,864,169	54.7%
AirAsia X	37,690,016	6.2%
AirAsia	32,034,674	5.3%
Korean Air	25,670,423	4.2%
Cathay Pacific Airways	19,908,591	3.3%
Thai Airways International	16,684,371	2.8%
Singapore Airlines	15,421,244	2.5%
China Airlines	14,685,547	2.4%
Emirates	14,052,165	2.3%
Qatar Airways	12,439,025	2.1%
Federal Express	11,396,435	1.9%

10 HIGHEST GROWTH INTERNATIONAL PERFORMANCE* AT KLIA

AIRLINES	CARGO MOVEMENTS 2012 (kg)	% Y-O-Y
Tiger Airways	1,215,641	232.7%
Egyptair	1,615,444	196.2%
Martin Air Holland	2,200,365	141.0%
Biman Bangladesh Airlines	2,563,466	118.7%
Garuda Indonesia	1,033,389	57.7%
Oman Air	5,307,942	47.0%
Etihad Airways	7,672,771	45.4%
Qatar Airways	12,439,025	28.5%
United Parcel Services	2,668,149	27.1%
Emirates	14,052,165	22.7%

Note: *1,000,000 kg and above

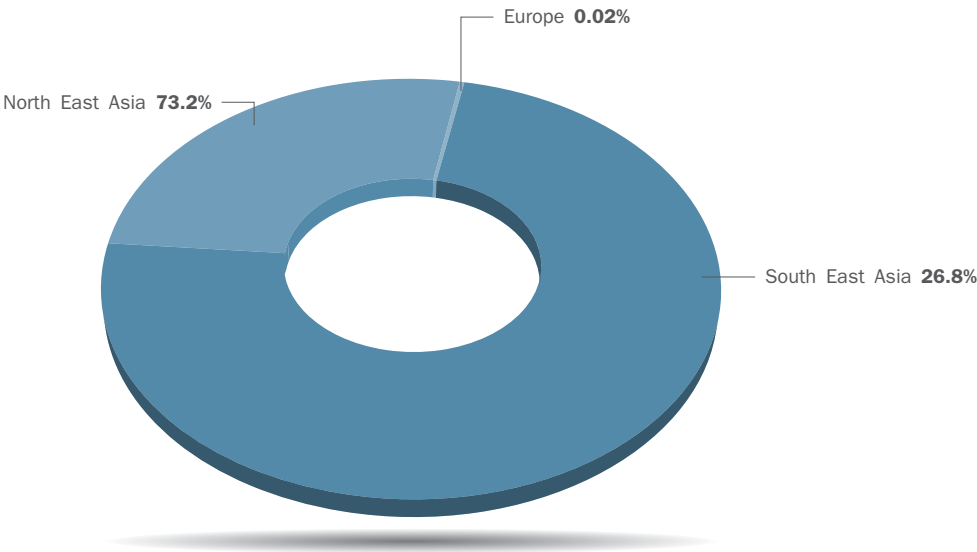
MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

337

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

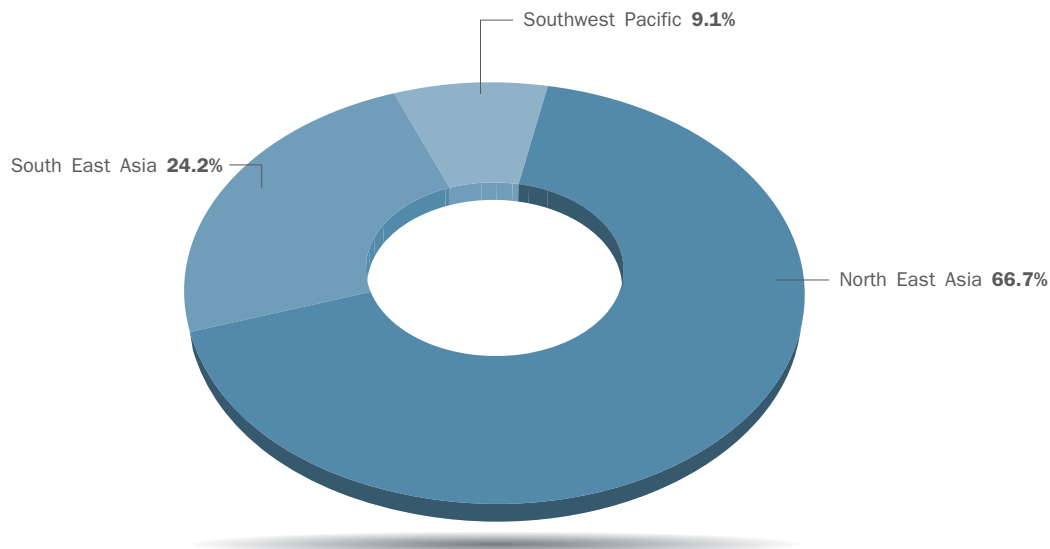
PENANG INTERNATIONAL CARGO MOVEMENTS BY SECTORS 2012

International Movements: 96,294 Metric tonnes



KOTA KINABALU INTERNATIONAL CARGO MOVEMENTS BY SECTORS 2012

International Movements: 2,620 metric tonnes

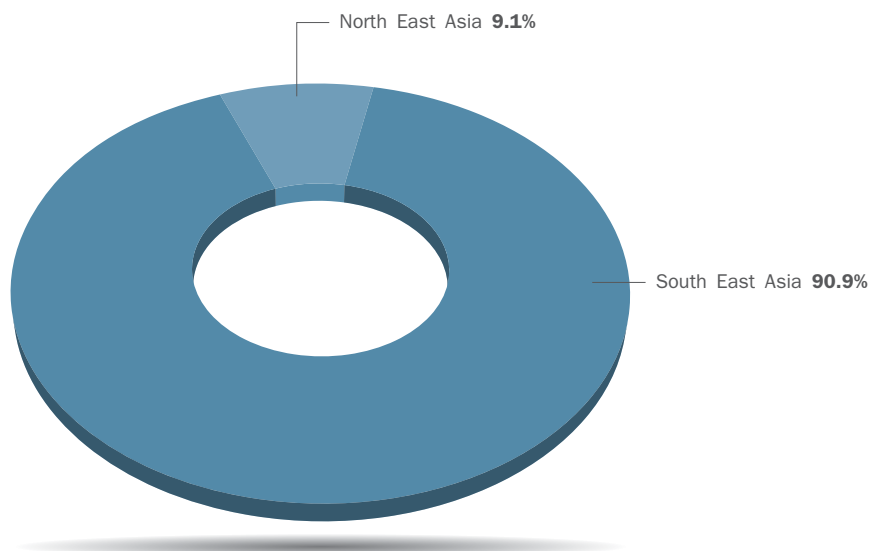


MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

339

KUCHING INTERNATIONAL CARGO MOVEMENTS BY SECTORS 2012

International Movements: 741 metric tonnes



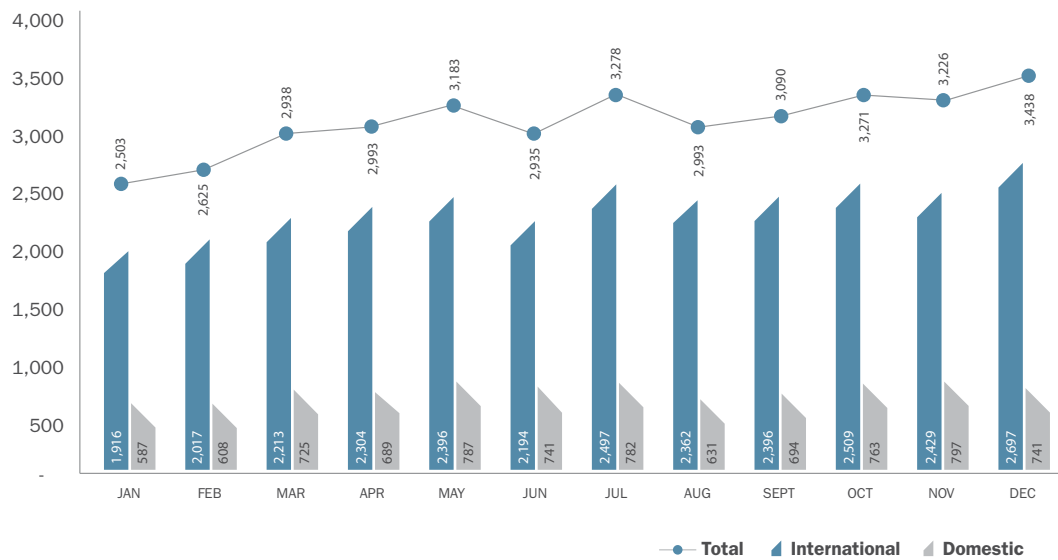
PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

AIRPORTS (kg)	DOMESTIC			INTERNATIONAL			TOTAL			TRANSIT		
	Arrival	Departure	Total	Arrival	Departure	Total	2012*	2011*	% + / -	Domestic	Int'l	Total
KLIA	548,902	1,032,900	1,581,802	12,762,128	14,775,237	27,537,365	29,119,167	25,462,928	14.4%	0	0	0
Penang	29	370	399	472	628	1,100	1,589	11,968	-86.7%	90	0	90
Kota Kinabalu	670,987	1,184,905	1,855,892	301,027	89,157	390,184	2,246,076	1,810,421	24.1%	0	0	0
Kuching	74,760	421,413	496,173	4	0	4	497,034	478,531	3.9%	857	0	857
Langkawi	154,571	67,465	222,036	0	0	0	227,176	131,104	73.3%	5,140	0	5,140
Kota Bharu	126,715	86,916	213,631	0	0	0	213,631	329,819	-35.2%	0	0	0
Ipoh	0	0	0	0	0	0	0	0	-	0	0	0
Kuala Terengganu	38,922	9,342	48,264	0	0	0	48,264	15,882	203.9%	0	0	0
Alor Setar	3,940	180,840	184,780	0	0	0	184,780	58,432	216.2%	0	0	0
Melaka	0	0	0	0	0	0	0	0	-	0	0	0
Subang	0	0	0	0	0	0	0	0	-	0	0	0
Kuantan	0	0	0	0	0	0	0	1	-	0	0	0
Tioman	305	0	305	555	0	555	860	0	-	0	0	0
Pangkor	0	0	0	0	0	0	0	0	-	0	0	0
Labuan	390,816	84,849	475,665	0	0	0	496,146	414,432	19.7%	20,481	0	20,481
Lahad Datu	238,961	35,865	274,826	0	0	0	274,826	212,538	29.3%	0	0	0
Sandakan	367,272	50,323	417,595	0	0	0	440,349	465,262	-5.4%	22,754	0	22,754
Tawau	406,717	89,959	496,676	0	0	0	496,676	457,230	8.6%	0	0	0
Bintulu	24,653	16,289	40,942	0	0	0	40,957	218,272	-81.2%	15	0	15
Miri	1,415,877	486,873	1,902,750	0	0	0	1,902,784	1,608,069	18.3%	34	0	34
Sibu	185,828	40,649	226,477	0	0	0	236,841	370,771	-36.1%	10,364	0	10,364
Mulu	0	0	0	0	0	0	0	0	-	0	0	0
Limbang	9,614	28,503	38,117	0	0	0	38,117	25,369	50.2%	0	0	0
STOL Sabah	0	0	0	0	0	0	0	0	-	0	0	0
STOL Sarawak	5,005	1,731	6,736	0	0	0	6,736	14,613	-53.9%	0	0	0
Peninsular Malaysia	873,384	1,377,833	2,251,217	12,763,155	14,775,865	27,539,020	29,795,467	26,010,134	14.6%	5,230	0	5,230
Sabah	2,074,753	1,445,901	3,520,654	301,027	89,157	390,184	3,954,073	3,359,883	17.7%	43,235	0	43,235
Sarawak	1,715,737	995,458	2,711,195	4	0	4	2,722,469	2,715,625	0.3%	11,270	0	11,270
Total 2012	4,663,874	3,819,192	8,483,066	13,064,186	14,865,022	27,929,208	36,472,009	32,085,641	13.7%	59,735	0	59,735
Total 2011	4,204,738	3,588,609	7,793,346	11,829,432	12,325,111	24,154,543	32,085,641			95,726	42,026	137,752
% change	10.9%	6.4%	8.9%	10.4%	20.6%	15.6%	13.7%			-37.6%	-	-56.6%

Note : * Including transit mail

MAIL MOVEMENTS AT MAHB AIRPORTS 2012

(metric tonnes)



MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

341

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

MAIL MOVEMENTS (2003 – 2012)

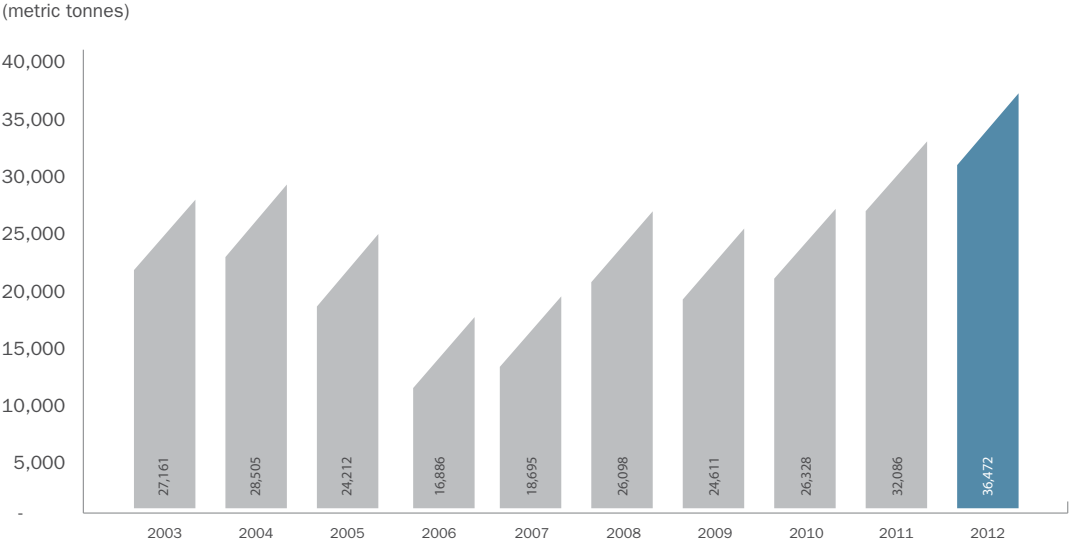
MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

342

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

AIRPORTS (Metric tonnes)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	% + / -
KLIA	3,787	3,621	2,999	4,558	8,794	18,418	17,061	19,394	25,463	29,119	14.4%
Penang	992	1,563	9	2	1.4	0.4	7	4	12	2	-86.7%
Kota Kinabalu	5,737	5,940	5,032	3,787	4,044	3,149	1,744	2,158	1,810	2,246	24.1%
Kuching	5,131	5,344	5,086	3,467	3,137	999	821	642	479	497	3.9%
Langkawi	42	44	46	58	58	83	73	90	131	227	73.3%
Johor Bahru	0	-	-	-	-	-	-	-	-	-	-
Kota Bharu	305	384	226	171	175	236	322	322	330	214	-35.2%
Ipoh	0	0	0	0	0	0	0	0	0	0	-
Kuala Terengganu	164	174	132	10	4	8	5	12	16	48	203.9%
Alor Setar	0	0	0	0	0	2	55	47	58	185	216.2%
Melaka	0	0	0	0	0	0	0	0	0	0	-
Subang	7,860	8,003	7,006	1,656	0	0	0	0	0	0	-
Kuantan	9	12	2	0	0	0	0	2	0	0	-
Tioman	0	0	0	0	0	0	0	0	0	1	-
Pangkor	0	0	0	0	0	0	0	0	0	0	-
Labuan	307	276	257	291	334	399	360	378	414	496	19.7%
Lahad Datu	155	165	154	212	157	193	212	207	213	275	29.3%
Sandakan	216	202	52	90	9	233	254	476	465	440	-5.4%
Tawau	453	431	264	102	27	281	242	439	457	497	8.6%
Bintulu	122	151	134	240	83	339	382	264	218	41	-81.2%
Miri	1,283	1,255	1,633	1,439	1,806	1,665	2,171	1,564	1,608	1,903	18.3%
Sibu	598	909	1,089	698	59	0	849	287	371	237	-36.1%
Mulu	0	0	0	0	0	0	0	0	0	0	-
Limbang	0	0.01	0.05	0.06	0	0	0	28	25	38	50.2%
STOL Sabah	0	0	0	0	0	0	0	0	0	0	-
STOL Sarawak	0	32	90	106	6	94	53	13	15	7	-53.9%
Peninsular Malaysia	13,160	13,801	10,421	6,455	9,033	18,747	17,523	19,870	26,010	29,795	14.6%
Sabah	6,868	7,013	5,759	4,481	4,572	4,254	2,812	3,659	3,360	3,954	17.7%
Sarawak	7,133	7,691	8,032	5,950	5,090	3,097	4,276	2,798	2,716	2,722	0.3%
Grand Total	27,161	28,505	24,212	16,886	18,695	26,098	24,611	26,328	32,086	36,472	13.7%
% change	4.4%	4.9%	-15.1%	-30.3%	10.7%	39.6%	-5.7%	7.0%	21.9%	13.7%	

MAIL MOVEMENTS AT MAHB AIRPORTS (2003 – 2012)



MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

343

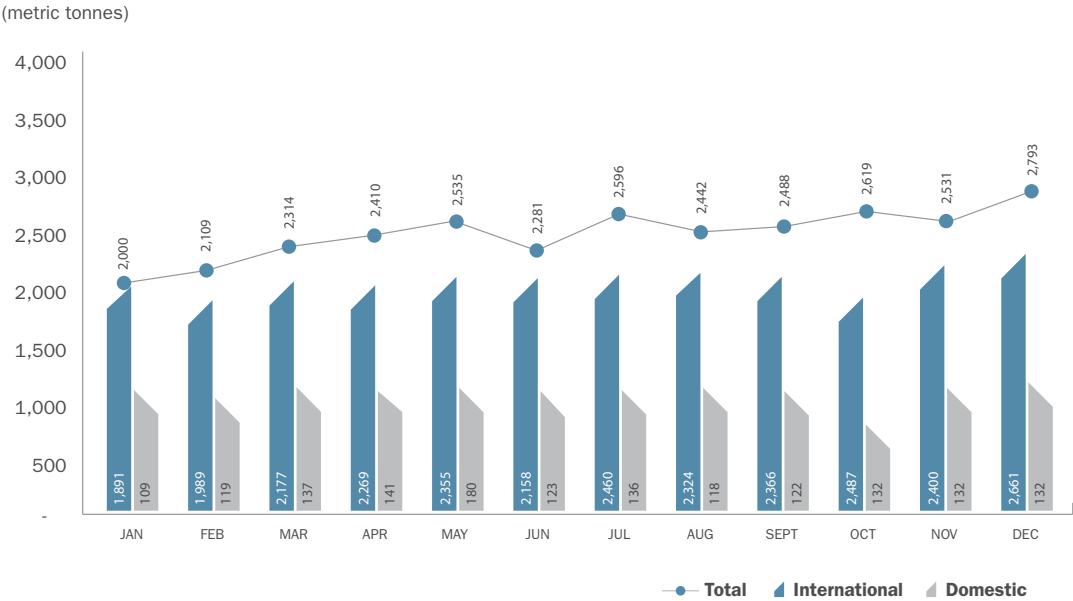
- PREFACE
- PERFORMANCE REVIEW
- PERSPECTIVES
- LEADERSHIP
- CORPORATE FRAMEWORK
- GOVERNANCE
- FINANCIAL STATEMENTS
- AIRPORTS STATISTIC

MAIL MOVEMENTS AT
KL INTERNATIONAL
AIRPORT 2012

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

344

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC



(kg)	ARRIVAL		DEPARTURE		TOTAL		% + / -
	2012	2011	2012	2011	2012	2011	
SOUTH EAST ASIA							
Bandar Seri Begawan	6,359	6,945	151,651	131,559	158,010	138,504	14.1%
Bangkok	469,025	443,147	165,526	142,730	634,551	585,877	8.3%
Denpasar Bali	89,935	105,087	452,133	74,775	542,068	179,862	201.4%
Hanoi	12,119	1,183	122,037	177,720	134,156	178,903	-25.0%
Ho Chi Minh City	2,202	2,296	24,667	16,599	26,869	18,895	42.2%
Jakarta	331,214	386,014	756,926	666,943	1,088,140	1,052,957	3.3%
Manila	21,651	9,490	114,670	67,187	136,321	76,677	77.8%
Medan	-	-	35,733	30,967	35,733	30,967	15.4%
Phnom Penh	51,406	99,400	237,285	269,212	288,691	368,612	-21.7%
Phuket	656	466	3	8	659	474	39.0%
Singapore	766,527	763,976	80,612	95,956	847,139	859,932	-1.5%
Yangon	58	20	86,455	63,470	86,513	63,490	36.3%
Total	1,751,152	1,818,024	2,227,698	1,737,126	3,978,850	3,555,150	11.9%
NORTH EAST ASIA							
Beijing	843,304	336,198	285,657	78,284	1,128,961	414,482	172.4%
Chengdu	-	-	-	20	-	20	-
Fuzhou	1,684	1,624	-	-	1,684	1,624	3.7%
Guangzhou	503,677	663,526	81,421	68,702	585,098	732,228	-20.1%
Hong Kong	388,471	339,061	247,122	337,913	635,593	676,974	-6.1%
Kaohsiung	7	437	-	-	7	437	-98.4%
Osaka	115,371	99,659	35,118	40,562	150,489	140,221	7.3%
Seoul	1,515,579	1,536,353	339,092	167,242	1,854,671	1,703,595	8.9%
Shanghai Pu Dong	91,700	16,858	78,240	8,081	169,940	24,939	581.4%
Shenzhen	2,196,085	1,896,626	2,955,584	2,008,378	5,151,669	3,905,004	31.9%
Taipei	483,977	532,601	376,932	299,314	860,909	831,915	3.5%
Tokyo	4,791	6,491	262,600	284,568	267,391	291,059	-8.1%
Xianmen	34,824	35,012	45	428	34,869	35,440	-1.6%
Total	6,179,470	5,464,446	4,661,811	3,293,492	10,841,281	8,757,938	23.8%

INTERNATIONAL
MAIL MOVEMENTS BY
SECTORS AT
**KL INTERNATIONAL
AIRPORT 2012**

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

346

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

(kg)	ARRIVAL		DEPARTURE		TOTAL		% + / -
	2012	2011	2012	2011	2012	2011	
SOUTHWEST PACIFIC							
Adelaide	–	–	225,549	190,523	225,549	190,523	18.4%
Auckland	2,554	3,461	997,634	754,372	1,000,188	757,833	32.0%
Brisbane	1	–	296,999	179,648	297,000	179,648	65.3%
Christmas Island	–	–	–	1,711	–	1,711	–
Melbourne	1,540	918	1,502,266	1,472,092	1,503,806	1,473,010	2.1%
Perth	44	2,457	664,487	612,927	664,531	615,384	8.0%
Port Moresby	–	1	–	–	–	1	–
Sydney	1,335	2,700	1,597,792	1,442,251	1,599,127	1,444,951	10.7%
Total	5,474	9,537	5,284,727	4,653,524	5,290,201	4,663,061	13.4%
SOUTH ASIA							
Bangalore	–	1	–	–	–	1	–
Chennai	13,020	207	26,479	8,858	39,499	9,065	335.7%
Colombo	75,802	131,713	43,060	36,959	118,862	168,672	–29.5%
Delhi	21	31	30,857	43,650	30,878	43,681	–29.3%
Dhaka	99,690	16,272	98,228	78,324	197,918	94,596	109.2%
Karachi	2,460	3,168	2,167	29,575	4,627	32,743	–85.9%
Kathmandu	–	3	328	10	328	13	2423.1%
Lahore	274	499	–	20	274	519	–47.2%
Male	530	401	27,140	17,451	27,670	17,852	55.0%
Mumbai	6,972	63	30,582	43,671	37,554	43,734	–14.1%
Total	198,769	152,358	258,841	258,518	457,610	410,876	11.4%
MIDDLE EAST							
Abu Dhabi	21,822	34,992	40	47	21,862	35,039	–37.6%
Amman	1,574	1,314	163	84	1,737	1,398	24.2%
Bahrain	3,101	16,918	4,807	119	7,908	17,037	–53.6%
Beirut	–	–	–	1	–	1	–
Cairo	–	201	98	37	98	238	–58.8%
Doha	68,517	93,971	17,366	2,336	85,883	96,307	–10.8%
Dubai	1,582	2,238	348	10,080	1,930	12,318	–84.3%
Jeddah	11,255	5,296	36,375	21,909	47,630	27,205	75.1%
Kuwait	27,077	2,672	164	79	27,241	2,751	890.2%
Mashad	880	–	–	–	880	–	–
Muscat	9,812	601	64	10	9,876	611	1516.4%
Riyadh	4,980	3,873	334	352	5,314	4,225	25.8%
Riyan Mukalla	1	344	–	–	1	344	–99.7%
Sanaa	479	881	–	1	479	882	–45.7%
Sharjah	15,164	9,398	–	–	15,164	9,398	61.4%
Shiraz	–	–	10	74	10	74	–86.5%
Tehran	9,015	10,404	239	435	9,254	10,839	–14.6%
Total	175,259	183,103	60,008	35,564	235,267	218,667	7.6%

(kg)	ARRIVAL		DEPARTURE		TOTAL		% + / -
	2012	2011	2012	2011	2012	2011	
CENTRAL ASIA							
Tashkent	9	868	-	-	9	868	-99.0%
Total	9	868	-	-	9	868	-99.0%
EUROPE							
Amsterdam	546,221	399,284	120,713	143,458	666,934	542,742	22.9%
Frankfurt	45,430	30,764	79,760	77,993	125,190	108,757	15.1%
Istanbul	47	64	25,444	24,934	25,491	24,998	2.0%
London	3,857,883	3,521,999	1,714,224	1,865,310	5,572,107	5,387,309	3.4%
Luxembourg	-	-	171	-	171	-	-
Moscow	910	-	205	-	1,115	-	-
Paris	1,365	374	337,312	157,013	338,677	157,387	115.2%
Paris Orly	-	-	-	470	-	470	-
Rome	-	-	-	763	-	763	-
Total	4,451,856	3,952,485	2,277,829	2,269,941	6,729,685	6,222,426	8.2%
NORTH AMERICA							
Los Angeles	-	70,617	4,200	36,036	4,200	106,653	-96.1%
Total	-	70,617	4,200	36,036	4,200	106,653	-96.1%
SOUTH AMERICA							
Buenos Aires	-	3	123	15,764	123	15,767	-99.2%
Total	-	3	123	15,764	123	15,767	-99.2%
AFRICA							
Cape Town	-	-	-	1,173	-	1,173	-
Harare	-	1	-	-	-	1	-
Johannesburg	-	118	-	97	-	215	-
Mauritius	139	186	-	-	139	186	-25.3%
Total	139	305	-	1,270	139	1,575	-91.2%
Grand Total	12,762,128	11,651,746	14,775,237	12,301,235	27,537,365	23,952,981	15.0%

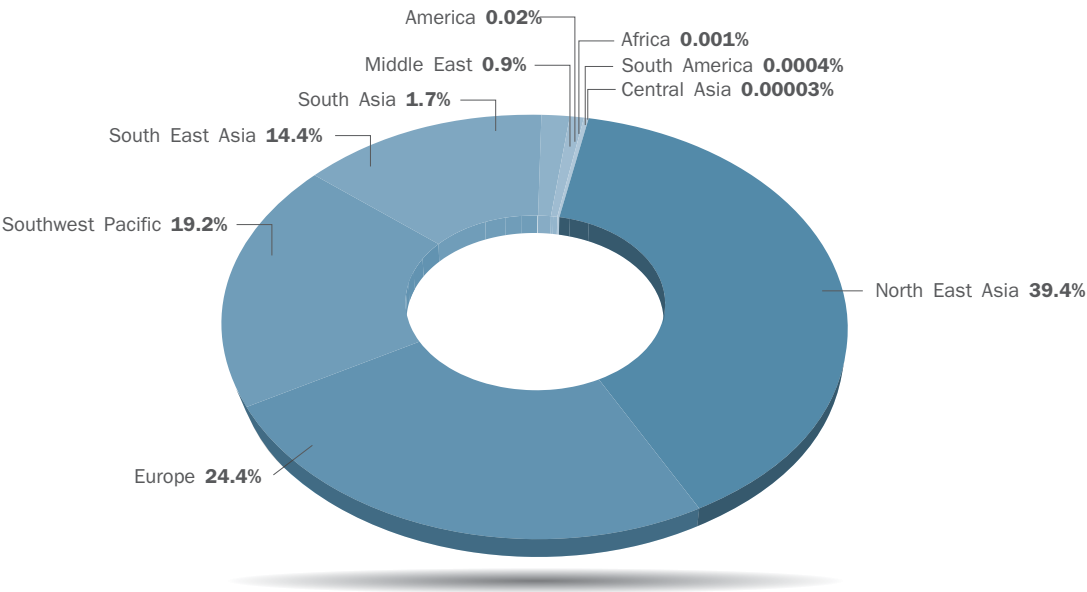
MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

347

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

KL INTERNATIONAL AIRPORT MAIL MOVEMENTS BY SECTORS 2012

Total International Movements: 27,537 Metric Tonnes



STOLports	AIRCRAFT MOVEMENTS	% CHG	PASSENGERS	% CHG	CARGO & MAIL (KG)	% CHG
SARAWAK REGION						
Bakalalan	312	-15.7%	3,310	-37.9%	-	-
Bario	1,530	-10.9%	17,413	-3.1%	241,167	-18.0%
Lawas	3,876	0.2%	53,965	-2.7%	31,981	-8.9%
Long Akah	306	-19.0%	1,600	-23.1%	-	-
Long Banga	210	-10.3%	2,665	0.7%	-	-
Long Lellang	298	23.1%	2,197	-1.9%	-	-
Long Seridan	190	-2.1%	1,547	-2.6%	6,060	-11.8%
Marudi	3,732	-3.2%	43,740	-9.9%	357,994	18.7%
Mukah	3,080	-5.5%	36,323	-3.0%	-	-
Belaga	0	-	0	-	-	-
Long Semado	0	-	0	-	-	-
Kapit	0	-	0	-	-	-
Total	13,534	-4.1%	162,760	-6.1%	637,202	-0.1%
SABAH REGION						
Kudat	192	-27.3%	5,970	18.3%	3	-76.9%
Long Pasia	0	-	0	-	-	-
Semporna	0	-	0	-	-	-
Total	192	-27.3%	5,970	18.3%	3	-76.9%
Grand Total	13,726	-4.6%	168,730	-5.4%	637,205	-0.1%

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

349

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

	WEEKLY FLIGHT FREQUENCY		WEEKLY FLIGHT FREQUENCY
1 Air Astana	3	35 Mahan Air	2
2 Air India Express	5	36 Malaysia Airlines	518+24 (C) int/ 425 dom
3 Air Mauritius	3	37 Mandala Airlines	14
4 AirAsia Philippines	7	38 Myanmar Airways International	6
5 AirAsia X	82	39 Nepal Airlines	6
6 AirAsia	562 int/ 517 dom	40 Oman Air	7
7 Airphil Express	3	41 Pakistan International Airlines	3
8 Bangkok Airways	7	42 Qatar Airways	21
9 BB Airways	3	43 Royal Brunei Airlines	9
10 Biman Bangladesh Airlines	7	44 Royal Jordanian	3
11 Cargolux Airlines International (Cargo)	3	45 Saudi Arabian Airlines	7
12 Cathay Pacific Airways	28	46 SilkAir	45
13 Cebu Pacific Air	16	47 Singapore Airlines	16
14 China Airlines	7 (3C)	48 SriLankan Airlines	14
15 China Eastern Airlines	7	49 Thai AirAsia	14
16 China Southern Airlines	14	50 Thai Airways International	18
17 Egyptair	7	51 Tiger Airways	31
18 Emirates	32	52 Transmile Air (Cargo)	2 int/6 dom
19 Ethiopian Airlines	3	53 United Airways Bangladesh (4H)	7
20 Etihad Airways	7	54 United Parcel Services (Cargo)	9
21 Eva Airways	6	55 Uzbekistan Airways	3
22 Federal Express (Cargo)	9	56 Vietnam Airlines	21
23 Firefly	1	57 Xianmen Airlines	6
24 Gading Sari (Cargo)-domestic	4	58 Yemenia Yemen Airways	2
25 Garuda Indonesia	14	59 Air China	3
26 Indonesia Airasia	105	60 Air Koryo	1
27 Iran Air	3	61 Air Zimbabwe	1
28 Japan Airlines International	7	62 Gulf Air	4
29 Jetstar Asia	50	63 Jet Airways (India)	7
30 KLM-Royal Dutch Airlines	10	64 Martinair Holland	2
31 Korean Air	7 (4C)	65 Transaero	1
32 Kuwait Airways	6	66 Zest Airways	1
33 Lion Air	19		
34 Lufthansa German Airlines	4		
Total number of airlines			66

1. FLIGHT, INTERNATIONAL

A flight operated with one or both terminals in the territory of a State, other than the State in which the airline is registered. The term State includes all territories subject to the sovereignty, protection or mandate of such State.

2. FLIGHT, DOMESTIC

A flight operated between points within the domestic boundaries of a State by an airline registered in that State. A flight between a State and territories belonging to it, as well as a flight between two such territories, should be classified as domestic. This applies even though the flight may cross international waters or over the territory subject to the sovereignty, suzerainty, protection or mandate of such State.

3. COMERCIAL AIR TRANSPORT OPERATION

An aircraft operation involving the transport of passengers, baggage, cargo or mail for remuneration or hire.

4. AIR SERVICES, SCHEDULED

Air services provided by flights scheduled and performed for remuneration according to a published timetable, or so regular or frequent as to constitute a recognisably systematic series which are open for use by public including empty flights related thereto and preliminary revenue flights on planned new air services.

5. NON SCHEDULED FLIGHT

Commercial flights not listed in the time table of an airline including General Aviation aircraft carrying passenger or cargo for remuneration or hire.

6. PASSENGER

Any person, except members of the crew, carried or to be carried in an aircraft with the consent of the carrier.

7. TRANSFER PASSENGER (CARGO, MAIL)

A passenger making a direct connection between two flights i.e using different aircraft and flight numbers, operated by the same or another airline. Synonymous with connecting passenger.

8. TRANSIT PASSENGER (CARGO, MAIL)

A passenger arriving and departing on one and the same aircraft.

9. CARGO

Anything carried or to be carried in an aircraft, except mail, or baggage carried under a passenger ticket and baggage check, but includes baggage moving under an airway bill or shipment record.

10. MAIL, SERVICE

- Dispatches of correspondence and other objects tendered by and intended for delivery to postal administration.
- Goods carried under the terms of an international Postal Convention.

11. DEPARTURE

The boarding of an aircraft for the purpose of commencing a flight, except by such crew or passengers as have embarked on a previous stage of the same through-flight.

12. ARRIVAL

The leaving of an aircraft after a landing except by crew or passenger continuing to the next stage of the same throughflight.

13. STOLports

An airport designed to serve short take-off and landing (STOL) aircraft.

STATEMENT OF SHAREHOLDINGS

Share Capital

Authorised Share Capital : RM2,000,000,001/-
Issued and Fully Paid-Up Capital : RM1,217,088,047/-
Class of Equity Securities : 1,217,088,046 Ordinary Shares of RM1/- each; and 1 Special Rights Redeemable Preference Share of RM1/-
Voting Rights : One vote per ordinary share
The Special Share has no voting right other than that referred to in Note 26 of the Financial Statements.

ANALYSIS OF SHAREHOLDINGS AS AT 31 JANUARY 2013

A. DISTRIBUTION OF SHAREHOLDINGS (MALAYSIAN & FOREIGN)

Size of holdings	No. of holders		No. of holdings		Percentage	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1 – 99	74	1	1,300	66	0.00	0.00
100 – 1,000	5,433	28	5,276,575	24,400	0.43	0.00
1,001 – 10,000	3,947	49	12,648,913	266,510	1.04	0.02
10,001 – 100,000	398	122	10,920,839	4,723,753	0.90	0.39
100,001 – 60,854,401 (*)	120	142	260,136,209	177,089,354	21.37	14.55
60,854,402 and above (**)	3	0	746,000,127	0	61.29	0.00
Total	9,975	342	1,034,983,963	182,104,083	85.04	14.96
Grand Total	10,317		1,217,088,046		100.00	

Remark : * Less than 5% of Issued Holdings
** 5% and above of Issued Holdings

Note(s): The above information is based on records as provided by Bursa Malaysia Depository Sdn Bhd and number of holders reflected is in reference to CDS account numbers.

B. LIST OF TOP 30 SECURITIES ACCOUNT HOLDERS AS AT 31 JANUARY 2013
(Without aggregating securities from different securities accounts belonging to the same person)

Name of Shareholders	No. of Holdings	Percentage
1. KHAZANAH NASIONAL BERHAD	488,000,000	40.10
2. AMANAHRAYA TRUSTEES BERHAD SKIM AMANAH SAHAM BUMIPUTERA	129,495,371	10.64
3. CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	128,504,756	10.56
4. AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM WAWASAN 2020	38,205,292	3.14
5. HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (BERMUDA)	23,942,029	1.97
6. MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)	23,614,902	1.94
7. MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	19,151,000	1.57
8. KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	17,023,613	1.40
9. CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	16,034,100	1.32
10. HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE BANK OF NEW YORK MELLON (MELLON ACCT)	14,986,699	1.23
11. PERMODALAN NASIONAL BERHAD	13,496,154	1.11
12. CARTABAN NOMINEES (ASING) SDN BHD GOVERNMENT OF SINGAPORE INVESTMENT CORPORATION PTE LTD FOR GOVERNMENT OF SINGAPORE (C)	13,312,047	1.09
13. AMANAHRAYA TRUSTEES BERHAD AS 1MALAYSIA	12,277,537	1.01
14. AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA	11,370,660	0.93
15. AMANAHRAYA TRUSTEES BERHAD PUBLIC GROWTH FUND	8,622,101	0.71
16. HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (AUSTRALIA)	7,789,354	0.64
17. AMANAHRAYA TRUSTEES BERHAD PUBLIC EQUITY FUND	6,356,522	0.52

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

353

PREFACE
 PERFORMANCE REVIEW
 PERSPECTIVES
 LEADERSHIP
 CORPORATE FRAMEWORK
 GOVERNANCE
 FINANCIAL STATEMENTS
AIRPORTS STATISTIC

Name of Shareholders		No. of Holdings	Percentage
18.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.A.E.)	5,597,999	0.46
19.	BHR ENTERPRISE SDN BHD	5,151,600	0.42
20.	SETIAUSAHA KERAJAAN PULAU PINANG	5,000,000	0.41
21.	HSBC NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	4,829,600	0.40
22.	CARTABAN NOMINEES (ASING) SDN BHD BBH (LUX) SCA FOR FIDELITY FUNDS ASEAN	4,561,715	0.37
23.	CHIEF MINISTER, STATE OF SABAH	4,500,000	0.37
24.	STATE FINANCIAL SECRETARY SARAWAK	4,500,000	0.37
25.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BNP PARIBAS SECURITIES SERVICES (CLIENT ASSET S)	4,408,797	0.36
26.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC AGGRESSIVE GROWTH FUND (N14011940110)	4,338,038	0.36
27.	KERAJAAN NEGERI PAHANG	4,100,000	0.34
28.	STATE SECRETARY KEDAH INCORPORATED	4,100,000	0.34
29.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (P)	3,952,712	0.32
30.	AMANAHRAYA TRUSTEES BERHAD PUBLIC SECTOR SELECT FUND	3,922,128	0.32

C. LIST OF SECURITIES ACCOUNT HOLDERS OF SPECIAL RIGHTS REDEEMABLE PREFERENCE SHARE AS AT 31 JANUARY 2013

1. The Minister of Finance (Incorporated)

**D. SUBSTANTIAL SHAREHOLDERS AS AT 31 JANUARY 2013
(as shown in the register of substantial shareholders)**

Name of Substantial Shareholders	No. of Shares held		Percentage
	Direct	Indirect	
Khazanah Nasional Berhad	488,000,000	–	40.10
Employees Provident Fund Board	143,178,609	–	11.76
AmanahRaya Trustees Berhad – Skim Amanah Saham Bumiputera	129,495,371	–	10.64

**E. DIRECTORS' SHAREHOLDINGS AS AT 31 JANUARY 2013
(as shown in the register of directors' shareholdings)**

Name of Directors	No. of Shares held		Percentage
	Direct	Indirect	
1. Tan Sri Dato' Sri Dr. Wan Abdul Aziz Bin Wan Abdullah	–	–	–
2. Tan Sri Bashir Ahmad Bin Abdul Majid	–	–	–
3. Datuk Seri Long See Wool	–	–	–
4. Eshah Binti Meor Suleiman	–	–	–
5. Datuk Alias Bin Haji Ahmad	–	–	–
6. Datuk Siti Maslamah Binti Osman	–	–	–
7. Jeremy Bin Nasrulhaq	–	–	–
8. Mohd Izani Bin Ghani	–	–	–
9. Dato' Syed Faisal Albar Bin Syed A.R Albar	–	–	–
10. Tunku Dato' Mahmood Fawzy Bin Tunku Muhiyiddin	–	–	–
11. Norazura Binti Tadzim (Alternate Director to Eshah Binti Meor Suleiman)	–	–	–
12. Chua Kok Ching (Alternate Director to Datuk Seri Long See Wool)	–	–	–

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

355

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
T : 603-2084 9000
F : 603-2094 9940/2095 0292

LISTING

The Company's shares are listed on the Main Market of Bursa Malaysia Securities Berhad in Malaysia.

MALAYSIAN TAXES ON DIVIDEND

The change in the tax structure from imputation to single tier system is the most significant change in Malaysia's tax laws.

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. Under this system, tax on dividends is imposed at the companies' and shareholders' level. However, tax imposed at the shareholders' level will take into account tax imputed at the companies' level through tax credits.

In accordance with Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Malaysian companies also have an irrecoverable option to disregard the Section 108 balance of Malaysian Income Tax Act, 1967 and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

MAHB did not elect for the irrecoverable option to disregard the Section 108 balance. Accordingly, during the transitional period, MAHB may utilise the credit in Section 108 balances as at 31 December 2012 and 2011 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act 2007. As at 31 December 2012, the Company has fully utilised the credit in the Section 108 balance and can distribute its entire retained earnings under the single-tier system without any restrictions.

ANNUAL REPORT

The Annual Report is available to the public who are not shareholders of the Company, by writing to:

The Company Secretary
Malaysia Airports Holdings Berhad
Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang
Selangor Darul Ehsan
T : 603-8777 7011
F : 603-8777 7512

Registered Owner and Location	Description and Existing Use	Tenure	Land Area	Built-up Area (sqm)	Net Book Value as at 31 Dec 2012 (RM'000)
-------------------------------	------------------------------	--------	-----------	---------------------	---

LEASED PROPERTIES

MALAYSIA AIRPORTS (SEPANG) SDN. BHD. FEDERAL LAND COMMISSIONER* Location: District of Sepang, Selangor Malaysia	KLIA	A total right of occupation of 50 years (Expiry date of 4 May 2048)	22,620 acres	–	–
MALAYSIA AIRPORTS HOLDINGS BHD. FEDERAL LAND COMMISSIONER** Location: District of Petaling, Selangor Malaysia	Sultan Abdul Aziz Shah Airport	A total right of occupation of 60 years (Expiry date of 31 December 2067)	1,122 acres	–	–

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

357

LANDED PROPERTIES OWNED BY THE GROUP

MALAYSIA AIRPORTS (NIAGA) SDN. BHD. Location: Desa Cempaka, Bandar Baru Nilai Mukim Nilai, District of Seremban Negeri Sembilan, Malaysia	48 units of apartments	Freehold	–	3,791	2,326
MALAYSIA AIRPORTS (PROPERTIES) SDN. BHD. Location: Genting Permai Park & Resort District of Bentong, Pahang Malaysia	4 units of apartments	Freehold	–	342	761
MALAYSIA AIRPORTS (PROPERTIES) SDN. BHD. Location: Teluk Dalam, Pulau Pangkor District of Manjung, Perak Malaysia	10 units of apartments	Freehold	–	744	884

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

Registered Owner and Location	Description and Existing Use	Tenure	Land Area	Built-up Area (sqm)	Net Book Value as at 31 Dec 2012 (RM'000)
LANDED PROPERTIES OWNED BY THE GROUP (CONTINUED)					
MALAYSIA AIRPORTS SDN. BHD. Location: CL 205357688 Sierra Estates Condominium Jalan Ranca-Ranca Federal Territory of Labuan Malaysia	32 units of apartments	Leasehold of 99 years (Expiry date of 31 December 2089)	–	3,175	–
MALAYSIA AIRPORTS SDN. BHD. Location: CL 205359593 Kg. Nagalang Federal Territory of Labuan Malaysia	Land (Residential)	Leasehold of 99 years (Expiry date of 31 December 2090)	1.10 acres	–	265
MALAYSIA AIRPORTS (PROPERTIES) SDN. BHD. Location: CL 205317951 Kg. Nagalang Federal Territory of Labuan Malaysia	Land (Agriculture)	Leasehold of 99 years (Expiry date of 31 December 2077)	1.22 acres	–	218

Note:

* Pursuant to the KLIA Land Lease Agreement dated 18 October 1999 entered into between Malaysia Airports (Sepang) Sdn. Bhd. and the Federal Land Commissioner, Malaysia Airports (Sepang) Sdn. Bhd. has been granted the right of use of the KLIA land for a period of 50 years.

However, following a restructuring exercise for MAHB, the Land Lease Agreement was replaced by a new Land Lease Agreement dated 12 February 2009. Malaysia Airports (Sepang) Sdn. Bhd. has been granted the right of use of the KLIA land for a period of 25 years.

** Pursuant to the Land Lease Agreement dated 26 October 2007 entered into between Malaysia Airports Holdings Bhd and the Federal Land Commissioner, Malaysia Airports has been granted a lease of land of Sultan Abdul Aziz Shah (SAAS) Airport for a period of 60 years.

MALAYSIA AIRPORTS HOLDINGS BERHAD AND GROUP

Registered Address:
Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang, Selangor Darul Ehsan
T : 603-8777 7000
F : 603-8777 7778/603-8777 7512

MALAYSIA AIRPORTS HOLDINGS BERHAD (487092-W)

MALAYSIA AIRPORTS SDN BHD (230646-U)

MALAYSIA AIRPORTS CONSULTANCY SERVICES SDN BHD (375245-X)

Business Address:
Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang, Selangor Darul Ehsan
T : 603-8777 7000
F : 603-8777 7778/603-8777 7512

MALAYSIA AIRPORTS (SEPANG) SDN BHD (320480-D)

Business Address:
4th Floor, Airport Management Centre
Kuala Lumpur International Airport
64000 KLIA, Sepang, Selangor Darul Ehsan
T : 603-8776 2000/603-8777 8888
F : 603-8926 5510/603-8926 5209

MALAYSIA AIRPORTS (NIAGA) SDN BHD (281310-V)

Business Address:
3rd Floor, Airport Management Centre
Kuala Lumpur International Airport
64000 KLIA, Sepang, Selangor Darul Ehsan
T : 603-8776 8600
F : 603-8787 3747

MALAYSIA AIRPORTS (PROPERTIES) SDN BHD (484656-H)

Business Address:
Block C, Ground Floor, Short Term Car Park
64000 KLIA, Sepang, Selangor Darul Ehsan
T : 603-8776 8401
F : 603-8776 8181

K.L. AIRPORT HOTEL SDN BHD (330863-D)

SAMA-SAMA HOSPITALITY MANAGEMENT SDN BHD (1029991-A)

Business Address:
Sama-Sama Hotel
Kuala Lumpur International Airport
Jalan CTA 4B, 64000 KLIA
Sepang, Selangor Darul Ehsan
T : 603-8787 3333
F : 603-8787 5555

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

359

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC

MAB AGRICULTURE-HORTICULTURE SDN BHD (467902-D)

Business Address:
4th Floor, Airport Management Centre
Kuala Lumpur International Airport
64000 KLIA, Sepang, Selangor Darul Ehsan
T : 019-2824 362
F : 019-2163 025

MALAYSIA INTERNATIONAL AEROSPACE CENTRE SDN BHD (438244-H)

Business Address:
Unit M8 & M9, Skypark Terminal
Sultan Abdul Aziz Shah Airport
47200 Subang, Selangor Darul Ehsan
T : 603-7846 3870
F : 603-7846 3300

MALAYSIA AIRPORTS TECHNOLOGIES SDN BHD (512262-H)
MALAYSIA AIRPORTS MSC SDN BHD (516854-V)

Business Address:
3rd Floor, Airport Management Centre
Kuala Lumpur International Airport
64000 KLIA, Sepang, Selangor Darul Ehsan
T : 603-8776 8341
F : 603-8786 8680

URUSAN TEKNOLOGI WAWASAN SDN BHD (459878-D)

Business Address:
1st Floor, Civil Engineering Building
Engineering Complex
Kuala Lumpur International Airport
64000 Sepang, Selangor Darul Ehsan
T : 603-8776 7002
F : 603-8787 2455

KL INTERNATIONAL AIRPORT

64000 KLIA Sepang
Selangor Darul Ehsan, Malaysia
T : 603-8777 8888
F : 603-8926 5510

PENANG INTERNATIONAL AIRPORT

11900 Bayan Lepas
Pulau Pinang, Malaysia
T : 604-252 0252
F : 604-643 5339

LANGKAWI INTERNATIONAL AIRPORT

07100 Padang Mat Sirat, Langkawi
Kedah Darul Aman, Malaysia
T : 604-955 1311
F : 604-955 1314

KOTA KINABALU INTERNATIONAL AIRPORT

Beg Berkunci No. 134
Aras 5, Bangunan Terminal
88740 Kota Kinabalu Sabah, Malaysia
T : 6088-325 555
F : 6088-219 081

KUCHING INTERNATIONAL AIRPORT

Peti Surat 1070
93722 Kuching, Sarawak, Malaysia
T : 6082-454 242
F : 6082-458 587

SULTAN ABDUL AZIZ SHAH AIRPORT

Skypark Terminal
47200 Subang
Selangor Darul Ehsan, Malaysia
T : 603-7845 3245
F : 603-7846 3679

SULTAN AZLAN SHAH AIRPORT

31350 Ipoh, Perak Darul Ridzuan, Malaysia
T : 605-318 8202
F : 605-312 2295

SULTAN ABDUL HALIM AIRPORT

06200 Alor Setar
Kedah Darul Aman, Malaysia
T : 604-714 6876
F : 604-714 5345

SULTAN ISMAIL PETRA AIRPORT

Pengkalan Chepa
16100 Kota Bharu
Kelantan Darul Naim, Malaysia
T : 609-773 7400
F : 609-773 3852

SULTAN MAHMUD AIRPORT

21300 Kuala Terengganu
Terengganu Darul Iman, Malaysia
T : 609-667 3666
F : 609-662 6670

SULTAN AHMAD SHAH AIRPORT

26070 Kuantan
Pahang Darul Makmur, Malaysia
T : 609-531 2123/2100
F : 609-538 4017

MELAKA AIRPORT

75350 Melaka, Malaysia
T : 606-317 5860
F : 606-317 5214

SANDAKAN AIRPORT

P.O. Box 1719
90719 Sandakan, Sabah, Malaysia
T : 6089-667 782/667 786
F : 6089-667 778

LAHAD DATU AIRPORT

P.O. Box 213
91108 Lahad Datu
Sabah, Malaysia
T : 6089-881 033
F : 6089-881 618

TAWAU AIRPORT

P.O. Box 60132
91011 Tawau, Sabah, Malaysia
T : 6089-950 777
F : 6089-950 781

LABUAN AIRPORT

Jalan Tun Mustafa, Peti Surat 80569
87015 W.P. Labuan Sabah, Malaysia
T : 6087-416 007/415 015
F : 6087-410 129

SIBU AIRPORT

Peti Surat 645
96000 Sibu, Sarawak, Malaysia
T : 6084-307 770
F : 6084-307 709

BINTULU AIRPORT

97000 Bintulu, Sarawak, Malaysia
T : 6086-339 163
F : 6086-337 011

MIRI AIRPORT

Peti Surat 851
98008 Miri, Sarawak, Malaysia
T : 6085-615 204/205
F : 6085-614 537

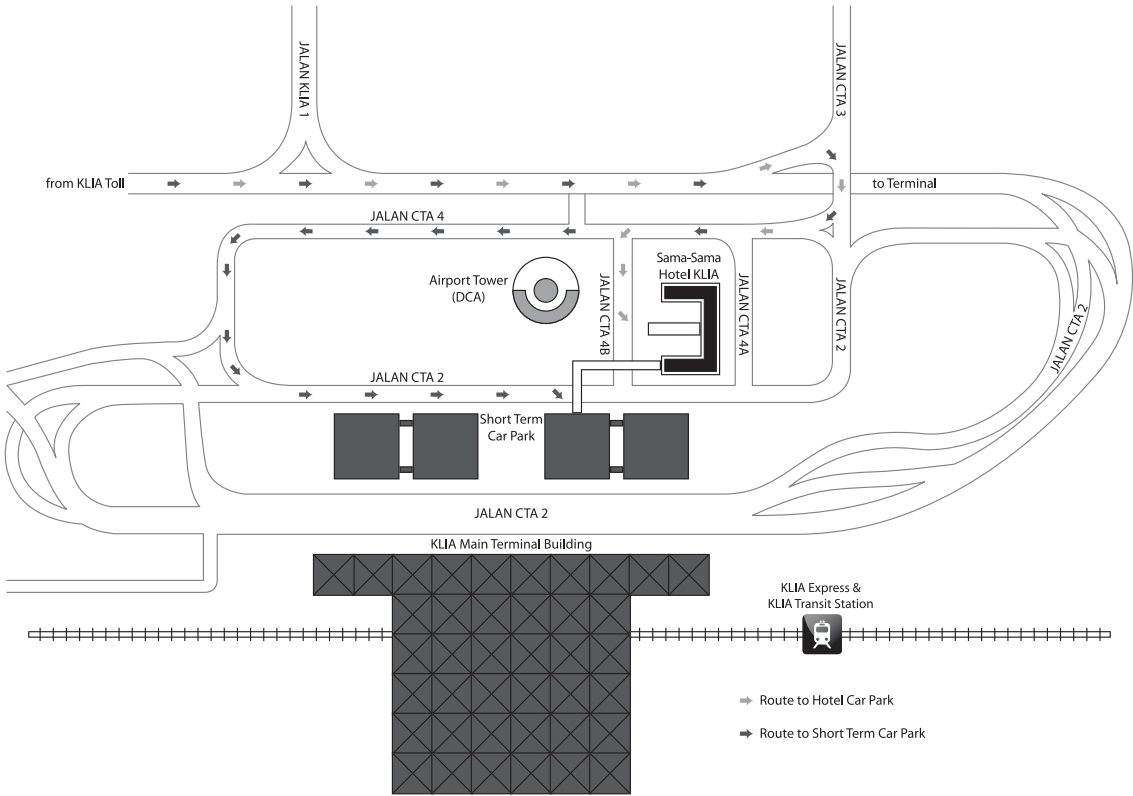
LIMBANG AIRPORT

98700 Limbang
Sarawak, Malaysia
T : 6085-212 090
F : 6085-214 979

MALAYSIA AIRPORTS HOLDINGS BERHAD
ANNUAL REPORT 2012

361

PREFACE
PERFORMANCE REVIEW
PERSPECTIVES
LEADERSHIP
CORPORATE FRAMEWORK
GOVERNANCE
FINANCIAL STATEMENTS
AIRPORTS STATISTIC



PROXY FORM

Malaysia Airports Holdings Berhad (487092-W)
Incorporated in Malaysia

CDS Account No.

No. of Shares Held

I/We _____ NRIC No./Passport No./Company No. _____
[FULL NAME IN CAPITAL LETTERS]

of _____
[FULL ADDRESS]

being a Member(s) of MALAYSIA AIRPORTS HOLDINGS BERHAD, hereby appoint _____
[FULL NAME IN CAPITAL LETTERS]

_____ NRIC No./Passport No. _____

of _____
[FULL ADDRESS]

or failing him/her _____ NRIC No./Passport No. _____
[FULL NAME IN CAPITAL LETTERS]

of _____
[FULL ADDRESS]

or failing him/her the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Fourteenth Annual General Meeting of the Company to be held at Gateway Ballroom, Level 1, Sama-Sama Hotel, Kuala Lumpur International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan on Thursday, 28 March 2013 at 11.00 a.m. for the following purposes:-

Please indicate with an 'X' in the space provided below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

		For	Against
Resolution 1	To receive the Audited Financial Statements and Reports of the Directors and Auditors for the financial year ended 31 December 2012.		
Resolution 2	To declare and approve the payment of a final single-tier dividend for the financial year ended 31 December 2012.		
Resolution 3	To approve the payment of Directors' fees for the financial year ended 31 December 2012.		
Resolution 4	To approve the proposed increase of Directors' fees with effect from 1 April 2013.		
Resolution 5	To re-elect Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah as Director.		
Resolution 6	To re-elect Dato' Syed Faisal Albar bin Syed A.R Albar as Director.		
Resolution 7	To re-elect Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin as Director.		
Resolution 8	To re-elect Datuk Alias bin Haji Ahmad as Director.		
Resolution 9	To re-elect Jeremy bin Nasrulhaq as Director.		
Resolution 10	To re-appoint Messrs. Ernst & Young as Auditors and to authorise the Directors to fix their remuneration.		
Resolution 11	Authority under Section 132D of the Companies Act, 1965 for Directors to allot and issue shares.		
Resolution 12	To approve the proposed renewal of the authority to allot and issue new ordinary shares of RM1.00 each in MAHB for the purpose of the Company's Dividend Reinvestment Plan.		

As witness my/our hands this _____ day of _____ 2013.

Signature of Member/Common Seal

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(a), (b) and (c) of the Companies Act, 1965 shall not apply to the Company. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
2. The instrument appointing a proxy shall be in print or writing under the hand of the appointer or his duly constituted attorney, or if such appointer is a corporation, under its common seal or the hand and seal of its attorney.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Malaysia Airports Corporate Office, Persiaran Korporat KLIA, 64000 KLIA, Sepang, Selangor Darul Ehsan not less than 48 hours before the time set for holding the Meeting or at any adjournment thereof.
4. Shareholders' attention is hereby drawn to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which allows a member of the Company which is an exempt authorised nominee, as defined under the Securities Industry (Central Depositories) Act, 1991, who holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") to appoint multiple proxies in respect of each omnibus account it holds.

STAMP

The Company Secretary
Malaysia Airports Holdings Berhad (487092-W)
Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang
Selangor Darul Ehsan



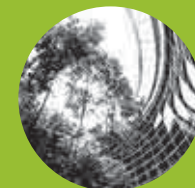
MALAYSIA AIRPORTS HOLDINGS BERHAD (487092-W)

Malaysia Airports Corporate Office, Persiaran Korporat KLIA
64000 KLIA, Sepang, Selangor Darul Ehsan, Malaysia
T • 603-8777 7000 F • 603-8777 7778

www.malaysiaairports.com.my

SUSTAINABILITY REPORT 2012

Connecting With





Inside this report

2012 Sustainability report



About This Report	2
Chairman and Managing Director's Joint Address	4

MATERIAL ISSUES

Practicing Sensible Economics	7
• Enhancing Competitiveness	
• Upholding Ethics and Integrity	
Creating an Inspiring Workplace	10
• A Great Place to Work	
• A Focus on Health	
Environmental Consciousness	17
• Managing Resources	
• Towards a Low Carbon Future	
Community Friendly Organisation	22
• Key Social Contributions	
• Education: Our Beyond Borders Program	
Memorable Airport Experiences	26
• Prioritising Service Excellence	
• Championing Innovation	
• GRI Index	
Sustainability Policy	32

ABOUT THE REPORT

This is the fourth Malaysia Airports Holdings Berhad (henceforth, 'Malaysia Airports') Annual Sustainability Report. This report parallels and complements our 2012 Annual Report.

This report is written in accordance to the Global Reporting Initiative (GRI) G3.1 Guidelines and GRI's Airport Operators Sector Supplement (AOSS). The content of this report has been verified by an independent external agency to ensure accuracy and reliability of this report. The third party verification institution has assured that the report conforms to the "C+" application level of the G3.1 and AOSS guidelines. In order to avoid duplication of information, some requirements of GRI are reported in our 2012 Annual Report as indicated in our GRI Index on Page 29.

This report also reflects Malaysia Airports' activities in relations to ISO9001, OHSAS18001 and ISO14001 standards where applicable. The Malaysian Ringgit (RM) is used as the standard currency for this report.

This report covers Malaysia Airports and the Malaysian airports within its corporate structure as reflected in the holding company's consolidated financial statements. Airports refer to stations whereby Malaysia Airports holds a major stake in and/or has direct managerial control over. Data on airports where Malaysia Airports has stakes outside Malaysia have been excluded from further discussion in this report. Coverage on the holding company's subsidiaries is also not exhaustive in this report.

This report covers Malaysia Airports' performances throughout January to November 2012 (and up to December 2012 only where data is available at time of assurance audit). All information in this report parallels our Annual Report for the corresponding year. Targets stated in this report are guided by milestones provided in our Business Direction document ('Runway to Success,' published in 2010).



Malaysia Airports is a signatory of the Aviation Industry Commitment to Action on Climate Change (2008), a multi stakeholder industry declaration to create a pathway to carbon neutral growth and a carbon free future. Malaysia Airports also contributes as a working group member to the National Green Technology and Climate Change Council (GTCCC) in the Transportation Sector.

In 2012, Malaysia Airports also participated in a stakeholder consultation workshop for the formulation of the National Carbon (GHG) Disclosure Program. Malaysia Airports holds membership in various Airport Council International (ACI) world and regional committees, including the World Environment Standing Committee (WESC).

Malaysia Airports' fifth Sustainability Report will be due in parallel with our 2013 Annual Report. This report and our previous reports are available via PDF and can be downloaded from Malaysia Airports' corporate website at <http://www.malaysiaairports.com.my>

Point of contact for queries and feedback
with regards to this report:

MAJIDAH HASHIM

Sustainability Department
majidah@malaysiaairports.com.my

CHAIRMAN AND MANAGING DIRECTOR'S JOINT ADDRESS

Dear Stakeholders,
It is our pleasure to present
**Malaysia Airports' 2012
Annual Sustainability Report.**

Having been in the aviation industry for twenty years, Malaysia Airports is testimony that evolution in business strategy is necessary to remain ahead of our competition. Our years of experience have seen us transform the face of airports in Malaysia from functional point-to-point gateways, to exciting travel destinations capable of generating memorable experiences in its own right. Though faced with many challenges over the years, our airports lend to us a great sense of pride, and this is something that radiates strongly not only among our direct employees, but also with anyone who has had any management and operational relationship with us.

There is more to Malaysia Airports than being one of the world's largest airport management company. We are also entrepreneurs, employers, techno-literate consumers, passengers and members of our community. It is therefore our aspiration to establish an organisation which is not only profitable, but in the greater scheme of things, creates long-term value to all our stakeholders. This is where our concern for sustainability is taken to heart.

This sustainability report demonstrates Malaysia Airports' commitment to balancing our accountability for our financial and non-financial performance in the year 2012. In corresponding to our company's Vision and Mission, five material issues were internally developed. These issues represent not only the interest of our stakeholders in the areas of marketplace, workplace, environment and community, but also lend a focus on quality and innovation – areas which Malaysia Airports are passionate and proud of.



THANK YOU SO MUCH

The table on Page 6 describes how sustainability issues are positioned to support Malaysia Airports' Vision and Mission. Key sustainability issues are further elaborated in ten headings (coloured blue) to describe our performance in 2012. This report has been structured as per this table.

In year 2012, Malaysia Airports' focus has been in fortifying our position in the aviation industry. While our financial performance will demonstrate our revenues generated in the reporting period, we believe that it is equally fundamental that we position ourselves as a formidable competitor in the aviation business in the long run. Planning with sustainability in mind ensures that our business continues to yield the best value for our shareholders, regardless of the current economic climate. In order for an organisation to stay in business, it must continually evolve with the highest standards of service in mind. Malaysia Airports believes in keeping abreast with the latest in technology, but also in nurturing in-house talent.

Upholding ethics, integrity and human rights is essential as Malaysia Airports establishes itself as a credible and exemplary employer both locally and internationally. As a provider of services, we believe that every one of our employee, is an ambassador of our company. More than that however, as the gatekeeper of the major gateways into Malaysia, our employees are also ambassadors of our country. It is therefore our duty to create a warm, friendly and hospitable impression of Malaysia to each and everyone we encounter.



BIDDING FAREWELL TO

TAN SRI DATUK DR. ARIS OTHMAN

Malaysia Airports bid farewell to Y.Bhg. Tan Sri Datuk Dr. Aris Othman whose last day as Chairman of Malaysia Airports was on 6 June 2012.

Tan Sri Aris has been with Malaysia Airports since 7 June 2003 and during his tenure, his vast experience in finance, banking and economics has guided and inspired Malaysia Airports to achieve greater heights. Known for his high regard for discipline and integrity, under his stewardship the Board of Malaysia Airports has been recognised by Minority Shareholder Watchdog Group (MSWG) and National Awards for Management Accounting (NAfMA) for its high standards in Corporate Governance and Best Practices in Management Accounting.



COMPANY NAME

MALAYSIA AIRPORTS HOLDINGS BERHAD (487092-w)

CORE BUSINESS

Managing & operating Malaysia's 39 airports as well as providing airport-related services



Throughout 2012, Malaysia Airports has worked hard in encouraging healthy lifestyles for our employees of all levels. Sports events in particular, not only motivates our staff to exercise, but also promotes teamwork and camaraderie. In prioritising wellbeing of our employees, we hope to reduce turnover and retain a great pool of highly trained personnel who are experts in their chosen profession.

We believe that taking responsibility for the environment is necessary to ensure the continued growth of our company. In this affect, Malaysia Airports is committed to making our airports leaner and greener, in earning our license to grow. In our continued effort to spread awareness on environmental consciousness among our employees and community, we have embedded initiatives to reduce our consumption of resources i.e. water and energy into the operations of all our airports.

OUR AIRPORTS IN MALAYSIA

- KL International Airport (KLIA/KUL)
- Penang International Airport (PEN)
- Langkawi International Airport (LGK)
- Kuching International Airport (KCH)
- Kota Kinabalu International Airport (BKI)



International

- | | |
|---|---|
| <ul style="list-style-type: none"> • Bintulu Airport (BTU) • Labuan Airport (LBU) • Lahad Datu Airport (LDU) • Limbang Airport (LMN) • Melaka Airport (MKZ) • Miri Airport (MYI) • Sandakan Airport (SDK) • Sibu Airport (SBW) • Sultan Abdul Aziz Shah Airport (SZB) • Sultan Abdul Halim Airport (AOR) • Sultan Ahmad Shah Airport (KUA) • Sultan Azlan Shah Airport (IPH) • Sultan Ismail Petra Airport (KBR) • Sultan Mahmud Airport (TGG) • Tawau Airport (TWU) • Mulu Airport (MZV) | <ul style="list-style-type: none"> • Pangkor STOL port (PKG) • Redang STOL port (RDN) • Tioman STOL port (TOD) • Lawas STOL port (LWY) • Marudi STOL port (MUR) • Mukah STOL port (MKM) • Kapit STOL port (KPI) • Belaga STOL port (BLG) • Bario STOL port (BBN) • Long Seridan STOL port (ODN) • Long Lellang STOL port (LGL) • Long Semado STOL port (LSM) • Bakelalan STOL port (BKM) • Long Akah STOL port (LKH) • Kudat STOL port (KUD) • Long Pasia STOL port (GSA) • Long Banga STOL port (LBP) • Semporna STOL port (SMM) |
|---|---|



Domestic

Dealing on an international stage, the eyes of the world are on us. The eyes of the passengers who pass through our airports on a daily basis. The eyes of consumers who browse through our retail offerings. The eyes of the various vendors, suppliers, contractors and business partners who associate themselves with us. The eyes of our employees and colleagues who work with us. The eyes of our friends. The eyes of our families.

We feel a sense of responsibility to each and every one of you and thank you for embarking on this journey with us.

TAN SRI DATO' DR. WAN ABDUL AZIZ
Chairman

TAN SRI BASHIR AHMAD
Managing Director

PRACTICING SENSIBLE ECONOMICS

At Malaysia Airports, we believe that practicing sensible economics means that we run a profitable business with strong long term growth potential. By continuously seeking to grow our profitability, especially from the non-aeronautical segments of our business, we are not only able to sustain a healthy financial bottom line, but also uphold our responsibility to cater to the aviation needs of our local communities. This is achieved through cross subsidising the community based airports under our management with our more profitable airports. Sustaining these airports is important to us as it provides local communities to critical accessibility to education, medicine and other supplies, especially at hard to reach areas.

Adhering to the spirit entrusted upon Malaysia Airports in our Operating Agreement, we are also committed to a revenue sharing mechanism with the Malaysia Government. As such, growing our revenue base simultaneously contributes positively to the country's financial wellbeing, and reflects positively on Malaysia Airports as a concession holder over the long term.

Our airline partners are a vital component of our business. Understanding that the sustainability of their business has a direct impact upon ours, Malaysia Airports believes that it is strategically fundamental to offer the best value to them for a win-win business symbiosis. In this breath, Malaysia Airports provides a low cost base for airline operations through competitive aeronautical charges.

PROPORTION OF SPENDING ON LOCALLY-BASED SUPPLIERS

Up to November 2012, approximately **98.7%** of our procurement activities are spent on locally-based suppliers. **1.3%** has been awarded to foreign suppliers for:

- Buying or maintaining special equipments such as friction tester, airfield ground lighting, x-ray machine etc.
- Advertising
- License – Radio/software

* Malaysia Airports does not have any policy or practices for spending on locally-based suppliers. Nevertheless, a majority of our procurement activities are restricted to locally-based suppliers only.



ENHANCING COMPETITIVENESS

With 20 years of aviation experience in our portfolio, Malaysia Airports has developed a keen and analytical sense for anticipating future aviation trends. We were among the first players in the Asian market to anticipate the huge potential for low cost travel, resulting in the world's first dedicated low cost carrier terminal in the mid 2000s, which served as the base for AirAsia's growth.

Today, we are taking another leap in spearheading growth in this sector by constructing klia2. Set to be the world's largest purpose built terminal for low cost carriers (LCCs), the terminal will not only boast the very latest in technology and design, but will also cater to the many variants in low cost carrier models that is typically seen today. Understanding that travellers on low cost carriers are increasingly discerning, klia2 is also designed to offer attractive and high quality shopping propositions with a larger space dedicated for commercial use.

We are also constructing a third runway at KLIA/klia2, which is ahead of its competition, many other major hub airports in the region are now beginning to plan for.

We also believe in paying special attention and time to airline marketing as well as working closely with the Ministry of Tourism and its agencies to "market" destinations within the country. On this note, we also provide attractive incentives to airlines to spur growth in passenger traffic as well as to initiate new routes and increased frequencies. The incentive programme we have in place serves as a "sweetener" to attract airlines, over and above providing a low cost base for airline operations.

MALAYSIA AIRPORTS PRESENTS

THE FINAL BATCH OF AWARDS TO SUCCESSFUL TENDERERS FOR klia2

On 6th November 2012, Malaysia Airports presented the final batch of awards to successful tenderers for various retail, food & beverage and service outlets encompassing different areas throughout the terminal. Over 1,600 interested parties attended tender briefing sessions conducted by Malaysia Airports.

The tender briefings were conducted in phases with 133 different opportunities made available. Phase 1 was conducted in December 2011, Phase 2 in end February/early March 2012, Phase 3 in April 2012 and Phase 4 in May 2012. The first, second and third phases involved 27, 39 and 37 tenders, respectively. The fourth phase proved to be most exciting with 30 tenders comprising individual lots as well as packaged deals. All in all, 161 outlets had been tendered for the first day of operations at klia2.

The awards to local entrepreneurs encompass over 90% of awards at klia2 and 33% of the successful tenderers are completely new to the local airport commercial environment. An overview of brands awarded at klia2 can be found at <http://www.klia2retail.com.my/>


**THE FIRST SKYBRIDGE IN ASIA AT
klia2 COMPLETED**

On 2nd November 2012, the nation's aviation industry welcomes another landmark today as the klia2 Skybridge, the first in Asia and only the third in the world, was completed after the last piece of its structure was installed.

Spanning 300 metres with 60 metres of walkalators, the Skybridge will connect the passenger terminal building to the satellite building, allowing passengers to travel between these two points in just over five minutes. The contractor responsible for constructing this iconic metal structure that weighs about 3,050 metric tonnes is UEMC-Bina Puri.

**MALAYSIA AIRPORTS TO SET UP ITS OWN
AIRPORT HOTEL BRAND**

In tandem with our re-branding exercise, Malaysia Airports is proud to announce that all three of its hotels will assume the new brand name of 'Sama-Sama'. Meaning "togetherness" and "you're welcome" in Malay, the new brand will see the airport hotels offer an environment in which differences reside together – be they cultural, lingual or ethnic, similar to that in Malaysia.

Malaysia Airports' vision is to position the Airport Hotel services and brand as a specialised product and to expand the offerings to the overseas airport market. Sama-Sama shall commence operations come 1 January 2013.

MALAYSIA AIRPORTS FRAUD POLICY

Malaysia Airports view cases of fraud seriously and maintains a zero tolerance attitude towards fraud. Our new Fraud Policy issued by our Human Resource Division applies to any fraud, or suspected fraud, involving:

- Employees as well as consultants;
- Vendors and contractors;
- External agencies doing business with the Company's employees; and/or
- Any other parties with a business relationship with the Company.

UPHOLDING ETHICS AND INTEGRITY

It is vital for Malaysia Airports to uphold high levels of ethics and integrity in all businesses interactions and decision in order to retain public's trust on how we conduct our business. We strongly believe that fairness should be upheld in all business dealings with customers, vendors, consultants, contractors, agencies, airlines, passengers and the public at large.

Malaysia Airports has put in place policies which provide avenues for employees to channel their concerns with regards to ethical business practices and integrity. Our Whistle-Blowing Programme was established in 2007, and covers Malaysia Airports employees and external parties which have business dealings with our company. The programme provides a safe and acceptable channel for employees and external parties to raise their concerns so that it can be addressed in an independent and unbiased manner.

In addition, we have also introduced the competition law compliance manual that deals with the dos and don'ts with regards to competition in doing business. This year, we have also published our company's revised Employee Handbook which contains our new Code of Ethics & Conduct, Disciplinary Guidelines, Sexual Harassment Policy, Fraud Policy and Integrity Pledge. More with regards to this can be found on page 14.

In 2012, Malaysia Airports did not receive any legal actions for anti-competitive behaviour, anti-trust and monopoly practices. None of business units were analysed for risks related to fraud.

ACTIONS ARE TAKEN IN THE INCIDENT OF FRAUD

If an incident of fraud is discovered, it will be investigated and actions taken through the normal HR process (disciplinary actions after domestic inquiry and etc). Actions may also be taken under the Whistle Blowing (WB) programme in accordance to the WB policy and procedure.

EMPLOYEES TRAINED ON MALAYSIA AIRPORTS' FRAUD POLICIES AND PROCEDURES

In 2012, Malaysia Airports conducted a Risk Management Conference highlighting fraud as one of its components. This conference was attended by 242 employees including members of the Board. Moving forward we plan to establish a Fraud Risk Management framework beginning 2013 – 2015 as part of the company's effort to address the risk of fraud.



SECURITY PERSONNEL TRAINED IN MALAYSIA AIRPORTS' POLICIES OR PROCEDURES REGARDING ASPECTS OF HUMAN RIGHTS THAT ARE RELEVANT TO OPERATIONS

Taking into account that we serve passengers from various backgrounds, religion, culture, education etc, 100% of our security personnel are trained on how to deal with passengers especially during passenger and baggage screening at the AVSEC Basic Training Course.

Our security personnel have also been trained in Malaysia Airports' Courtesy & Care Program which is specially designed for front line staff. The program contains the following modules:

- Malaysia Airports Vision, Mission & Aspiration
- Airport Service Quality (ASQ)
- Identifying and Understanding Our Customers!
- You as a Professional Front
- 'Courtesy & Care Practices' for Malaysia Airports Front lines
- Welcoming The New Culture

CREATING AN INSPIRING WORKPLACE

Being in the service industry, we are well aware that our people are our greatest resource. Our employee base is comprised of a widely diverse range of backgrounds, suitably reflecting Malaysia's colourful cultural identity. We believe that playing upon each other's strengths creates an exciting environment to develop one's career and makes Malaysia Airports a great place to work.

Besides a salary scheme which is competitively benchmarked against other Government-Linked Companies (GLCs) in Malaysia, Malaysia Airports also offers a range of other benefits to permanent employees such as a comprehensive health benefits which is extended to our immediate family members, vehicle and home loans, additional contributions to our employees' Employee Provident Fund (EPF) and a range of work related allowances. Aside from this, Malaysia Airports also organises a number of events and activities throughout the year to encourage our staff to lead healthy lifestyles physically, mentally and spiritually. These events and activities include sports festivals, teambuilding events, awareness seminars and religious talks.

In year 2012, return to work and retention rates after parental leave for both men and women in Malaysia Airports are 100 percent.



Freedom of Association and Collective bargaining is practiced at Malaysia Airports whereby the right to join are be given recognition. The Trade Union Body has been a part of the company's policy since the inception of Malaysia Airports. This is proven by the recognition of three unions and an executive association here.

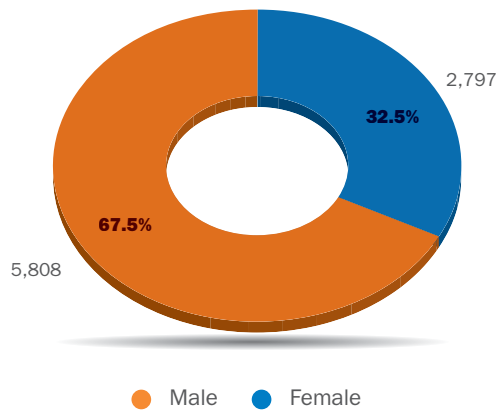
Sexual Harassment has now been made law under Employment Act 1955 in 2012 in Malaysia. Malaysia Airports has implemented a Sexual Harassment Policy in July 2012. 70 percent of our staff has undergone human rights training for our Sexual Harassment Policy. We aim to complete this training to all our staff by the first quarter of 2013. Sexual Harassment Policy training for all staff at KLIA and all our international airports has been fully completed. Total hours of this training per employee are between 1 – 2 hours. Throughout the year, less than 10 cases were raised, dealt with and resolved according to the law and policy. All cases were resolved through a formal grievance mechanism (as we are bound under the law).

POLICY ON ACCEPTANCE AND GIVING OF GIFTS

In the effort to uphold Corporate Governance and Transparency in our business conduct, the Management has made it a policy that Malaysia Airports employees shall not solicit and accept any gifts from current or potential vendors, agents and business partners whether directly or indirectly in the position that may influence any decision making process.

Malaysia Airports' employees are also not allowed to offer or accept any gift of cash, cash equivalents, personal service or others that may put the employees in a position of conflict, intended or provided in the hope of gaining any advantage or that may affect the Company's reputation. However, gift merchandise, corporate gifts or products of reasonable value can be accepted by employees subject to it being declared in writing to the respective Head of Department and Risk Management Unit.

TOTAL WORKFORCE BY GENDER



TOTAL WORKFORCE BY GENDER AND EMPLOYEE CATEGORY

Employee Category	Male	Female	Total
Management (26-33)	70	31	101
Management (24-25)	112	59	171
Executive (19-23)	433	262	695
Non-Executive (08-16)	5,193	2,445	7,638
Total	5,808	2,797	8,605

TOTAL WORKFORCE BY REGION

Region	Male	Female	Total
East Malaysia	1,184	466	1,650
West Malaysia	4,624	2,331	6,955
Total	5,808	2,797	8,605

COMPOSITION OF GOVERNANCE BODY BY GENDER

Governance Body	Male	Female	Total
Main Board	8	2	10
Exco Committee	5	2	7
Management Committee	18	9	27

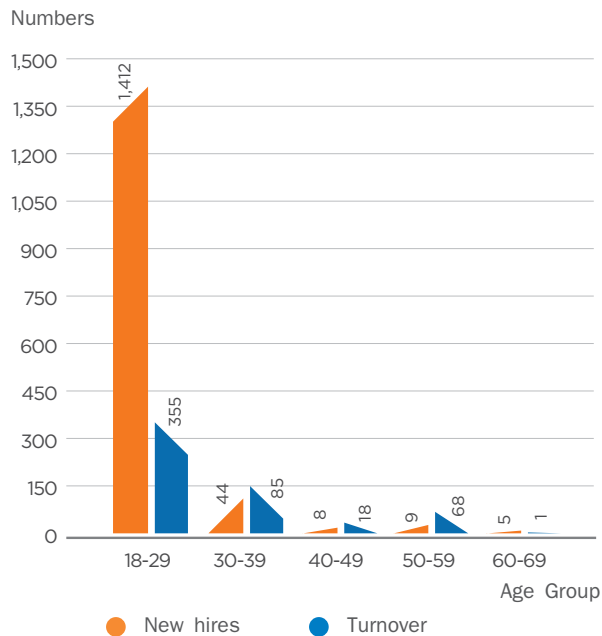
88.76%
(7,638)

PERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

COMPOSITION OF GOVERNANCE BODY BY AGE GROUP

Governance Body/Age Group	18-29	30-39	40-49	50-59	60-69	Total
Main Board	–	–	2	4	4	10
Exco Committee	–	1	2	2	2	7
Management Committee	–	4	10	11	2	27

TOTAL NUMBER OF NEW HIRES AND TURNOVER BY AGE GROUP



NEW HIRES AND TURNOVER BY GENDER

Gender	New Hires	Turnover
Male	942	320
Female	536	207
Total	1,478	527

NEW HIRES AND TURNOVER BY REGION

Region	New Hires	Turnover
East Malaysia	30	67
West Malaysia	1,448	460
Total	1,478	527

PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS BY GENDER

Employee Category	Male	Female
Management (Grade 27 – 32)	100%	100%
Management (Grade 24 – 26)	100%	100%
Executive (Grade 20 – 23)	100%	100%
Non-Executive (Grade 07 – 16)	100%	100%

A GREAT PLACE TO WORK

In order to ensure a harmonious workplace, Malaysia Airports has put in place a number of mechanisms to uphold the highest standards of human rights.

The re-exploration of our Disciplinary Guidelines comes from the need to have a common standard and practice across all to ensure compliance to Malaysian Labour Laws. At the same time, these new guidelines also function to promote industrial harmony, simultaneously advocating transparency, accountability and responsible Corporate Governance. We believe that employees should be empowered with knowledge of their rights.

The Guidelines comprises of rules that govern employees' conduct in the workplace. It emphasises on the principle of professionalism, discipline and good conduct to ensure a harmonious and conducive work environment. The Guidelines covers all employees in Malaysia Airports and its group of companies. Any non-conformance of these guidelines will attract disciplinary action.

In compliance with Malaysian Labour Laws, Malaysia Airports does not employ any underage personnel, or tolerate any forced or compulsory labour.

The Malaysia Airports Reward and Recognition program was established in 2011 with the objective of enhancing the existing reward and recognition programme/system for all employees. This program involved members from a cross functional background working together as a team to generate ideas to achieve this objective.

AVERAGE HOURS OF EMPLOYEE TRAINING BY CATEGORY AND GENDER

Employee Category	Male (Hours)	Female (Hours)
Management (Grade 27 – 32)	24.50	15.94
Management (Grade 24 – 26)	29.18	35.49
Executive (Grade 20 – 23)	36.26	39.70
Non-Executive (Grade 07 – 16)	20.69	25.61

PROGRAMS FOR SKILLS MANAGEMENT AND LIFELONG LEARNING TO SUPPORT CONTINUED EMPLOYABILITY OF EMPLOYEES

Chargeman Certification Program

Malaysia Airport Career Development Program:
(In collaboration with Universiti Teknologi Mara (UiTM))

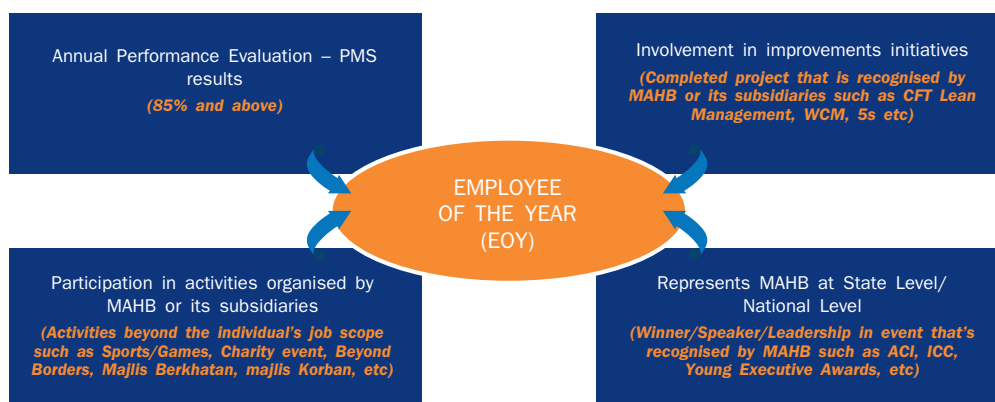
- Executive Diploma in Airport Management
- Corporate Diploma in Airport Management

Airport Management Professional Accreditation Program (AMPAP) (In collaboration with Airports Council International (ACI))

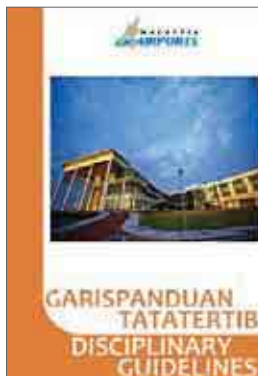
Chartered Institute of Management Accountants (CIMA)

Certified Internal Auditor (CIA)

SAP for all modules



"Employee of the Year" is one of many initiatives planned under the Reward & Recognition program in 2012. The main objective of this initiative is to recognise outstanding employees who have shown exemplary individual achievement and contribution towards the company. This initiative also aims to recognise employees' excellence in their field of work and who have gone beyond their scope of duty.



MALAYSIA AIRPORTS NEW DISCIPLINARY GUIDELINES & CODE OF ETHICS & CONDUCT

The following policies were approved by management effective 1 June 2012:

- Disciplinary Guidelines
- Code of Conduct & Ethics
- Sexual Harassment Policy
- Fraud Policy
- Integrity Pledge

Our updated **Code of Ethics & Conduct** outlines and governs the conduct of employees in the workplace and the business ethics for Malaysia Airports and its group of companies. Contents of the document are follows:

- Business ethics and adherence to laws
- Corruption, Fraud and Breach of Trust
- Company Secrecy
- Controlled information and internal exchange of information
- Making Company statements and inter-office relationships
- Activities involving politics and terrorism
- Alcohol and substance abuse
- Gifts and Entertainment
- Dress Code
- Intellectual Property

WORKFORCE REPRESENTED IN **FORMAL JOINT MANAGEMENT-WORKERS HEALTH AND SAFETY COMMITTEES**

Approximately 5% of total workforce involved as Chairman, Secretary and Members of Safety and Health Committee. Level(s) at which the committee(s) typically operates: All airports, subsidiaries and corporate office.

AIRPORTS WITH **OHSAS 18001: 2007 CERTIFICATION** (SIRIM QAS INTERNATIONAL SDN BHD)

KLIA	PEN	BTU	TGG
KCH	LGK	AOR	LBU
BKI	MYG		

RATE OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, ABSENTEEISM AND NUMBER OF WORK RELATED FATALITIES BY REGION & GENDER*

Number of:	Region		Gender	
	East Malaysia	West Malaysia	Male	Female
Injury**	2	3	3	2
Occupational diseases	Nil	Nil	Nil	Nil
Lost days	Nil	Nil	Nil	Nil
Absenteeism	No data	No data	No data	No data
Number of work related fatalities	Nil	Nil	Nil	Nil

* System of rules applied in recording and reporting accident statistics: Occupational Safety and Health Act 1994 (Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Diseases Regulation 2004)

** Injuries sustained in East Malaysia: 1 minor electrocution & 1 trapped in lift (no injury), West Malaysia: 2 falls & 1 hand trapped (minor injury)

PROGRAMS RELATED TO ASSISTING WORKFORCE MEMBERS, THEIR FAMILIES AND THE COMMUNITY REGARDING SERIOUS DISEASES

Program recipients	Education/ Training		Counselling		Prevention/Control		Treatment	
	Yes	No	Yes	No	Yes	No	Yes	No
Workers	√		√		√		√	
Workers' families		√		√		√	√	
Community		√	√		√			√

Workers:

Education/Training: Please see page 16

Counselling: During events of health alerts, our employees are advised on necessary safety precautions

Prevention/Risk Control: Workplace safety is monitored by our SHE Department

Treatment: Employees are entitled to free medical treatment and hospitalisation

Workers' Families:

Treatment: Medical treatment and hospitalisation coverage is extended to the immediate family of our employees

Community:

Counselling: During events of health alerts, our airport users are advised on necessary safety precautions

Prevention/Risk Control: During events of health alerts, Malaysia Airports works together with the Ministry of Health to screen our airport users for relevant health conditions in order to prevent and control infections

A FOCUS ON HEALTH

As part of Malaysia Airports' ongoing effort to support and promote healthy lifestyle among its employees, several initiatives had been undertaken to enhance health awareness as well as to create a healthy workplace with better employee productivity and performance.

A number of initiatives were undertaken by our Safety, Health and Environment (SHE) Department to promote a healthy workplace lifestyle. Various health campaigns were conducted at our airports and our corporate office, including talks on stress management and workplace ergonomics. These talks also taught our staff on serious occupational diseases such as Carpel Tunnel Syndrome, Slip Discs, and steps that they could take in order to prevent them. Three Health Days were also carried out at KLIA, KCH and BKL.

A medical cost analysis was also carried out to identify the nature of medical expenditure, especially on diseases related to unhealthy lifestyle and work hazards. Subsequent to this, SHE Department has also beefed up control and monitoring of work hazards. SHE is also responsible for Noise Monitoring, Chemical Health Risk Assessment, Indoor Air Quality, Ergonomic Workplace Assessment and other corporate performance requirements. SHE also works closely with SOCSO and DOSH to monitor health related incident within the industry.



LAUNCH OF OUR CORPORATE OFFICE GYM



The Malaysia Airports Corporate Office gym was launched on 24 April 2012 and has received overwhelming positive response from employees. The purpose of the gym is to provide a controlled facility for employees to exercise and keep fit. Malaysia Airports has also assigned personal trainers to assist in ensuring that employees get the most out of their workout and the gym remains a safe environment.

OUR FOOTBALL PREMIER LEAGUE



Our own football premier league was formed in 2012 as a selection process to find players for the Malaysia Airports Football Club. An overwhelming turnout resulted in two months worth of aggressive competition leading up to an exciting finals match between AVSEC FC and UTW FC. Supporters from both sides were treated to an intense evening of skills and action, with UTW FC eventually conceding 2-0 in favour of AVSEC FC.

THE BI-ANNUAL MALAYSIA AIRPORTS SPORTS CARNIVAL (KESUMA)



The bi-annual Malaysia Airports Sports Carnival (KESUMA) was held this year at Universiti Sains Islam Malaysia (USIM). Bringing together 819 athletes representing 12 contingents over 16 sporting events, the purpose of the carnival is to instil positivity among our staff. This includes nurturing a good competitive spirit, social harmony, respect, teamwork and understanding the importance of physical and mental health. We believe that this motivation helps our workforce contribute valuable idea to advance our company.

ENVIRONMENTAL CONSCIOUSNESS

Being environmentally conscious is important to the values held by Malaysia Airports. We believe that it is pertinent that our employees and our community understands Malaysia Airports' impacts onto the environment and how we can contribute positively to a better and greener workplace in the long run.

On 1st February 2012, Malaysia Airports launched its inaugural “**Green Day**” programme, a two-pronged employee engagement programme which aims to stimulate environmental awareness and also to enhance camaraderie among its staff. A host of exciting activities were lined up for the event which includes a Walkathon, a Green Treasure Hunt, fish release into our Corporate Office pond and an exhibition featuring green ideas. Staff also participated in planting trees exercise, where 500 trees from five different species planted.

GREEN DAY 2012



MANAGING RESOURCES

KLIA has been certified EarthCheck Platinum after being certified Gold for five years in a row. EarthCheck is an internationally recognised environmental management and certification program designed for the travel and tourism industry. This is a positive sign that recognises KLIA's commitment in ensuring efficient management of energy consumption, water usage, waste recycling and proper handling of chemical products.

Similar to energy management, our engineering team has looked into identification of areas and opportunities for “low and no-cost” initiatives to manage our consumption of water. Periodic maintenance and repairs were carried out to minimise leakage and wastage. Further from the holistic water supply management feasibility study carried out in 2011, the Excellence Centre of Planning & Development Division is looking into plans of working with an external partner in looking into further areas of improvement in KLIA such as non-revenue water and a larger-scale rainwater harvesting.

We do not use any aircraft pavement de-icing/anti-icing fluids as none of our airports in Malaysia experience cold weather seasons.

“

The objectives of this Green Day are in-line with Management's commitment towards carbon-neutral growth and the Company's aspiration to create environmentally friendly airports. The enthusiastic participation from all staff is a testimony of our commitment and support towards environmental initiatives. It is a positive sign towards increasing staff engagement through an event where everyone shares a common goal of conserving and nurturing the environment.

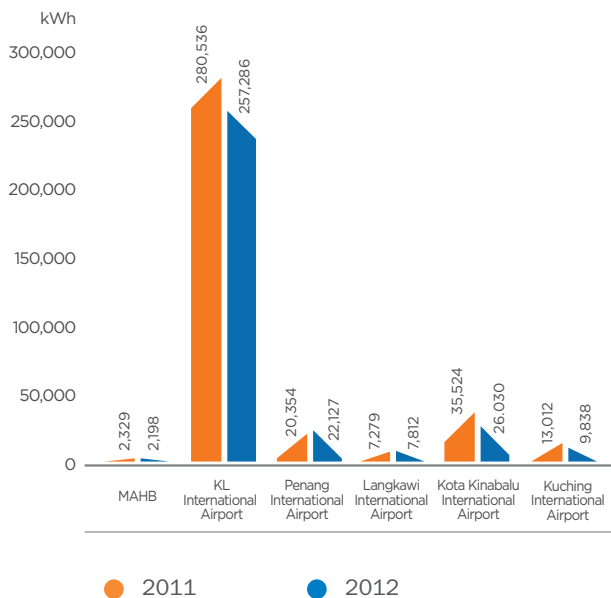
”

Tan Sri Datuk Dr. Aris Othman

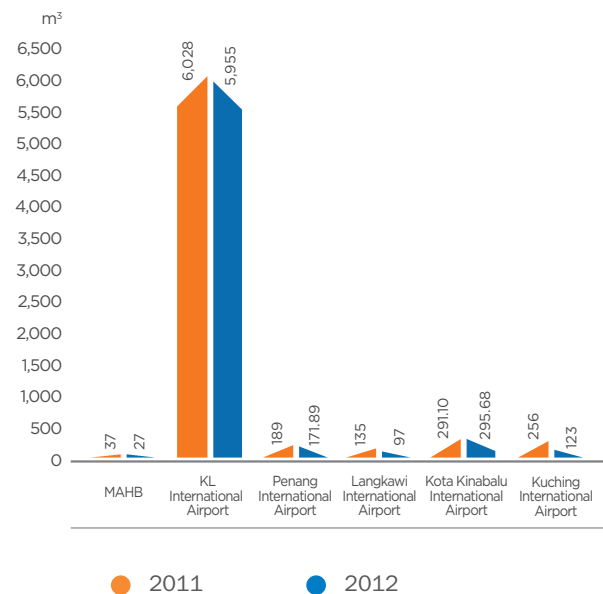
ENVIRONMENTAL INITIATIVES AT ALL/ OTHER AIRPORTS

- Similar to what is being carried out at the corporate office, the Energy Management Unit has implemented energy assessment and audit to all the airports nationwide (excluding STOLs).
- Airports with best energy management strategy will also be highlighted and their action plans will be communicated as part of the energy awareness campaign.
- To ensure compliance towards the Environmental Quality (Clean Air) Regulations 1978 Sub-regulations 36 & 38 and Section 23 (Environment Quality Act 1974) Restriction of Noise Pollution where the team conducted air emission monitoring, noise monitoring and prepared relevant for submission and approval of DOE.
- The approval has been obtained from the Department of Environment (DOE) for Alor Star, Penang, Melaka, Miri and Labuan and the team is working towards getting the other targeted airports certified by early 2013.
- The Environment Unit, SHE has also conducted Environment Aspect Impact (EIA) assessment with all international airports to demonstrate compliance with Environmental Quality Act 1974 and the ISO 14001: 2004 standards.

ENERGY



WATER



MALAYSIA AIRPORTS **CORPORATE OFFICE**

ITEM	2011	2012
ENERGY	2,328,610.68 kWh	2,198,013.2 kWh
WATER	37,253.00 m ³	26,659 m ³ (Jan – Oct)

KL INTERNATIONAL AIRPORT

ITEM	2011	2012
ENERGY	280,535,757.00 kWh	257,286,328 kWh (Jan – Nov)
WATER	6,027,538.00 m ³	5,954,754 m ³ (Jan – Nov)

PENANG INTERNATIONAL AIRPORT

ITEM	2011	2012
ENERGY	20,354,281.00 kWh	22,127,250 kWh
WATER	189,087 m ³	171,893.87 m ³ (Jan – Oct)

LANGKAWI INTERNATIONAL AIRPORT

ITEM	2011	2012
ENERGY	7,279,445.00 kWh	7,812,052 kWh
WATER	134,900 m ³	96,889 m ³ (Jan – Nov)

KOTA KINABALU INTERNATIONAL AIRPORT

ITEM	2011	2012
ENERGY	35,523,786.00 kWh	26,030,320.00 kWh (Jan – Sept)
WATER*	291,096.00 m ³	295,678.33 m ³ (Jan – Oct)

* Water consumption was based on conversion from actual bill paid in RM divided with RM0.90 per m³

KUCHING INTERNATIONAL AIRPORT

ITEM	2011	2012
ENERGY	13,011,687.50 kWh	9,837,783.00 kWh (Jan – Sept)
WATER	256,398 m ³	123,185 m ³ (Jan – Oct)

TOWARDS A **LOW CARBON FUTURE**

“

Malaysia Airports is a signatory of the Aviation Industry Commitment to Action on Climate Change which was declared in April 2008 during the Third Aviation & Environment Summit in Geneva. Other signatories of the document include Airports Council International (ACI), International Air Transport Association (IATA) and other industry groups. The document calls upon effort made towards a pathway to carbon-neutral growth and a collective aspiration towards a carbon-free future.

”



This commitment is strengthened further by a national commitment made by our Prime Minister, Datuk Seri Najib Tun Razak, in 2009 to reduce our carbon intensity per GDP by 40 percent by 2020 compared to 2005 levels.

With an industry and national target on our shoulders, Malaysia Airports has been working towards balancing the growth of our business while reducing our carbon footprint. Various energy saving and carbon reducing initiatives were carried out at all our airports over the past few years with a focus on emissions and effluence management. As cost was a major factor, carbon footprinting exercises were not carried out onto our airports (aside from KLIA in 2009).

As a member of the World Environment Standing Committee (WESC) under ACI, Malaysia Airports voted for the development of an airport specific carbon calculator which is accessible to all airports. The Airport Carbon Emissions Reporting Tool (ACERT) was created in early 2012 and was released to member airports to be tested. Twelve of our airports participated in the test with varying results. All these results (with and without errors) were submitted to ACI. Taking into account our contribution to the development of calculator, ACERT was launch at the ACI World General Assembly in 2012. Malaysia Airports plans to roll out this tool to be deployed at all our airports in the coming year, this for the first time, enabling us to gauge the total size of our organisation's carbon footprint for the first time.

2012 ENVIRONMENTAL INITIATIVES AT KLIA

Effective control of lighting and air-conditioning in the terminal.

Switching off a significant percentage of lights and air-conditioning at Contact Pier Building and Satellite Building from 0030 hrs – 0500 hrs.

Enhancement on the application of building management system, sensors, natural lighting and other features embedded in KLIA's operation.

Moving forward the company is looking at retrofitting selected lighting systems in KLIA that are due for scheduled replacement with a more energy efficient lighting systems.

The team under the Excellence Centre of Planning & Development Division is also working closely with internal parties and external partners towards deployment of solar PV systems at KLIA in-line with Malaysia's green agenda to accelerate the growth and utilisation of green technology in the country.

2012 ENVIRONMENTAL INITIATIVES AT MALAYSIA AIRPORTS CORPORATE OFFICE

The Energy Management Unit (EMU) under the Engineering Division continues the momentum from the previous years with a successful launch and implementation of our Energy Policy. The objectives of this policy are to improve energy consumption efficiency, reduce utility cost, optimise capital expenditure for energy efficiency and strive to become a world-class energy management in aviation industry.

Malaysia Airports launched an energy audit exercise whereby the Energy Management Unit conducted an energy audit at corporate office. A complete assessment of Air-Conditioned Mechanical Ventilation System (ACMV) was carried out and recommendation on maintenance schedule and procedure was derived from the exercise. A rescheduling of operating hour for ACMV system which allows further savings on energy at corporate office was proposed.

Effective control of energy usage of kWh/m² for 2012 has reduced consumption by approximately 6% in comparison with the previous year.

MALAYSIA AIRPORTS MASB THAT PARTICIPATED IN THE ACERT BETA TEST

PEN	KUA	SBW	LGK
KBR	MKZ	KCH	AOR
LBU	SZB	TWU	BTU

AIRPORTS WITH EMS 14001:2004 CERTIFICATION

KLIA	PEN	BTU	TGG
KCH	LGK	AOR	LBU
BKI	MYA		

COMMUNITY FRIENDLY ORGANISATION

Malaysia Airports believes in initiatives that cares for the society and reaches out to the local communities through implementation of activities and programmes conducted by the company. We are committed to creating an operations environment where communities from all walks of life would be able to reap benefits that in turn generate value for our organisation.

This is achieved through engagement activities with our surrounding communities, especially among youths. Malaysia Airports conducts many programs to support education as part of our commitment to social responsibility. Our award-winning Beyond Borders program reaches out to the grassroots of our community in providing primary school students with English Language classes, motivational programs and environmental awareness. Our iStyle fashion competition cultivates not only a sense of creativity among university students, but also exposes them to the retail end of airport business.

KEY SOCIAL CONTRIBUTIONS

Malaysia Airports supports various community activities in the community including school activities, sports activities, non-governmental associations (NGOs), orphanages and homes. During the month of Ramadhan, Malaysia Airports also contributed to Tahfiz Centers.

In 2012, Malaysia Airports also built a mosque (Surau Mulu) in Mulu, Sarawak for the community and airport staff.

In order to maximise our contributions to our immediate community, Malaysia Airports collaborates with Lembaga Zakat Selangor. Our zakat contribution not only goes to benefiting the schools that we have adopted in our Beyond Borders program, but also to various orphanages and mosques within our community for education and expenses purposes. A portion of our zakat redistribution was also channelled towards our own employees who have qualified for it.

These are just some examples of how Malaysia Airports enhances our commitment towards society at large.

ZAKAT DISTRIBUTION

Malaysia Airports in collaboration with Lembaga Zakat Selangor has distributed part of the company's tithe or 'zakat' amounting to RM125,600 to 12 of its adopted schools around Malaysia.

The 12 adopted schools are from Malaysia Airports' Beyond Borders programme. The 12 schools are:-

- SK Mengabang Telipot, Kuala Terengganu
- SK Parang Puting, Kota Bharu
- SK Batu Tiga, Kuantan
- SK Titi Gajah, Alor Setar
- SK Sungai Batu, Teluk Kumbar
- SK Sungai Raya, Ipoh
- SK Olak Lempit, Banting
- SK Labu Ulu Batu 8, Seremban
- SK Seri Cheras, Cheras
- SK Semabok, Semabok
- SK Temenggong Datuk Muip, Miri
- SK Wakuba, Tawau

A total of 628 students from these 12 adopted schools were identified as underprivileged under Asnaf categories as their parents' earnings were less than RM1000 monthly. Each of the students received RM200. The zakat was distributed in stages, from June to August 2012 by the respective Malaysia Airports' Airport Managers in the respective states.



KLIA AWARDS 2011

Malaysia Airports lined up 18 awards to honour airlines and service partners with exceptional performance at KL International Airport (KLIA) for the year 2011.

KLIA Awards winners are chosen based on their 2011 feat in sectors such as passenger movement, growth factor, sales performance, international recognition as well as their service performance. The awardees receive a custom-made trophy bearing their winning categories. For full list of award recipients, kindly refer to our corporate website at www.malaysiaairports.com.my.

2011

MEDIA HUNT 2012

Malaysia Airports celebrated the 10th anniversary of its Media Explore Hunt by hosting an event that challenges 50 teams comprising members of various media organisations today, to prove their mental and physical toughness to win the grand prize of RM7,000.

Tan Sri Bashir Ahmad, Managing Director Of Malaysia Airports said, "This event is our way to thank the media for your continuous support and good relationship that we shared and enjoyed through these years. It is my sincerest hope that this positive support and relationship will continue to flourish for many years to come."

2012

EDUCATION: OUR BEYOND BORDERS PROGRAM

By boosting the enthusiasm and confident level of students, as well as their academic performance, Malaysia Airports believes in helping students become qualified and skilled employees for the company in the future. In 2012, we conducted many exciting activities at our adopted schools, aimed to enhance academic and non-academic components of the national curriculum.

At the beginning of the year, Malaysia Airports' Beyond Borders team coordinated a workshop for Beyond Borders schools' teachers to discuss and brainstorm on the activities that will be carried out throughout the year. We invited a few speakers and motivators who are well experienced and knowledgeable in the education industry to talk during the workshop. The speakers were representatives from the Ministry of Education, Headmaster of SK Ulu Lubai (Sekolah Berprestasi Tinggi 2011) and also a motivator. The speakers also shared some tips in becoming an inspirational teacher in order to be a role model for the Beyond Borders' students.

Malaysia Airports conducts workshops on enhancing the academic performance of students. These workshops are:

-
- English Creative Writing Workshop (Year 6 students)
 - Additional Tuition Classes – English, Mathematics, Science (Year 6 students)
 - UPSR Clinic (Year 6 students)
 - Motivational Talk – Crossing the Border (Year 6 students)
-



The English Creative Writing Workshop provides coaching in English writing for Year 6 students. This is where we received tremendous number of employees volunteering in this programme as trainers and facilitators to support the children during the workshop. We also conducted 'Crossing the Border', a motivational talk programme for year 6 students to share some tips and experience in terms of academic, social and emotional aspects for them to be prepared before entering secondary school.

We received over 74.55 percent of increment in number of employees who volunteered in Beyond Borders programme in Year 2012 (110 volunteers) compared to Year 2010 (28 volunteers). This programme benefits employees in terms of providing precious experience and creating noble hearts. It is our aspiration that this programme will benefit the surrounding community in terms of developing their academic and confidence level.

CORPORATE RESPONSIBILITY (CR) VOLUNTEERING GUIDELINE AND CR VOLUNTEER SYSTEM

Volunteering is an integral part of Malaysia Airports' society and has significant benefits both to the community and to individuals. Malaysia Airports believe that the contribution of volunteers is crucial to the development and strengthening of our communities.

Corporate Communications and Transformation Management Office (TMO) has come up with the Corporate Responsibility (CR) Volunteering Guideline and CR Volunteer System; an online system to capture CR activities/participation of volunteers in Malaysia Airports. The purpose of the CR Volunteering Activity Guideline is to:

- Create awareness and encourage Malaysia Airports workforce to volunteer;
- Enhance the quality of volunteering; and
- Improve our understanding of the benefits that volunteering brings to our community, workforce, marketplace and environment.

BEYOND BORDERS



"The students' proficiency in English language has shown encouraging improvement. This year, the adopted schools have shown a tremendous improvement by achieving an average percentage of 75% passes in English subject for year 2012 compared to only 52% when we first started the programme in 2010."

Tan Sri Dato' Sri Dr. Wan Abdul Aziz Wan Abdullah,
Chairman of Malaysia Airports

MEMORABLE AIRPORT EXPERIENCES

We believe that ensuring memorable experiences makes our airports attractive destinations for passengers to fly through. Word-of-mouth advertising literally speaks for itself as happy and satisfied passengers typically share positive experiences with their friends and family hence creating a better image and reputation for our airports.

To Malaysia Airports, memorable airport experiences are an indicator that the company is on the right track in providing service excellence to the passengers. This is also in line with key objectives in our 5-year Business Direction – Runway to Success, specifically Service Excellence, where we aim to maintain top quality service levels, benchmarked against the best airports worldwide.



ARTS IN KLIA

KLIA and Balai Seni Visual Negara presented “Arts in KLIA”, a new mini art exhibition at KLIA featuring selected artwork from independent artists in Malaysia.

From the 16th April 2012, the first phase of “Arts in KLIA” exhibition took place every day from 2pm till 9pm for three months. At any one time there will be four artists showcasing their talent and artwork at the two exhibition sites located at the Satellite Building in KLIA.

The artists participating in this exhibition are established independent artists selected by Balai Seni Lukis Negara. They represent different methods and concepts of arts such as oil paintings, watercolours, caricatures, naive art and photographs capturing Malaysian landscapes. Each of the featured pieces is a reflection of the amazing artist work found only in this region. The artist line-up includes local talents such as Ali Akbar Othman, Ismail Itam, Peter Lagan Balang, Olyhairy Othman, Fadzlan Rizan Juhani, Nurgajir Noor, Faizal Samat and Fauziah Yahaya.

EXCERPT FROM *CONVERGENCE* – OUR IN HOUSE AIRPORT MAGAZINE

“It’s a beautiful airport, but what I like most about KLIA is that the goods sold here are all of great quality and value.” – Harleen Kaur (India)

“Prices are good and the people are friendly here. In fact, KLIA’s shopping experience can be compared with some of the world’s best airports such as Beijing’s T3.” – Nick Zhang and Elizabeth Jiang (China)

“We think that the design of the airport is very well-done – it’s huge, spacious and of international standards! There should be more local stores, however, in addition to the European brands that you can find here.” – Quincy Kline and Bettina Petzold (Germany)

“I have only been waiting 5 or 10 minutes for my baggage, so not too long. The service here has been nice, quite fast indeed.” – Gerard (Netherlands)

“The service is very good. I don’t speak English very well but the retail assistants helped me to find what I needed.” – Sandip Arasa (India)

“I like the options available and I didn’t have to wait too long to come to the airport.” – Cedric Jean Lechot (Switzerland)

“The airport personnel are helpful. They make it easy for you to find your way around the place.” – Fiona Ley (Australia)

“The customer service at this airport is very nice and the staff are helpful even though I’m just transiting.” – Joris van WaGeniGen (Holland)

“We initially had trouble locating the Information Desk. Luckily, the friendly airport staff pointed us in the right direction. KLIA is truly an airport with a personal touch.” – Chamila and Nisura Jayawardena (Sri Lanka)

“As a frequent business traveller, the renovation of the Plaza Premium Lounge is impressive and another reason that KLIA is on par with some of the best airports in the world. It provides space to work and to relax.” – Chan (Malaysia)

“The experience is what makes an airport, and KLIA certainly offers the best experience for families and couples alike. In addition to the comforts and spaciousness of it all, the staff here are very friendly and helpful.” – Johari and family (Malaysia)

“It’s fairly easy to find our way around, as the directional signage was plentiful and informative. We haven’t been lost yet!” – Rachel, Wal and Jenny Karwath (Australia)

“The signs are sufficient and easy to follow. In fact, the KLIA staff we encountered are some of the friendliest we have ever met.” – Matthew Russell & Nick Formichella (Australia)

PRIORITISING SERVICE EXCELLENCE

Recognising that quality is key in the service industry, great importance is given to service excellence at our airports. We have made service quality of service as one of the many Key Performance Indicators (KPIs) in our Corporate Scorecard, and this is tracked and reported at regular intervals.

We measure our service quality levels through the ACI Airport Service Quality (ASQ) and Airport Customer Satisfaction Performance Programme (ACSPP) benchmarks.

The Airport Service Quality (ASQ) programme, as implemented by ACI, is a structured survey based feedback gathering mechanism of 34 elements which are touch-points related to airport services and products. These surveys are completed by passengers. The responses are then statistically analysed to derive at overall satisfactions scores. Various improvement initiatives are driven from the outcome of these surveys.

AIRPORT SERVICE QUALITY RANKING

Categories/ Year	2010	2011	2012		
	–	–	Q1	Q2	Q3
Overall ASQ rank worldwide	14	19	9	7	17
Overall ASQ rank in the 25-40mppa category	5	4	3	3	3

ASQ NOTABLE ACHIEVEMENTS FOR 2012

Mini Art Exhibition & Live Artist Demo at Satellite. Through this initiative to enhance airport ambience, independent artists showcase their talents and artwork to passengers at the Satellite building. This is one of the initiatives that are being implemented through a win-win partnership approach with our partners, in this case Balai Seni Visual Negara.

Multiple festive celebrations throughout the year at KLIA through festive decoration and activities such as cultural dance performance, traditional games and giveaways. KLIA also organised activities within the terminal to celebrate international events such as the London Olympics, Formula 1 Racing and the 2012 UEFA European Football Championship.

KLIA Service Quality Conference 2012 – a platform for the KLIA community to share their achievements and success stories in terms of service excellence

New children playgrounds responding to the requests made by the passengers.

Launching of a common Guideline for Customer Service Handbook as a tool for all KLIA front liners.



KLIA'S CONTINUES PURSUIT OF SERVICE EXCELLENCE

In its relentless effort to enhance its customer service, Malaysia Airports launched three initiatives aimed at boosting KLIA's service excellence. These initiatives were launched by YB Dato' Sri Kong Cho Ha, Minister of Transport witnessed by Dato' Abdul Hamid Mohd Ali, Chief Operating Officer of Malaysia Airports.

OUR CUSTOMER INFORMATION CENTRE

Our new Customer Information Centre (CIC) provides airport users information and updates on Malaysia Airports' business, the various facilities, services offered at the airport, and commercial offerings. Beyond KLIA, CIC provides information on Malaysia Airports' historical background, milestones and achievements, list of airports we manage and operate, as well as our expansion plans such as the new low-cost carrier terminal-klia2.

SKYMAP

Our new Skymap is KLIA's next generation enhanced flight information display system aimed at offering passengers and airport users crisp, clear and concise information on arriving and departing flights. The Skymap is comprised of a state-of-the-art tracking system that tabulates accurate Estimated Time of Arrival (ETA) from different airlines to display flight arrivals, in real time or predictive format with consideration for multiple legs and stopovers. This is the first-of-its-kind flight information display system which also incorporates real-time global weather patterns, local time, weather and temperature at major or selected cities around the world.

LOST & FOUND CENTRE

In line with Malaysia Airports' continuous effort to bring an enhanced service level and efficient operation standard, KLIA is upgrading its Lost and Found service system for tracking lost items. Hence, Malaysia Airports launched a one-stop Lost and Found Centre to further enhance passenger experience and comfort at the airport. The centre provides hassle free services for the genuine owners to collect the found items.



CHAMPIONING INNOVATION

Innovation is essential in order to remain competitive in this ever-changing aviation industry. The aspects of innovation which are of concern to us are improvement of quality, creation of new market segments, extension of the product/service range, reduction of manpower costs, improvement in the internal processes, reduction of goods consumptions, reduction of environmental damage, improvement in spare parts replacement, reduction in energy consumption and conformance to regulatory requirements.



As such every division in Malaysia Airports holds innovation as one of its main drivers to positioning themselves in the company.

Innovation is important as it translates to additional revenue generation and cost savings. As such, Malaysia Airports has designed a Continuous Improvement Management Scorecard in order to facilitate and monitor the progress and quality of innovation initiatives in the organisation.

AIRPORTS WITH QMS 9001: 2008 CERTIFICATION (Sirim QAS International Sdn Bhd)

KLIA	MZV	PEN	KBR
KCH	LMN	LGK	KUA
SBW	LBU	AOR	TOD
BTU	LDU	IPH	SZB
MYV	SDK	TGG	MKZ
BKI	TWU	RDN	



PARTICIPATION IN THE NATIONAL INNOVATION CREATIVE CIRCLE CONVENTION (NICC)

Upon winning the Gold Award in our second participation of the Innovative and Creative Circle (ICC) Central Region Convention 2012, the Malaysian Productivity Council (MPC) selected Malaysia Airports' Team One BHS and Team BHS Boomerang to participate in the National Innovation Creative Circle Convention (NICC) and the International Convention for Quality Control Circle (ICQCC) respectively.

Malaysia Airports teams went on to achieve the highest accolades in both these events with Team One BHS receiving a 3 Star Award and team BHS Boomerang receiving a 3 Golden Stars Award.

GRI INDEX

GRI	Description	Reported	References/Page
1.1	Statement from the most senior decision-maker of the organisation.	●	4
2.1	Name of the organisation.	●	1
2.2	Primary brands, products and/or services.	●	Reported in AR
2.3	Operational structure of the organisation.	●	Reported in AR
2.4	Location of organisation's headquarters.	●	Reported in AR
2.5	Number of countries where the organisation operates.	●	Reported in AR
2.6	Nature of ownership and legal form.	●	Reported in AR
2.7	Markets served.	●	Reported in AR
2.8	Scale of the reporting organisation.	●	Reported in AR
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	●	Reported in AR
2.10	Awards received in the reporting period.	●	Reported in AR
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	●	1
3.2	Date of most recent previous report (if any).	●	2
3.3	Reporting cycle (annual, biennial, etc).	●	2
3.4	Contact point for questions regarding the report or its contents.	●	3
3.5	Process for defining report content.	●	2
3.6	Boundary of the reports.	●	2
3.7	Limitations on the scope or boundary of the report.	●	2
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities.	●	2
3.9	Data measurement techniques and the bases of calculations.	●	2
3.10	Effect of any re-statements of information provided in earlier reports.	●	2
3.11	Significant changes from previous reporting periods.	●	2
3.12	Table identifying the location of the Standard Disclosures in the report.	●	1
3.13	Policy and current practice with regard to seeking external assurance for the report.	●	2
4.1	Governance structure of the organisation.	●	Reported in AR
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	●	Reported in AR
4.3	Number and gender of members of the highest governance body.	●	Reported in AR
4.4	Mechanisms to provide recommendations or direction to the highest governance body.	●	Reported in AR



GRI INDEX

GRI	Description	Reported	References/Page
4.5	Linkage between compensation for members of the highest governance body, senior managers and executives and the organisation's performance.	●	Reported in AR
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	●	Reported in AR
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees.	●	Reported in AR
4.8	Internally developed statements of mission or values, codes of conduct and principles.	●	Reported in AR
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental and social performance.	●	Reported in AR
4.10	Processes for evaluating the highest governance body's own performance.	●	Reported in AR
4.12	Externally developed economic, environmental and social charters, principles or other initiatives.	●	3
EC6	Policy, practices and proportion of spending on locally-based suppliers.	●	7
A01	Total number of passengers annually.	●	Reported in AR
A02	Annual total number of aircraft movements.	●	Reported in AR
A03	Total amount of cargo tonnage.	●	Reported in AR
EC8	Development and impact of infrastructure investments and services provided for public benefit.	●	7
EC9	Understanding and describing significant indirect economic impacts.	●	7
EN3	Direct energy consumption by primary energy source.	⊙	19
EN6	Initiatives to provide energy-efficient or renewable energy based products and services.	●	17
EN8	Total water withdrawal by source.	⊙	19
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	⊙	18
A06	Aircraft and pavement de-icing/anti-icing fluid used and treated by m ³ and/or tonnes.	●	17
LA1	Total workforce by employment type, employment contract and region, broken down by gender.	●	11
LA2	Total number and rate of new employee hires and employee turnover.	●	12
LA15	Return to work and retention rates after parental leave, by gender.	●	10
LA4	Percentage of employees covered by collective bargaining agreements.	●	11
LA6	Workforce represented in formal joint management – worker health and safety committees.	●	14
LA7	Rates of injury, occupational diseases, lost days and absenteeism and number of work related fatalities by region and by gender.	●	15
LA8	Education, training, prevention, and risk control programs regarding serious diseases.	●	15

GRI INDEX

GRI	Description	Reported	References/Page
LA10	Average hours of training per year per employee by gender and by employee category.	●	13
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	●	13
LA12	Percentage of employees receiving regular performance and career development reviews by gender.	●	12
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity.	●	11
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	●	10
HR4	Total number of incidents of discrimination and corrective actions taken.	●	10
HR6	Operations identified as having significant risk for incidents of child labour.	●	13
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour.	●	13
HR8	Security personnel trained in the organisation's human rights policies or procedures.	●	9
HR11	Number of grievances related to human rights filed, addressed and resolved.	●	10
S03	Percentage of employees trained in organisation's anti-corruption policies and procedures.	●	9
S04	Actions taken in response to incidents of corruptions.	●	9
S05	Public policy positions.	●	Reported in AR
S07	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes.	●	9
PR5	Practices related to customer satisfaction.	●	27

AR Annual Report

● Fully Reported

◎ Partially Reported



SUSTAINABILITY POLICY

Malaysia Airports Holdings Berhad's core business is the management and operation of Malaysia's international, domestic and rural services airports. We aspire to create sustained stakeholder value as a world class airport business operator. Our stakeholders are our people, our community, our customers, our environment, our investors, our regulators and our country.

We are proud of our airports and are committed to creating sustainable world class aviation gateways as a symbol of national pride.

Malaysia Airports is committed to achieving environmental and social sustainability in operating its business. Through doing so, we aim to create Sustainable Development in all aspects of our business.

In upholding our commitment to sustainability, Malaysia Airports will:

- Integrate sustainability as a consideration in all planning and development decisions, including management, communication, procurement and operation, as well as support sustainable practices in our business marketplace.
- Operate in a healthy, safe, secure and efficient manner. Sustainability is central to the way we think, the way we conduct ourselves, and the approach we perform our day to day business.
- Nurture the professional and personal growth of our People through constructive social development projects, positive team-building activities and skill-enhancing training and education programmes.
- Develop and effectively implement an Environmental Action Plan for all our airports, as well as commit to measuring and monitoring sustainability practices to the extent possible.
- Rehabilitate the social, natural and economic environment affected by our activities and continuously look for opportunities to improve our global environmental performance.
- Honour our commitment to creating a pathway towards carbon-neutral growth and aspire for a carbon-free future, as signatory to the Aviation Industry Commitment to Action on Climate Change (Geneva, April 2008).
- Take a leadership role in sustainability initiatives that strengthen the social well-being and community relationships with our stakeholders and the country we serve.
- Celebrate our local art, culture and heritage, and promote the use of locally and sustainably sourced products, services and labour.

Successful implementation of this policy will enhance Malaysia Airports' reputation, customer loyalty, passenger experience and create long term value for our stakeholders and our country. We believe in working closely with all stakeholders to enhance the sustainability of Malaysia as a place to live and work, to trade and to host local and international tourists.

Independent Verification Statement

Scope and Objective

SIRIM QAS International Sdn. Bhd., a third party Conformity Assessment Body in Malaysia, with extensive expertise and experience in the provision of sustainability-related assurance services, was engaged by Malaysia Airports Holding Berhad (hereafter referred to as MAHB) to perform an independent verification of its 2012 Sustainability Report. The main objective of the verification process is to provide MAHB and its stakeholders with an independent opinion of the accuracy of the information presented in the report. This was confirmed through checking and verifying claims made in the report. The verification audit by SIRIM QAS International covered all sustainability-related activities which had been included in the MAHB Sustainability Report 2012.

The information in the Sustainability Report is the responsibility of the management of MAHB. The objectivity and impartiality of this verification statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of the MAHB Sustainability Report 2012.

Verification team:

The verification team from SIRIM QAS International consisted of:

- 1) Ms. Aminah Ang - Team Leader
- 2) Mr. Hafriazhar Mohd Mokhtar- Team member

Methodology

The verification process was carried out by SIRIM QAS International in January 2013. It involved the following activities:

- Reviewing and verifying the accuracy of data collected from various sources and that are presented in the report;



MS ISO/IEC 17021 : 2006 QS 02131006 CB 01
MS ISO/IEC 17021 : 2006 QS 02131006 CB 02
MS ISO/IEC 17021 : 2006 QS 02131006 CB 03
MS ISO/IEC 17021 : 2006 QS 02131006 CB 04
MS ISO/IEC 17021 : 2006 QS 02131006 CB 05
MS ISO/IEC 17021 : 2006 QS 02131006 CB 06
MS ISO/IEC 17021 : 2006 QS 02131006 CB 07
MS ISO/IEC 17021 : 2006 QS 02131006 CB 08
MS ISO/IEC 17021 : 2006 QS 02131006 CB 09
MS ISO/IEC 17021 : 2006 QS 02131006 CB 10
MS ISO/IEC 17021 : 2006 QS 02131006 CB 11
MS ISO/IEC 17021 : 2006 QS 02131006 CB 12



MS ISO/IEC 17009
CALIBRATION (TESTING)
SAMM NO. 081 SAMM NO. 086
SAMM NO. 087 SAMM NO. 218
SAMM NO. 221 SAMM NO. 248
SAMM NO. 288 SAMM NO. 298
SAMM NO. 377



074



- Reviewing of internal and external documentation and displays such as awards, reports, media publications, newsletters, etc.;
- Interviewing of key personnel responsible for collating information and writing various parts of the report in order to substantiate the veracity of the claims;
- Evaluating the adequacy of the Sustainability Report of MAHB and its overall presentation against the GRI G3.1 requirements including the Airport Operators Sector Supplement (AOSS).

During the verification process, issues were raised and clarifications were sought from the management of MAHB relating to the accuracy of some of the data and statements contained in the report. The report was reviewed and revised by MAHB as a result of the findings of the verification team. It can be confirmed that changes have been incorporated into the final version of the report to satisfactorily address the issues raised.

The verification process was subject to the following limitations:

- The scope of work did not involve verification of information reported in the Annual Report 2012;
- Only the corporate office was visited as part of this assurance engagement. The verification process did not include physical inspections of any of MAHB's operating assets; and
- Contractor and third party data were not reviewed.

Conclusion

Based on the scope of the verification process, the following represents SIRIM QAS International's opinion:

- The level of accuracy of data included in the Malaysia Airports Holding Berhad Sustainability Report 2012 is fair and acceptable;
- The Sustainability Report is in accordance with the C+ Application Level of the GRI G3.1 Sustainability Reporting Framework;
- The information has been presented in an appropriate manner;
- The personnel responsible were able to reliably demonstrate the origin(s) and interpretation of data contained in the report;
- MAHB has satisfactorily addressed, in the final version of the report, all issues that had been raised during the verification audit;

- The report provides a reasonable and balanced presentation of the sustainability performance of MAHB.

Prepared by:



AMINAH ANG
Verification Team Leader
Sustainability Certification Section
Management System Certification Department
SIRIM QAS International Sdn. Bhd.
Date : 22 February 2013

Approved by:



PARAMA ISWARA SUBRAMANIAM
Senior General Manager
Management System Certification
Department
SIRIM QAS International Sdn. Bhd.
Date : 22 February 2013

