licensure to GROW
an airport operator’s sustainability report 2009
This is the first Sustainability Report produced by Malaysia Airports Holdings Berhad (Malaysia Airports). This report is guided by frameworks stipulated by the Global Reporting Initiative (GRI), an internationally recognised framework for sustainability reporting.

This report also incorporates experimental elements of the Airport Operator’s Sector Supplement (AOSS), a sector specific reporting guideline, currently being developed by a GRI led multi stakeholder working group, of which Malaysia Airports is a member of.

This report also incorporates elements which are relevant to our business and the Malaysian business environment. In particular, this report integrates the guidelines prescribed by the Bursa Malaysia Corporate Social Responsibility (CSR) framework, namely Workplace, Community, Environment and Marketplace. This report also complies with the reporting framework of the Silver Book published by the Putrajaya Committee on GLC (Government Linked Companies).

This report covers Malaysia Airports, its airports and its subsidiaries within its corporate structure as concluded in the holding company’s consolidated financial statements. Airports and subsidiaries refer to all stations and companies in which Malaysia Airports holds a major state and/or has direct managerial control in Malaysia only (disclosures on our overseas airport are only found in this report’s financial Balance Sheets and Income Statements).

Data for this report were collected from all divisions within Malaysia Airports. As this is our first reporting year, data has been correlated to provide base year information for future reports. This report discloses initiatives that are already ongoing or are already being planned by Malaysia Airports and its subsidiaries, as no new initiatives were designed specifically to fulfil requirements of the GRI framework. In putting together this report, consideration was given to key issues directly affecting our stakeholders.

Our stakeholders are our people, our community, our customers, our environment, our investors, our regulators and our country; as declared in our Commitment to Sustainability policy.

This report covers the period of one year ending December 2009. All information in this report parallels our Annual Report for the corresponding year. Targets stated in this report are guided by milestones provided by Malaysia Airports’ Business Direction document (Runway to Success, published March 2010).

Malaysia Airports is a signatory of the Aviation Industry Commitment to Action to Climate Change, a multi stakeholder declaration to create a pathway to carbon-neutral growth and a carbon-free future.

All data in this report is self-declared until any further external verification is sought. The second Malaysia Airports Sustainability Report will be due within the second quarter of 2011.

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VISION
World Class Airport Business

MISSION STATEMENT
• Providing world class aviation gateways.
• Managing cost-effective airport network and services.
• Exceeding the expectations of customers, shareholders and other stakeholders.

shared values

Market Driven
Responsive to market needs and market forces.

Strive For Excellence
Observe good discipline and be proactive with a sense of pride in all our endeavors.

Customer Focused
Provide quality, innovative and competitive services in a safe and secure environment.

Loyalty
Committed and dedicated for the well-being of the group.

Teamwork
Work together towards achieving the group’s vision.

Share knowledge to enhance group synergy and care for employee’s well-being.
It is our pleasure to present Malaysia Airports’ first annual Sustainability Report.

We believe in a continuous evolution to the definition of ‘wealth.’ While economic growth is an inevitable part of our ambitions, we strongly believe that this should be a well groomed process, thus our commitment to a sustainable perspective on how we operate. Managing our impact on the environment and community, as well as taking responsibility for our business processes, has always been natural to us. It is therefore exciting for us to put forth this report which categorises how we do things.

2009 has been a most exciting year, one with interesting headlines which challenged our creativity within the industry. In facing challenges such as the A H1N1 pandemic and the global economic recession, we have relied on our years of experience, resilience and industry faith to see us through. While the world appeared pessimistic, we chose to be realistic. We choose to evolve.

2009 saw a number of financial and organisational restructuring to steer the current market tides. While many airports around the world reported drops in revenue, we have once again surpassed our targeted headline financial Key Performance Indicators (KPIs). At the same time, we ventured into calculating the size of KL International Airport’s (KLIA) carbon footprint for the first time, and we put our men and women on the foot of Mount Everest. Yes, it has been a very exciting year.

Aspiring to be a World Class Airport Business, Malaysia Airports have always put people – our customers, our staff, our airline partners and our shareholders – first, and our performance now. Currently, we offer the best value in the region without compromising service excellence or return on investment.

We remain optimistic of our continued growth and are confident in our track record for creating and managing world class airports.
Views On Performance With Respect To Targets

Complying to Khazanah’s GLC Transformation Programme initiative under the Blue Book, Malaysia Airports shares the progress of our relevant Headline KPIs (e.g., revenue growth, Return on Equity or other profitability measures) and Economic Profit to the financial markets on a quarterly basis.

The reporting of Headline KPIs has increased transparency on both business performance and priorities in Malaysia Airports. This improved transparency has enabled us to be more attractive from an investor perspective, leading to greater market confidence. Furthermore, it has increased the accountability of our Managing Director and other senior management members, directly improving the overall efficiency of our company.

Our Headline KPIs reflect targets and aspirations meant to drive Malaysia Airports’ performance each year. These Headline KPIs are disclosed publicly, with the intent of signalling our commitment towards transparent performance measures and good corporate governance.

Malaysia Airports has three indicators as headline KPIs which are EBITDA, ROE and Airport Service Quality (ASQ) indicators. For FY2009, we have once again surpassed the set headline KPIs, despite challenging conditions in the aviation industry.

From the onset, we have expected a very challenging year in 2009. This was a natural reaction to conditions set by the previous year in the aviation industry. Nevertheless, we braced ourselves for all possible impact from the inevitable worldwide economic slowdown. In doing so, it necessitated us to announce two sets of headline KPIs driven by the following passenger traffic scenarios:

-5% passenger growth with EBITDA of RM591 million and ROE of 9.68%

0% passenger growth with EBITDA of RM613 million and ROE of 10.16%

Amidst the challenging operating environment, Malaysia Airports was again able to surpass its headline KPIs in 2009, registering EBITDA of RM642 million and ROE of 11.55%, with 8.2% passenger growth.

2009 Headline Key Performance Indicators (“KPIs”)
Assessment For Under/Over Performance

Malaysia Airports registered another year of record profitability in FY2009, posting a profit before tax (PBT) of RM480.1 million for the year. This represents a significant improvement of 13.7% or RM57.9 million from RM422.2 million reported in FY2008. The improvement was mainly due to the overall higher revenue on the back of strong passenger growth. Earnings before interest, tax, depreciation and amortization (EBITDA) for FY2009 grew 9.9% or RM57.7 million to RM641.9 million, from RM584.3 million in FY2008.

Airport Operations Highlights

Airport services
Following an increase in the Airport Services revenue, the PBT for Airport Services segment in FY2009 as RM495.5 million, represents a 42.1% or RM146.9 million improvement compared to FY2008. This is in line with the increase in the segmental revenue.

Duty free & non-dutiable goods
PBT for Duty Free and non-dutiable goods segment was RM9.2 million in FY2009, which was 74.8% or RM27.2 million lower compared to RM36.4million in FY2008. This was mainly due to lower gross profit margin (after direct labor, materials and overheads).

Non Airport Operations Highlights

Agriculture
The agriculture business recorded PBT of RM9.2 million in FY2009 as compared to RM30.9 million in FY2008. The decline is due to the lower revenue resulting from lower total crop harvested and lower average FFB price.

Hotel
The hotel business recorded loss before-tax of RM296 thousand in FY2009 as compared to profit of RM2.9 million in FY2008 due to lower room and occupancy rates in FY2009.

Project and repair maintenance services
PBT for this segment was RM14.6 million, which was 0.2% lower than FY2008.
Outlook on Challenges & Targets for 2010

Malaysia Airports announced two sets of Headline KPIs on 31 December 2009 due to the new requirement to comply with the adoption of Financial Reporting Standards 139 (FRS 139), in relation to Financial Instruments: Recognition and Measurement which will be made mandatory in Malaysia. Effective 1st January 2010, all financial instruments (in particular, non-current amount) have to be stated at fair value.

2010 Headline KPIs

<table>
<thead>
<tr>
<th>Measure</th>
<th>FY2010 Without FRS139</th>
<th>FY2010 With FRS139</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>RM620 million</td>
<td>RM620 million</td>
</tr>
<tr>
<td>ROE</td>
<td>9.22%</td>
<td>6.57%</td>
</tr>
<tr>
<td>Airport Service Quality Awards</td>
<td>KLIA Ranking Top 5 Worldwide</td>
<td></td>
</tr>
</tbody>
</table>

Our initial assessment indicates that the effects of FRS 139 are mainly in relation to the fair value accounting of our residual payment to the Government of Malaysia (GoM) under the Operating Agreements and the present value of installment payments for the concession payable of our associate company in Istanbul, Turkey.

With FRS 139, Malaysia Airports expects a decline in ROE from 9.22% to 6.57%. Despite the expected decline in ROE as explained above, Malaysia Airports still expects to maintain its past record of dividend payments to its shareholders.
Corporate & Strategic Priorities

Malaysia Airports has identified three key priority areas in order to achieve our continued growth. They are:

**Traffic Growth**
- Implementing Next Generation Hub Strategies.
- Enhancing marketing through collaboration.
- Strengthening customer relationships.
- Building marketing capabilities
- Strengthening branding of key hub airports.

**Service Excellence**
- Improving operational processes and efficiencies.
- Implementing Conditions of Use.
- Developing our people.

**Commercial Development**
- Optimising and creating new commercial space.
- Providing wider product mix.
- Reviewing strategic focus of Eraman.
- Capitalising on Malaysia Airports’ landbank.
- Building core business capabilities.

2010 Objectives

**Traffic Growth**
Increase in passenger numbers to over 60 million per year, with focus on strengthening KLIA as a Next Generation Hub

**Service Excellence**
Maintain top quality service levels, benchmarked against the best airports worldwide

**Commercial Development**
Commercial Development will be the main driver to achieve Group EBITDA and ROE in excess of RM1 billion and 10% respectively
Traffic Growth

KLIA and other regional airports are well-positioned to be key hubs for the Southeast Asian region. The new terminal at KLIA, targeted to be opened by the second quarter of 2012, will initially be able to serve 30 million passengers in addition to the existing main terminal that has a capacity to handle 25 million passengers. These airports have the basic requirements of a hub which are:

• Flexibility to combine short-haul and long-haul connections (adequate “spokes”).
• Geographic centrality: our airports have adequate catchment areas within four to five hours of flight time.
• Operational and developmental capacity to accommodate multiple international arrivals, facilitate inter-airline transfers and serve multiple international destinations.
• Improving connectivity through increased destinations and frequencies is crucial to strengthen KLIA as a leading hub within ASEAN.
• Additionally, we are focusing on improving flight services across all our domestic and international airports. This is a long-term strategy to ensure sustainability of our business. The following are our key initiatives to build strong hubs around KLIA as well as regional gateways:
• Implementing Next Generation Hub (NGH) strategies by leading and embracing progressive and innovative behaviour in both the commercial and operational aspects. NGH provides seamless connectivity and transfers for passengers travelling on both full-service airlines and low-cost carriers.
• Collaborating with Government and airport counterparts including those at the other ends of routes, to ensure that we maximise the effectiveness of our marketing investment to gain new airlines and establish new routes.
• Strengthening relationships with existing and prospective airline customers by understanding and responding to their needs.
• Building the capabilities of our marketing and traffic development team.
• Developing strong branding for KLIA and feeder airports within Malaysia Airports’ portfolio of airports.

KLIA Next Generation Hub

KLIA is well positioned as a Next Generation Hub as KLIA today offers both the largest volume of routes and traffic carried by low cost carriers, making KLIA a market leader in this sector in the Asia Pacific region and indeed globally. By capitalising on the trends and developments within the airline industry and consumer environment such as the rise of Internet bookings, Malaysia Airports is seizing the opportunity to create and shape a world first Next Generation Hub at KLIA and foresees that the number of connecting passengers between the two terminals could grow significantly in the next few years.
Service Excellence

Service excellence is central to our business. We want to be the leader in airport innovation, providing new experiences and world-class service standards to all our customers so that our airports are their preferred choice.

In addition to maintaining KLIA within the top airports based on global benchmarks, Malaysia Airports is committed to enhance service levels at other international airports to be of world-class standards. We have already started rolling out our survey modeled closely after the Airport Service Quality (ASQ) questionnaire which allows us to internally benchmark these airport services to achieve the desired world-class standards. Among the initiatives for enhancing customer service and overall passenger satisfaction are as follows:

• Improving our operational processes and efficiencies by leveraging on new technologies and best practices to maximise operational efficiency and provide a seamless passenger journey.
• Developing our people further to ensure we have the capabilities to deliver the highest service standards.

Commercial Development

Commercial development will be the most important driver of increased profitability for Malaysia Airports over the next five years. Strategies are in place to revolutionise the retail experience and drive new income streams to double revenues by 2014. Growth through commercial activities is essential for delivering strong returns to shareholders whilst ensuring competitive aviation charges to airlines and passengers, driving further airport growth.

Malaysia Airports’ objective is therefore to achieve over 60% of its revenue from commercial businesses such as in-terminal retail activities and land development surrounding airport terminals. Aeronautical charges are regulated by the Ministry of Transport (MOT) and it is aspired that our airports should be amongst the lowest in the region in terms of aeronautical charges.

The revenue target of RM3.2 billion is a stretched target based on an optimistic, but realistic, traffic scenario. Our base case revenue is RM2.4 billion based on the base case passenger projections of 4.1% annual growth.

To achieve RM3.2 billion, the following additional initiatives have to be undertaken:

Commercial Revenue
• Optimising current and creating new commercial space to allow for better shop layout and a more vibrant shopping experience to attract customers and drive sales.
• Providing a greater variety of shops, products and services that will entice passengers to spend whilst ensuring enhanced passenger experience.
• Enhance the role of Eraman to ensure that it maximises its performance in delivering airport duty-free retailing.
• Creating value on surrounding airport land by developing hotels, shopping malls, offices, business parks and other similar facilities to increase commercial and rental revenue.

Aeronautical Revenue
• Revising our aeronautical charges while remaining competitive.
• Providing airline incentives to attract new airlines to increase both aircraft and passenger-related revenues.
The foundations for the transformation of Malaysia Airports into a world-class entity were laid many years ago, but the process began to gain momentum when the company embarked on the Government’s initiative to elevate GLCs into world class organisations. This is a challenging journey that will take time and perseverance to see to completion, and will involve elements of strategic, operational and cultural changes.

Malaysia Airports is now into Phase 2 of its transformation journey, which is focused on building capabilities and sustainable results.

In 2009, a total of 70 strategic transformation initiatives under the Yellow, Silver, Red, Blue, White and Orange Books were implemented. Phase 2 also saw Lean Management adopted throughout the group in early 2009 as the most appropriate tool to ensure long-term sustainable improvements.

Some of the more important initiatives include the implementation of innovative procurement initiatives and an in-depth Regulatory Organisational Assessment to establish the Group’s regulatory management practices as benchmarked against industry best practices.

Another key element of our transformation programme is the introduction of transformation philosophies such as cross functional budget challenge, value management and other procurement initiatives under the Red Book guidelines. Fulfilling its role as a responsible corporate citizen Malaysia Airports has designed comprehensive and structured corporate responsibility programmes based on the Silver Book Guideline.

The Group’s Financial Services embarked on Business Process Improvement project in mid-2009 to integrate all finance functions into one single unit known as the Finance & Procurement Service Delivery Model (FPSDM) to achieve economies of scale.

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Some of the more important initiatives include the implementation of innovative procurement initiatives and an in-depth Regulatory Organisational Assessment to establish the Group’s regulatory management practices as benchmarked against industry best practices.

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Competitive Position

Malaysia Airports stands out from its peers because our airports are not only best in their class, but also offer excellent value for money regionally and internationally.

Passengers and airlines enjoy excellent value from our competitive charges, with domestic Passenger Service Charges that are the lowest of our peers in Asia, and aircraft Landing Charges that are far below typical levels for the region, particularly when translated to a per passenger average amount paid.

The lower aeronautical charges borne by the airlines translate to more attractive ticket prices for passengers.

Moving forward, we will focus on building a broader, more stable base of commercial activities, enhancing the value of retail, food and beverage, advertising, car parking and property development opportunities available at our airports. This will allow us to keep our aeronautical charges competitive.
# MAHB (MALAYSIA AIRPORTS HOLDINGS BHD) TRAFFIC 2009

## PASSENGER MOVEMENTS

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terminal passengers [international]</td>
<td>32,740,774</td>
<td>20,723,584</td>
<td>9.7%</td>
</tr>
<tr>
<td>Terminal passengers [domestic]</td>
<td>28,060,843</td>
<td>26,158,770</td>
<td>7.3%</td>
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<tr>
<td>Transit passengers</td>
<td>533,690</td>
<td>565,522</td>
<td>-5.6%</td>
</tr>
<tr>
<td>Total Passenger Movements</td>
<td>51,335,307</td>
<td>47,447,876</td>
<td>8.2%</td>
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</table>

## AIRCRAFT MOVEMENTS

<table>
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<tr>
<th></th>
<th>2009</th>
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<th>+/-</th>
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</thead>
<tbody>
<tr>
<td>Commercial aircraft [international]</td>
<td>184,867</td>
<td>164,744</td>
<td>12.2%</td>
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<tr>
<td>Commercial aircraft [domestic]</td>
<td>350,926</td>
<td>331,327</td>
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<tr>
<td>Total commercial aircraft</td>
<td>535,793</td>
<td>496,271</td>
<td>8.0%</td>
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<tr>
<td>All other aircraft</td>
<td>301,371</td>
<td>215,303</td>
<td>40.0%</td>
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<tr>
<td>Total Aircraft Movements</td>
<td>837,164</td>
<td>711,574</td>
<td>17.6%</td>
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## CARGO MOVEMENTS [kg]

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<th></th>
<th>2009</th>
<th>2008</th>
<th>+/-</th>
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<tr>
<td>Cargo movements [international]</td>
<td>654,523,260</td>
<td>761,649,816</td>
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<tr>
<td>Cargo movements [domestic]</td>
<td>138,176,452</td>
<td>155,679,351</td>
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<tr>
<td>Transit cargo</td>
<td>11,264,310</td>
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<tr>
<td>Total Cargo Movements</td>
<td>803,964,021</td>
<td>932,439,889</td>
<td>-13.8%</td>
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## MAIL MOVEMENTS [kg]

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<th></th>
<th>2009</th>
<th>2008</th>
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<tbody>
<tr>
<td>Mail movements [international]</td>
<td>15,317,458</td>
<td>13,125,589</td>
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<tr>
<td>Mail movements [domestic]</td>
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<td>Transit mail</td>
<td>170,577</td>
<td>994</td>
<td>17060.7%</td>
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<tr>
<td>Total Mail Movements</td>
<td>24,610,664</td>
<td>26,098,033</td>
<td>-5.7%</td>
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</table>
PASSENGER MOVEMENTS 2009

PASSENGER MOVEMENTS AT MAHB AIRPORTS

[Graph showing passenger movements by month for 2009, with categories for Domestic, International, and Total.]
COMMERCIAL AIRCRAFT MOVEMENTS 2009

COMMERCIAL AIRCRAFT MOVEMENTS AT MAHB AIRPORTS
## PASSENGER MOVEMENTS 2009

<table>
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<tr>
<th>AIRPORTS</th>
<th>DOMESTIC</th>
<th>INTERNATIONAL</th>
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<td>Arrival</td>
<td>Departure</td>
<td>Total</td>
<td>Arrival</td>
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<td>5,045,707</td>
<td>4,512,238</td>
<td>3,994,917</td>
<td>6,677,629</td>
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<td>Penang</td>
<td>921,793</td>
<td>765,712</td>
<td>1,881,547</td>
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<td>Kota Kinabalu</td>
<td>7,688,277</td>
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<td>Langkawi</td>
<td>581,674</td>
<td>608,688</td>
<td>1,380,362</td>
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<td>1,022,612</td>
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<td>Ipoh</td>
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<td>3,840,036</td>
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<td>268,146</td>
<td>105,634</td>
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<td>Alor Setar</td>
<td>238,718</td>
<td>212,754</td>
<td>631,274</td>
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<td>Malacca</td>
<td>292,168</td>
<td>322,368</td>
<td>1,052,612</td>
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<td>Sabah</td>
<td>314,748</td>
<td>330,953</td>
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<td>Kuala Lumpur</td>
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<td>188,292</td>
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<td>646,275</td>
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<td>44,356</td>
<td>88,226</td>
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<td>332,085</td>
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<td>445,215</td>
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<td>STOL Sabah</td>
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<td>75,249</td>
<td>144,322</td>
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<td>Peninsular Malayasia</td>
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<td>2,052,736</td>
<td>7,269,732</td>
<td>10,534,396</td>
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<tr>
<td>Sabah</td>
<td>2,076,074</td>
<td>2,065,811</td>
<td>7,075,085</td>
<td>556,232</td>
</tr>
<tr>
<td>Sarawak</td>
<td>1,937,632</td>
<td>1,937,632</td>
<td>3,875,264</td>
<td>199,754</td>
</tr>
<tr>
<td>Total 2009</td>
<td>14,015,757</td>
<td>14,045,687</td>
<td>28,061,443</td>
<td>11,270,296</td>
</tr>
<tr>
<td>Total 2008</td>
<td>12,046,916</td>
<td>12,084,894</td>
<td>24,131,810</td>
<td>11,388,333</td>
</tr>
<tr>
<td>% change</td>
<td>1.0%</td>
<td>0.9%</td>
<td>2.0%</td>
<td>7.5%</td>
</tr>
</tbody>
</table>

**Note:** Including transit passengers
CHAIRMAN & MANAGING DIRECTOR ON CORPORATE SUSTAINABILITY

PASSenger Movements AT MAHB AIRPORTS (2000-2009)

Cargo Movements AT MAHB AIRPORTS (2000 - 2009)

Commercial Aircraft Movements AT MAHB AIRPORTS (2000 - 2009)
An Introduction to Malaysia Airports Holdings Berhad

Malaysia Airports is truly larger than life. Malaysia Airports - once a part of the Department of Civil Aviation (DCA) until its privatisation in 1991, is currently one of the world’s largest private sector airport operator, managing 39 airports in Malaysia and having had stamped its presence on several other countries.

Managing the expectations of the shareholders, the nations and the industry as a whole, Malaysia Airports has always put its people first – the customers, employees and shareholders – and emphasise on performance now – focusing all its resources to succeed in executing the set business initiatives.

Malaysia Airports believes in always setting benchmarks by providing world class aviation gateways; managing cost-effective airport network and services; and exceeding the expectations of customers, shareholders and other stakeholders.

Hence, it is no surprise that Malaysia Airports has established a niche in the industry and this is further strengthened by the number of awards it has received for service delivery.

In 2009 alone, Malaysia Airports received 12 awards in recognition of operational efficiency, customer satisfaction, corporate responsibility and corporate governance. Among which is the prestigious Eagle Award for Best Airport from IATA, in special recognition of outstanding performance in customer satisfaction, cost-efficiency and continuous improvements.

Also amongst our proudest achievements, is when KLIA was voted as the best airport in the 15-25 million passengers per annum category for three years consecutively at the AETRA Awards and 2006 & 2007 ACI-ASQ Awards.

Malaysia Airports accentuates creativity and innovation to maximize revenue from its non-aeronautical operations and aeronautical operations. Malaysia Airports’ move in minimising increases to the aeronautical charges has allowed it to offer the best value in the region to airlines operating out of its airports and in return has been lauded by many of its partners.

Meanwhile, the non-aeronautical revenue at its airports continues to grow every year due to the expansion of retail and commercial development that remains to be the key drivers of its profitability.

Gone were the days when airports remained mere transportation hubs.

Malaysia Airports has now set its sights on an enigmatic future master plan that would not only boost the expansion of its revenue streams to include non-aeronautical activities, but will also turn what is currently oil palm plantations into an Aeropolis – an urban and ultra-modern airport city.

KLIA Aeropolis is defined to set the stage for a significant transformation of KLIA into a vibrant, thriving, fully-contained airport city that provides a comprehensive range of tourism, hospitality, retail and commercial development as well as cargo and logistics operations.

Malaysia Airports’ efforts in congregating an affluent and demographically diverse future for KLIA, is definitely a testimony to its commitment to develop the future physical aspects of KLIA as well as the regional airports in Malaysia under its wings. Malaysia Airports is proud to open the gateway to a World-Class Airport Business.

---

**Company Name & Registration**

**Malaysia Airports Holdings Berhad**  
(487092-W)

**Core Business**

Managing and operating Malaysia’s 39 airports as well as providing airport-related services

---

**Malaysia Airports Head Office**

<table>
<thead>
<tr>
<th>Total number of staff</th>
<th>Non-Executive staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>443</td>
<td>201</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Management staff</th>
<th>Management Trainees</th>
</tr>
</thead>
<tbody>
<tr>
<td>105</td>
<td>9</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Executive staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>128</td>
</tr>
</tbody>
</table>
ORGANISATIONAL PROFILE

MALAYSIA AIRPORTS Total Workforce 2009

MALAYSIA AIRPORTS Corporate Structure & Subsidiaries 2009

MALAYSIA AIRPORTS HOLDINGS BERHAD (487199-A)

*Asia Pacific Auction
Sales Sdn Bhd (632203-X)
100% APAC

*Asia Pacific
Machinery
Auctions Sdn Bhd
(629368-C)
100% APAC

*Malaysia Motor
Auctions Sdn Bhd
(520196-H)
100% APAC

*Beans Around The
World Coffee
Shop Sdn Bhd
(528270-P)
100% APAC

*Cargo One
Restaurant &
Lounge Sdn Bhd
(539211-L)
100% APAC

* under member’s voluntary winding-up

*Asia Pacific Auction Centre
Sdn Bhd (458190-H)
100% MAHB

* Malaysia Airports
Sdn Bhd (230244-W)
100% MAHB

Malaysia Airports (Sapang) Sdn Bhd
(289540-D)
100% MAHB

Malaysia Airports Consultancy Services
Sdn Bhd
(Ria Malaysia Airports Management &
Technical Services Sdn Bhd
(375175-X)
100% MAHB

Malaysia Airports Management
& Technical Services
(Labuan) Private Limited
(LOC298)
100% MAHB

Urusan Teknologi
Wawasan Sdn Bhd
(419978-C)
75% MACS

Airports Automotive
Workshop Sdn Bhd
(908167-P)
51% UTW

Eraman (Malaysia)
Sdn Bhd
(124129-K)
100% MA (NIAGA)
Awards Received in 2009

Penang International Airport was selected as **Airport Of The Year** (Below 15 Million Passengers Annually) in the **2009 Frost & Sullivan Asia Pacific Aerospace & Defense Awards**.

KLIA was awarded **The Brand Laureate 2008-2009** (the Grammy Awards for branding) for Corporate Branding - Best Brands in Transportation - Airports.

KLIA was awarded **Best Green Service Provider-Airport** in the 23rd annual Asian Freight & Supply Chain Awards.

Penang International Airport awarded **Best Emerging Airport-Asia** (less than 500,000 tonnes per year) in the 23rd annual Asian Freight & Supply Chain Awards.

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.

Malaysia Airports awarded the prestigious **Community Engagement Award** in the Asia Responsible Entrepreneurship Awards (AREA) 2009 Malaysia, in recognition of Malaysia Airports’ commitment towards the betterment of the surrounding community.

Malaysia Airports received **Best Practice Award** for Public Listed Company of the National Award for Management Accounting (NAfMA) 2009.

Malaysia Airports was awarded the **Distinction Award** in the Malaysian Corporate Governance Index 2009. The new Malaysian Corporate Governance Index aims to promote best practices in corporate governance among public-listed companies in Malaysia, and was organised by Minority Shareholder Watchdog Group (MSWG).
Our Airports in Malaysia

Our Airports Overseas
### Our Airports in Malaysia

<table>
<thead>
<tr>
<th>Airport</th>
<th>Age</th>
<th>Size</th>
<th>Number of runways</th>
<th>Number of destinations</th>
<th>Number of airport staff</th>
<th>Number of airlines</th>
<th>Number of passenger movements</th>
<th>Number of aircraft movements</th>
<th>Number of cargo movements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>KL International Airport (KUL)</strong></td>
<td>11 Years</td>
<td>10,000 hectares</td>
<td>2</td>
<td>120</td>
<td>2,393</td>
<td>58</td>
<td>51,335,307</td>
<td>533,793</td>
<td>74,750 metric tonnes</td>
</tr>
<tr>
<td><strong>Penang International Airport (PEN)</strong></td>
<td>13 Years</td>
<td>645 acres</td>
<td>1</td>
<td>25</td>
<td>442</td>
<td>13</td>
<td>3,325,423</td>
<td>38,343</td>
<td>Number of cargo movements</td>
</tr>
<tr>
<td><strong>Langkawi International Airport (LGK)</strong></td>
<td>23 Years</td>
<td>232 acres</td>
<td>1</td>
<td>6</td>
<td>133</td>
<td>6</td>
<td>1,359,271</td>
<td>12,638</td>
<td>571,771 metric tonnes</td>
</tr>
<tr>
<td><strong>Kota Kinabalu International Airport (BKI)</strong></td>
<td>24 Years</td>
<td>425 acres</td>
<td>1</td>
<td>19</td>
<td>517</td>
<td>17</td>
<td>4,868,526</td>
<td>52,677</td>
<td></td>
</tr>
<tr>
<td><strong>Kuching International Airport (KCH)</strong></td>
<td>27 Years</td>
<td>931.95 acres</td>
<td>1</td>
<td>11</td>
<td>359</td>
<td>10</td>
<td>3,574,632</td>
<td>41,437</td>
<td>Number of cargo movements</td>
</tr>
<tr>
<td><strong>Sultan Abdul Aziz Shah (Subang) Airport (SZB)</strong></td>
<td>17 Years</td>
<td>1,353.82 acres</td>
<td>1</td>
<td>17</td>
<td>142</td>
<td>2</td>
<td>819,840</td>
<td>19,897</td>
<td>18,535,712 metric tonnes</td>
</tr>
<tr>
<td>Airport Name</td>
<td>Age</td>
<td>Size</td>
<td>Number of runways</td>
<td>Number of destinations</td>
<td>Number of airport staff</td>
<td>Number of airlines</td>
<td>Number of passenger movements</td>
<td>Number of aircraft movements</td>
<td>Number of cargo movements</td>
</tr>
<tr>
<td>------------------------------------</td>
<td>-------</td>
<td>---------------------</td>
<td>-------------------</td>
<td>------------------------</td>
<td>-------------------------</td>
<td>-------------------</td>
<td>------------------------------</td>
<td>------------------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>Miri Airport (MYY)</td>
<td>32</td>
<td>1,676.05 acres</td>
<td>1</td>
<td>19</td>
<td>136</td>
<td>4</td>
<td>1,620,345</td>
<td>38,836</td>
<td>3,921,373 metric tonnes</td>
</tr>
<tr>
<td>Sultan Abdul Halim (Alor Star)</td>
<td>60</td>
<td>498 acres</td>
<td>1</td>
<td>1</td>
<td>74</td>
<td>3</td>
<td>421,314</td>
<td>4,578</td>
<td>33,592 metric tonnes</td>
</tr>
<tr>
<td>Sultan Azlan Shah (Ipoh) Airport</td>
<td>21</td>
<td>443 acres</td>
<td>1</td>
<td>2</td>
<td>51</td>
<td>2</td>
<td>21,937</td>
<td>384</td>
<td>127,436 metric tonnes</td>
</tr>
<tr>
<td>Melaka Airport (MKZ)</td>
<td>58</td>
<td>89.781 acres</td>
<td>1</td>
<td>1</td>
<td>43</td>
<td>2</td>
<td>18,576</td>
<td>38</td>
<td>127,436 metric tonnes</td>
</tr>
<tr>
<td>Sultan Ahmad Shah (Kuantan) Airport (KUA)</td>
<td>18</td>
<td>48.366 acres</td>
<td>1</td>
<td>2</td>
<td>46</td>
<td>2</td>
<td>226,912</td>
<td>2,947</td>
<td>69,861 metric tonnes</td>
</tr>
<tr>
<td>Sultan Ismail Petra (Kota Bharu)</td>
<td>63</td>
<td>416.6 acres</td>
<td>1</td>
<td>3</td>
<td>89</td>
<td>4</td>
<td>1,003,162</td>
<td>13,709</td>
<td>184,875 metric tonnes</td>
</tr>
</tbody>
</table>
### Our Airports in Malaysia

<table>
<thead>
<tr>
<th>Airport Name</th>
<th>Age</th>
<th>Size</th>
<th>Number of Runways</th>
<th>Number of Destinations</th>
<th>Number of Airport Staff</th>
<th>Number of Airlines</th>
<th>Number of Passenger Movements</th>
<th>Number of Aircraft Movements</th>
<th>Number of Cargo Movements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tawau Airport (TWU)</strong></td>
<td>42 Years</td>
<td>445 acres</td>
<td>1</td>
<td>4</td>
<td>90</td>
<td>3</td>
<td>866,601</td>
<td>8,885</td>
<td>1,951,169 metric tonnes</td>
</tr>
<tr>
<td><strong>Sibu Airport (SBW)</strong></td>
<td>16 Years</td>
<td>1,138.868 acres</td>
<td>1</td>
<td>7</td>
<td>82</td>
<td>5</td>
<td>939,732</td>
<td>16,275</td>
<td>855,611 metric tonnes</td>
</tr>
<tr>
<td><strong>Sultan Mahmud (Kuala Terengganu) Airport (TGG)</strong></td>
<td>28 Years</td>
<td>249.00 acres</td>
<td>1</td>
<td>6</td>
<td>91</td>
<td>3</td>
<td>523,619</td>
<td>6,006</td>
<td>23,649 metric tonnes</td>
</tr>
<tr>
<td><strong>Lahad Datu Airport (LDU)</strong></td>
<td>5 Years</td>
<td>301.6 acres</td>
<td>1</td>
<td>1</td>
<td>33</td>
<td>1</td>
<td>98,558</td>
<td>2,922</td>
<td></td>
</tr>
<tr>
<td><strong>Mulu Airport (MZV)</strong></td>
<td></td>
<td>247.2 acres</td>
<td>1</td>
<td>2</td>
<td>7</td>
<td>4</td>
<td>1,570</td>
<td>49,255</td>
<td>345,709 metric tonnes</td>
</tr>
<tr>
<td><strong>Bintulu Airport (BTU)</strong></td>
<td></td>
<td>412.42 acres</td>
<td>1</td>
<td>4</td>
<td>85</td>
<td>4</td>
<td>487,060</td>
<td>10,948</td>
<td>1,902,982 metric tonnes</td>
</tr>
<tr>
<td><strong>Limbang Airport (LMN)</strong></td>
<td><strong>Sandakan Airport (SDK)</strong></td>
<td><strong>Labuan Airport (LBU)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>--------------------------</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td>6 Years</td>
<td>25 Years</td>
<td>11 Years</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Size</strong></td>
<td>724 acres</td>
<td>661.35 acres</td>
<td>448.97 acres</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Number of runways</strong></td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Number of destinations</strong></td>
<td>3</td>
<td>3</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Number of airport staff</strong></td>
<td>36</td>
<td>84</td>
<td>64</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Number of airlines</strong></td>
<td>1</td>
<td>6</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Number of passenger movements</strong></td>
<td>45,512</td>
<td>672,469</td>
<td>476,876</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Number of aircraft movements</strong></td>
<td>1,697</td>
<td>10,214</td>
<td>10,868</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Number of cargo movements</strong></td>
<td>530,022 metric tonnes</td>
<td>2,098,779 metric tonnes</td>
<td>4,165,312 metric tonnes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Tioman STOL Port (TOD)</strong></th>
<th><strong>Pangkor STOL Port (PKG)</strong></th>
<th><strong>Lawas STOL Port (LWY)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Size</strong></td>
<td>20.574 acres</td>
<td>20.574 acres</td>
</tr>
<tr>
<td><strong>Number of runways</strong></td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Number of destinations</strong></td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td><strong>Number of airport staff</strong></td>
<td>17</td>
<td>10</td>
</tr>
<tr>
<td><strong>Number of airlines</strong></td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Number of passenger movements</strong></td>
<td>49,057</td>
<td>7,617</td>
</tr>
<tr>
<td><strong>Number of aircraft movements</strong></td>
<td>1,591</td>
<td>502</td>
</tr>
</tbody>
</table>
## Our Airports in Malaysia

<table>
<thead>
<tr>
<th>Airport</th>
<th>Size</th>
<th>Number of Runways</th>
<th>Number of Destinations</th>
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<th>Number of Aircraft Movements</th>
<th>Number of Cargo Movements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Redang STOL Port (LBP)</td>
<td>14.75 acres</td>
<td>1</td>
<td>2</td>
<td>12</td>
<td>1</td>
<td>28,246</td>
<td>862</td>
<td></td>
</tr>
<tr>
<td>Marudi STOL Port (MUR)</td>
<td>99.374 acres</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>35,999</td>
<td>1,104</td>
<td>125,546 metric tonnes</td>
</tr>
<tr>
<td>Kapit STOL Port (KPI)</td>
<td>10,7084 hectares</td>
<td>1</td>
<td>2</td>
<td>12</td>
<td>1</td>
<td>34,979</td>
<td>2,932</td>
<td></td>
</tr>
<tr>
<td>Belaga STOL Port (BLG)</td>
<td>19.425 hectares</td>
<td>1</td>
<td>2</td>
<td>12</td>
<td>1</td>
<td>35,999</td>
<td>1,104</td>
<td>125,546 metric tonnes</td>
</tr>
<tr>
<td>Long Seridan STOL Port (ODN)</td>
<td>4,3682 hectares</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>1,870</td>
<td>208</td>
<td></td>
</tr>
<tr>
<td>Mukah STOL Port (MKM)</td>
<td>137.7522 hectares</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>34,979</td>
<td>2,932</td>
<td></td>
</tr>
</tbody>
</table>

**Note:** The number of aircraft movements for Redang STOL Port is 862, while the number of cargo movements is not specified in the document.
<table>
<thead>
<tr>
<th>Airport Name</th>
<th>Size</th>
<th>Number of runways</th>
<th>Number of destinations</th>
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<th>Number of passenger movements</th>
<th>Number of aircraft movements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Banga STOL Port (LBP)</td>
<td>14.75 hectares</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>2,673</td>
<td>228</td>
</tr>
<tr>
<td>Semporna STOL Port (SMM)</td>
<td>20.46 hectares</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>2,111</td>
<td>224</td>
</tr>
<tr>
<td>Long Pasia STOL Port (GSA)</td>
<td>9.307 hectares</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>15,698</td>
<td>1,606</td>
</tr>
<tr>
<td>Kudat STOL Port (KUD)</td>
<td>60.63 hectares</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>15,698</td>
<td>258,364 metric tonnes</td>
</tr>
<tr>
<td>Long Lellang STOL Port (LGL)</td>
<td>16.817 hectares</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>2,111</td>
<td>224</td>
</tr>
<tr>
<td>Bario STOL Port (BBN)</td>
<td>50.029 hectares</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>15,698</td>
<td>1,606</td>
</tr>
</tbody>
</table>
## Our Airports in Malaysia

<table>
<thead>
<tr>
<th>Airport Name</th>
<th>Size</th>
<th>Number of Runways</th>
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<th>Number of Passenger Movements</th>
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</tr>
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<tbody>
<tr>
<td>Long Akah STOL Port (LKH)</td>
<td>14.75 hectares</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1,250</td>
<td>256</td>
</tr>
<tr>
<td>Long Semado STOL Port (LSM)</td>
<td>12.42 hectares</td>
<td>1</td>
<td></td>
<td></td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ba Kelalan STOL Port (BKM)</td>
<td>5.993 hectares</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>5,350</td>
<td>256</td>
</tr>
</tbody>
</table>

## Our Airports Overseas

<table>
<thead>
<tr>
<th>Airport Name</th>
<th>Concession Years</th>
<th>Size</th>
<th>Number of Runways</th>
<th>Number of Destinations</th>
<th>Number of Airport Staff</th>
<th>Number of Airlines</th>
<th>Number of Passenger Movements</th>
<th>Number of Aircraft Movements</th>
<th>Number of Cargo Movements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indira Gandhi International Airport, Delhi, India (IGIA)</td>
<td>30 + 30 years (Year 2006 till 2036)</td>
<td>5100 acres</td>
<td>3</td>
<td>111</td>
<td>1560</td>
<td>76</td>
<td>26.12 million (Apr09-Mar10)</td>
<td>249,508 (Apr09-Mar10)</td>
<td>500,151 metric tonnes</td>
</tr>
<tr>
<td>Sabiha Gokcen International Airport, Turkey (ISGIA)</td>
<td>20 years (Year 2008 till 2028)</td>
<td></td>
<td>1</td>
<td>69</td>
<td>513</td>
<td>43</td>
<td>6.6 million</td>
<td>54,760</td>
<td>11,532 metric tonnes</td>
</tr>
<tr>
<td>Rajiv Gandhi International Airport, Hyderabad, India (RGIA)</td>
<td>30 + 30 years (Year 2004 till 2034)</td>
<td>5495 acres</td>
<td>1</td>
<td>40</td>
<td>238</td>
<td>22</td>
<td>6.5 million</td>
<td>80,456</td>
<td>65,727 metric tonnes</td>
</tr>
</tbody>
</table>
Our Subsidiaries

**Malaysia Airports Sdn. Bhd. (MASB)**
100% MALAYSIA AIRPORTS
Management, operation and maintenance of designated airports and provision of airport related services in Malaysia other than KLIA, Sepang.

**Malaysia Airports Sepang Sdn. Bhd. (MA Sepang)**
100% MALAYSIA AIRPORTS
Management, operations, maintenance and future development of KLIA and LCCT in Sepang and provision of airport related services.

**Malaysia Airports Consultancy Services Sdn. Bhd. (MACS)**
100% MALAYSIA AIRPORTS
There is a growing demand for technical and consultancy services to improve airport operations and management. Malaysia Airports has already been providing such consultancy services for the past several years through its subsidiary, Malaysia Airports Management & Technical Services Sdn. Bhd. (MAMTS). To better reflect its activities as the consulting arm of Malaysia Airports, MAMTS’ name was changed to Malaysia Airports Consultancy Services Sdn Bhd (MACS), effective 10 September 2009. An ISO 9001:2000 certified company, MACS’ corporate vision is to be a leading service provider in airport development, management and technical services.

**Urusan Teknologi Wawasan Sdn. Bhd. (UTW)**
75% MACS
A certified ISO 9001:2008 company, UTW is a Total Facility Management provider with a proven track record of having provided comprehensive operation and maintenance (O&M) services to some of the nation’s most iconic and prestigious infrastructures and landmarks. These includes KLIA, Sepang International Circuit, Bursa Malaysia, KLCC, KL Sentral, Perbadanan Putrajaya and the Port of Tanjung Pelepas. UTW’s growing customer base attest to its good financial standings, capabilities and reputation for meeting clients’ expectations through people, process and technology.

**Malaysia Airports Management & Technical Services (Labuan) Private Limited**
100% MACS
Investment holding management.

**Airports Automotive Workshop Sdn. Bhd.**
51% UTW
Operation of automotive vehicle workshop.
Our Subsidiaries

100% MALAYSIA AIRPORTS
Having completed its second decade in the business, ERAMAN Malaysia is a pioneer and the largest airport retailer in the country. Its network of more than 30 outlets occupying a total retail space of 8,460 sqm are spread across the five international airports and the Labuan Airport. As an industry leader and the first airport retailer in Malaysia to be accredited to the MS ISO 9001 quality management system, ERAMAN Malaysia aims to be the preferred airport retailer by offering an extensive product range that is relevant and appealing to its target markets. It is also fully aware of its responsibility as one of the key players towards realising Malaysia Airports’ objective in increasing the revenue contribution of its commercial operations.

Eraman (Malaysia) Sdn Bhd
100% MA (Niaga)
Dormant, intended principal activity is general trading.

Airport Ventures Sdn. Bhd. (AV)
100% MALAYSIA AIRPORTS
Investment holding.

Malaysia Airport Technologies Sdn. Bhd. (MA Tech)
100% AV
MA Technologies provides Information and Communication Technology (ICT) services for the Group. It is responsible for the operation and maintenance of the ICT network and infrastructure across Malaysia Airports’ system of airports through Malaysia. The range of services provided include airport system solutions, system integration, networking, broadband network services, facility management and monitoring. In carrying out its responsibilities, the company’s goal is to manage cost effectively without compromising on the quality of its service delivery, whilst leveraging on innovation to transform and improve its clients’ processes through ICT to allow for greater efficiency and easier access to information.

Malaysia Airports MSC Sdn. Bhd.
(Formerly known as KLIA.Com Sdn. Bhd.)
100% MA (Tech)
Provision of 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% MALAYSIA AIRPORTS
MA(P) comes under Malaysia Airports’ Commercial Services Division and is primarily responsible for handling Malaysia Airports’ non passenger related activities such as the management of the Southern Common Amenities and Facilities (SCAF) at KLIA and the Staff Home Stay residences. It also functions as an enforcement unit that monitors and reviews Malaysia Airports’ Fixed Asset Management Policy. In FY2009, MA(P) generated a total revenue of RM17.61 million, of which non passenger related revenue derived from private sector projects was the main contributor. Profit before tax was posted at RM12.56 million, a 16.82% decrease from the previous year.

KL Airport Hotel Sdn. Bhd. (KLAH)

100% MA (Properties)
KLAH’s Pan Pacific Kuala Lumpur International Airport’s (PPKLIA) winning streak has extended into FY2009. The spotlight was again turned on Malaysia Airports when its multiple award winning hotel reprised its success at the World Travel Awards 2009, clinching the prestigious title of World’s Leading Airport Hotel and Asia’s Leading Hotel. Described by the Wall Street Journal as the ‘Oscars’ of the travel industry, the World Travel Awards are highly coveted as they are widely seen to reflect the true customer experience and perceptions.

MAB Agriculture-Horticulture Sdn. Bhd. (MAAH)

100% MA (Properties)
For an entity engaged in the airport business, Malaysia Airports has a rather unexpected and surprising revenue source. More than 7,000 hectares of land around KLIA and the Kota Bharu Airport are presently utilised for agriculture and horticulture activities. The principal activity of MAAH is the cultivation and management of Malaysia Airports’ oil palm and coconut plantations totaling at some 6,945.54 hectares and 161.98 hectares respectively. Besides providing a healthy source of recurring revenue, these plantations also serve to mitigate the effects of noise pollution in the surrounding areas.


20% MA (Properties)
Development, management and operations of aviation fuelling systems at KLIA, Sepang.
ORGANISATIONAL PROFILE

Malaysia International Aerospace Centre Sdn. Bhd. (MIAC)
100% MALAYSIA AIRPORTS
The Malaysia International Aerospace Centre (MIAC) is a key initiative for transforming Malaysia into a regional and international aerospace nation by the year 2015. In 1997, the Government launched the National Aerospace Blueprint which identified Subang as a strategic location to develop the aerospace industry. The transfer of commercial flight operations from Subang to KLIA presented the opportunity to translate the blueprint into reality. Malaysia Airports is spearheading the development of MIAC through its wholly-owned subsidiary, MIAC, incorporated in April 2007. The main objectives of MIACSB are firstly, to achieve the Government’s aspiration to become a global aerospace player, providing facilities and infrastructure and offering competitive leases to attract the industry players. Secondly, in order to sustain the development of the industry, MIACSB would be managed as a business entity. As such, it will recover the cost of investment made in infrastructure and facilities through revenue earned from leasing of land and facilities and royalty from sales.

MALAYSIA AIRPORTS (Mauritius) Private Limited
100% MALAYSIA AIRPORTS
Investment holding management.

Istanbul Sabiha Gokcen International Airport Investment Development and Operations Inc
20% MALAYSIA AIRPORTS
Operation, management and development and provision of airport related services.

LGM Airport Operations Trade and Tourism Inc
20% MALAYSIA AIRPORTS
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.

*Asia Pacific Auction Centre Sdn. Bhd.
100% MALAYSIA AIRPORTS
Operations and management of an auction centre. The company has ceased operation on 31 December 2008.

*Asia Pacific Action Sales Sdn. Bhd.
100% APAC
Involved in the auction of general machineries. The company has ceased operations since 2001.

*Asia Pacific Machinery Auctions Sdn. Bhd.
100% APAC
Involved in the auction of light and heavy machineries. The company has ceased operations since 2001.

100% APAC
Involved in the auction of general motor vehicles. The company has ceased operations since 2001.

100% APAC
Provided services in respect of sale of beverages. The company has ceased operations since 2001.

*Cargo One Restaurant and Lounge Sdn. Bhd.
100% APAC
Involved in the business of restaurant operations. The company has ceased operations since 2001.
2009 Highlights & Milestones

2009 Headlines

- Record profit after tax of RM378.58 million, an increase of 23.79% from FY2008
- Record turnover for seventh consecutive year of RM1.64 billion, a 14.09% increase from FY2008
- We surpassed our set headline Key Performance Indicators, posting EBITDA of RM641.92 million and ROE of 11.55%
- Malaysia Airports won 12 awards and accolades, including the Distinction Award in the Malaysian Corporate Governance Index 2009
- Government approval of Malaysia Airports’ restructuring plan paved the way for the signing of new Operating Agreements on 12 February 2009
- Airline Recovery Programme established to assist airlines operating at airports managed by Malaysia Airports in Malaysia
- Malaysia Airports hosted the 19th Airports Council International (ACI) World General Assembly in November 2009
- Launch of KLIA as Next Generation Hub in November 2009

Calendar of 2009 Events

20/01/2009
KKIA Shopping Campaign Offered Travellers Chances To Win RM 55,000 Cash Prizes. Travellers and visitors to Kota Kinabalu International Airport (KKIA) were presented with an opportunity to walk away with cash prizes of RM55,000, offered in the “KKIA Shopping Campaign”, themed “KKIA Spend & Win”, organised to further encourage shopping and dining at KKIA and to enhance the airport shopping experience.

12/02/2009
Malaysia Airports Increased Its Aviation Security Personnel With 242 New Graduates. Malaysia Airports increased the level of general airport safety when 242 aviation security trainees from intake 1/2008 completed their Foundation Course for Flight Security Assistant and were celebrated at the MALAYSIA AIRPORTS’S Marching Out Parade held at Pusat Latihan Polis (PULAPOL), Kuala Lumpur.

12/02/2009
Malaysia Airports & Government In Win-Win Public-Private Partnership. Malaysia Airports and the Government signed agreements to conclude the approved restructuring plan. The financial restructuring plan is a win-win situation for the government and Malaysia Airports, implemented through a public-private partnership arrangement.

13/03/2009
New Low-Cost Carrier Terminal (LCCT) at KLIA Announced. Malaysia Airports plans to complete the construction of the new permanent Low-Cost Carrier Terminal (LCCT), at a cost of RM2 billion, by the third quarter of 2011. The new terminal will be able to accommodate up to 30 million passengers per annum, with capacity for expansion of up to 45 million passengers per annum.

24/04/2009
ERAMAN Malaysia Brought Marrybrown To LCCT-KLIA To Enhance Passengers’ Airport Experience. ERAMAN Malaysia continued its effort to enhance airport users’ experience at LCCT-KLIA by bringing Marrybrown to the terminal. The presence of Marrybrown at LCCT-KLIA will further increase product offerings not only to passengers and visitors but also to the surrounding communities.

05/05/2009
Melaka Airport’s New Terminal Chalked Up Another History For The Historical City. Melaka, the ‘Historical City’ created another historical milestone when the airport relocated to a brand new terminal. Compared to the old terminal which could only handle 0.3 million passengers per annum, the new terminal can accommodate up to 1.5 million passengers per annum.

17/03/2009
LCCT-KLIA’s New Departure Hall Opened. The LCCT-KLIA’s new departure hall started operations with its first flight to Guangzhou, China. The new hall can accommodate 3,200 passengers compared to 600 at the previous hall.

12/05/2009
Launch Of KLIA 1 Touch. In an effort to provide more value-added service to travellers, Malaysia Airports
introduced a Flight Information Speech System (FISS) called “KLIA 1 Touch”, a self-service interactive voice response (IVR) dedicated to provide callers with flight information.

08/06/2009
Malaysia Airports’ Contributions In Aviation Industry Acknowledged Through IATA’S Eagle Award. Malaysia Airports’ contributions in the aviation industry were further acknowledged when it received the prestigious Eagle Award for Best Airport from International Air Transport Association (IATA), in special recognition of outstanding performance in customer satisfaction, cost-efficiency and continuous improvements.

27/06/2009
Malaysia Airports’ Partners Honoured On Outstanding Achievements With KLIA Awards. 15 awards were up for grabs for all airlines and service providers operating at KLIA in the fourth edition of the annual KLIA Awards, where partners with outstanding achievement for the year 2008 were honoured. KLIA Awards offer recognition to various categories of airlines and service providers at KLIA.

30/06/2009
KLIA Commemorated 11th Anniversary With A Birthday Bash. KLIA celebrated its 11th anniversary and commemorated it with a special reception of its 218.4 millionth international passenger and the 70.7 millionth domestic passenger.

25/07/2009
A New Record In Number Of Participating Teams Was Set For Malaysia Airports’ Media Explore Hunt. Malaysia Airports Media Explore Hunt 2009 created its own history by recording the highest number of participating teams - 65, comprising of nearly 260 media personnel from Kuala Lumpur. This treasure hunt is an annual media event in Malaysia Airports’ calendar and has taken members of the media on the journey to various destinations in Peninsula Malaysia.

14/08/2009
KLIA Shopping Campaign 2008 / 2009 Grand Finale & iStyle KLIA. KLIA Shopping Campaign 2008 / 2009 ended on a high note with a fashion show and the presentation of the ultimate grand prize – a Lexus GS300 car. The presentation of the grand prize was held at KLIA alongside the iStyle KLIA fashion show. The fashion showcasecum- styling competition, a first for Malaysia Airports, was organised to provide a platform for local fashion and design students to show off their creativity.

18/08/2009
KLIA ‘Next Generation Hub’ Programme Started With The Launch Of Web Portal. KLIA has launched itself as the Next Generation Hub, a premier airport that will enable passengers to connect seamlessly amongst all types of carriers including full service airlines and low-cost carriers to all destinations served from KLIA. In the first phase of the Next Generation Hub, Malaysia Airports launched www.flyklia.com, which provides an itinerary builder that integrates all airlines schedules and fares.

28/08/2009
Malaysia Airports Celebrated The Holy Month Of Ramadhan With 2,000 Passengers. Malaysia Airports celebrated the holy month of Ramadhan by distributing packets of ‘kurma’ or dates to 2,000 passengers at KLIA. This is also part of Malaysia Airports’ efforts to enhance its customer relationship management.

09/10/2009
Another 194 Aviation Security Personnel Recruited By Malaysia Airports. Malaysia Airports received another 194 aviation security personnel after trainees from intake 1/2009 completed their Foundation Course for Flight Security Assistant. The graduation ceremony was held at Bunga Raya Complex in KLIA.
20/10/2009
Malaysia’s 5 International Airports First In Asia To Have Received SMS Certification. All five international airports in Malaysia received the Safety Management System (SMS) certification, making these airports amongst the earliest to achieve the certifications, especially in the Asia region. The SMS certification is a testimony of Malaysia Airports’ initiatives to ensure the highest level of safety at airports and to fully comply with the International Civil Aviation Organisation (ICAO) Safety Management Program.

31/10/2009
Air Astana Debuted At KLIA. KLIA started offering direct connection to Kazakhstan when Air Astana, the national carrier of Kazakhstan made its historic maiden landing to Malaysian soil. The airline offers one flight weekly, flying on the Almaty – Kuala Lumpur vice versa route every Saturday, utilising Boeing 767-300 ER with 220 seating capacity.

31/10/2009
SGIA Launched. Sabiha Gokcen International Airport (SGIA) in Turkey was launched by Turkey’s Prime Minister, Recep Tayyip Erdogan. It marked another milestone in Malaysia Airports’ history in its overseas venture. The Chairman of Malaysia Airports led the delegates from Malaysia in witnessing the launch.

02/11/2009
Malaysia Airports HQ Relocated To New Corporate Office. Malaysia Airports’ headquarters has relocated from Terminal 2, Subang Airport to a new corporate office at Persiaran Korporat KLIA. Themed ‘Winds of Change’, this new corporate office incorporates simple yet modern features into its interior and exterior designs.

02/11/2009
Airports Held Annual Global Meeting in Malaysia. Over 500 airport representatives and aviation business partners congregated in Kuala Lumpur, Malaysia for their annual conference that focused on strategies for re-energising the airport business. Jointly organised by ACI World and ACI Asia-Pacific, and hosted by Malaysia Airports, the annual conference gathered aviation experts from all five ACI geographical regions.

07/11/2009
Malaysia Airports Completed School Adoption Project for Nine Schools. Nine schools adopted by Malaysia Airports ‘graduated’ as Malaysia Airports completed the two years adoption period of its Beyond Borders programme, initiated under the Khazanah’s Promoting Intelligence, Nurturing Talents, Advocating Responsibility’ (PINTAR) project.

18/11/2009
Malaysia Airports Announced Airline Recovery Programme. Malaysia Airports announced the establishment of an Airline Recovery Programme for the airlines operating at airports managed by Malaysia Airports in Malaysia. This programme commenced in 2009 and is set to continue for a period of three years.

20/11/2009
ERAMAN Malaysia’s Excellent Customer Service Campaign. Eight staff members from ERAMAN were chosen as the best Customer Service Assistant for this campaign. The winners comprised of Customer Service Assistant from both ERAMAN’s retail and F&B outlets nationwide.

23/11/2009
Malaysia Airports Announced ‘1KLIA Safety Culture’ Campaign at KLIA. Malaysia Airports launched ‘1KLIA Safety Culture’, a joint safety campaign with the objective to promote awareness of safe working area and further stimulate safety-conscious to all airside workers.

23/11/2009
Malaysia Airports Participated in LIMA ’09. Malaysia Airports took part in the 10th edition of the Langkawi International Maritime and Aerospace Exhibition (LIMA), that showcased its services, facilities and future development for airports.

02/12/2009
MOU Signed Between Eurocopter Malaysia and Malaysia International Aerospace Centre (MIAC) for The Development Of Helicopter Centre. Eurocopter Malaysia and MIAC Sdn. Bhd. (MIAC) signed a Memorandum of Understanding for the development of Helicopter Centre at Sultan Abdul Aziz Shah Airport. The primary objective of this Helicopter Centre is to provide an environment that is conducive to the development of the helicopter industry in Malaysia.

17/12/2009
Exciting Shopping Experience at KLIA Unveiled By Malaysia Airports. Malaysia Airports unveiled the newly completed Satellite Retail Optimisation Project (SROP) at KLIA. The Satellite Building has been given a major facelift and passengers can enjoy a more exciting and unique shopping experience. The SROP also included the building of a walkway through the forest reserve at the centre core of the Satellite Building, called KLIA Jungle Board Walk and creating a Circular Viewing Gallery at the Mezzanine Level.
Standing from left: Mohd Nadziruddin Mohd Basri; Hajah Jamilah Dato Hj Hashim; Izlan Izhab; Datuk Alias Hj Ahmad; Jeremy Nasrulhaq; Dato’ Long See Wool
Seating from left: Dyg Sadijah Abg Bohan; Datuk Siti Maslamah Osman; Tan Sri Datuk Dr Aris Othman; Tan Sri Bashir Ahmad
Role of Chairman

Tan Sri Datuk Dr. Aris bin Othman is the Chairman of the Company. His roles and responsibilities are as follows:

• 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;
• 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;
• Ensure that the Board agrees on the strategy formulated by the Company and checks on its implementation;
• Exemplify the highest standards of corporate governance practices and ensure that these practices are regularly communicated to the stakeholders;
• Ensure the appropriateness and effectiveness of the succession planning programme at the Board and Senior Management levels;
• Ensure a healthy working relationship with the Managing Director and provide the necessary support and advice as appropriate; and
• 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.
TAN SRI BASHIR AHMAD BIN ABDUL MAJID, MANAGING DIRECTOR
Tan Sri Bashir Ahmad bin Abdul Majid, Malaysian, aged 60, was appointed as Managing Director of MALAYSIA AIRPORTS on 7 June 2003. He is a member of the Board Finance & Investment Committee of MALAYSIA AIRPORTS. He is also the Chairman of the Board of Directors of Malaysia Airports (Sepang) Sdn. Bhd., Malaysia Airports Sdn. Bhd. and Malaysia Airports (Niaga) Sdn. Bhd., all are wholly-owned subsidiaries of MALAYSIA AIRPORTS. 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. He graduated with a Bachelor of Arts Degree (Hons) majoring in International Relations from University of Malaya. Tan Sri Bashir currently sits on the Board of GMR Hyderabad International Airport Limited and Delhi International Airport Private Limited. He has attended 13 out of 13 Board Meetings held during the financial year.

DATO’ LONG SEE WOOL
Dato’ Long See Wool, Malaysian, aged 55, was appointed to the Board of Directors of MALAYSIA AIRPORTS on 9 September 2008. He also sits on the Board Procurement Committee and Board Risk Management Committee of MALAYSIA AIRPORTS. He is a member on the Board of Malaysia Airports (Sepang) Sdn. Bhd. and Malaysia Airports Sdn. Bhd., both wholly-owned subsidiaries of MALAYSIA AIRPORTS, since December 2002. 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 16 May 2002 to 1 November 2006 and then appointed as the Deputy Secretary-General (Planning), MOT. He is currently the Secretary-General (Planning), MOT. He has a Bachelor of Arts Degree (Hons) majoring in International Relations from University of Malaya. Tan Sri Bashir currently sits on the Board of GMR Hyderabad International Airport Limited and Delhi International Airport Private Limited. He has attended 13 out of 13 Board Meetings held during the financial year.

DYG SADIAH BINTI ABG BOHAN
Dyg Sadiah binti Abg Bohan, Malaysian, aged 47, was appointed to the Board of Directors of MALAYSIA AIRPORTS on 25 February 2009. She is a member of the Board Nomination & Remuneration Committee, Board Finance & Investment Committee and Board Procurement Committee of MALAYSIA AIRPORTS. She graduated from the University of Malaya with a Bachelor of Science (Hons) in 1986 and holds a Diploma in Public Administration from INTAN in 1989. She obtained her Masters in Business Administration from Universiti Kebangsaan Malaysia in 1989. She began her career in the Malaysian Civil Service in 1989 as an Assistant Secretary in the Ministry of Agriculture. Thereafter, she was assigned to INTAN, and subsequently in 1999, was transferred to Ministry of Finance. She is currently the Deputy Under Secretary at the Investment, MOF (Inc) and Privatisation Division, Ministry of Finance, Malaysia. Dyg Sadiah is a Director of Penang Port Holdings Berhad, Kuala Lumpur International Airport Berhad and Perbadanan Nasional Berhad. She has attended 12 out of 13 Board Meetings held during the financial year.

MOHD NADZIURUDDIN BIN MOHD BASRI
Mohd Naziruddin bin Mohd Basri, aged 42 was appointed to the Board of Directors of MALAYSIA AIRPORTS as a Non-Independent Non-Executive Director on 21 October 2008. He is also a member of the Board Finance & Investment Committee and Board Risk Management Committee of MALAYSIA AIRPORTS. He started his career with Ernst & Young Kuala Lumpur and was a Senior Manager in the Assurance and Business Advisory Division when he was seconded to Malaysia Airlines in July 2001 to assist management with the restructuring of the airline. He joined the airline as a permanent staff in April 2003 where his last position was Senior General Manager – Airport Operations. He subsequently joined Khazanah as its Chief Financial Officer in June 2007. He graduated from the London School of Economics with a Bachelor of Sc. (Econ) and is a Fellow Member of the Association of Chartered Certified Accountants. He is also a member of the Malaysian Institute of Accountants. Currently, Mohd Naziruddin is also a director on the Board of Penerbangan Malaysia Berhad. He has attended 13 out of 13 Board Meetings held during the financial year.

HAJAH JAMILAH BINTI DATO’ HJ HASHIM
Hajah Jamilah binti Dato’ Hj Hashim, Malaysian, aged 51, was appointed to the Board of Directors of MALAYSIA AIRPORTS as a Non-Independent Non-Executive Director on 1 March 2007. She is also a member of the Board Nomination & Remuneration Committee of MALAYSIA AIRPORTS. She is currently a Director in Boustead Heavy Industries Corporation, heading the Strategic Management and Transformation division. Prior to joining Boustead, she had served as a Director in Khazanah Nasional Berhad (“Khazanah”) heading the Support Operations and co-heading the Corporate

HAJAH JAMILAH BINTI DATO’ HJ HASHIM
GOVERNANCE, COMMITMENTS & ENGAGEMENTS

Development Unit. She was a member of the Board of Directors of Pantai Morib Ventures Sdn Bhd, from 2007 to 2009, a subsidiary of Khazanah. She had held ten (10) key positions in the operational and regional level in Goodyear, throughout a period of 21 years. Before her last role as Director of Business Process Improvement in Goodyear Asia Pacific Region, she had served as the Manufacturing Director and a Board member of Goodyear Malaysia Berhad. She had also served in several key turnaround roles in Goodyear, along with playing an active role as the President of Goodyear Asia Pacific Region Women-in-Leadership movement. She also held management position in the Malaysian Palm Oil Council as well as research position in the Solar Energy Research Institute, USA. Besides her executive education in the IMD, University of Michigan, University of Virginia, and University of Pennsylvania, she holds a Master of Science in Physical Chemistry from University of Denver and Bachelor's Degree in Chemistry from California State University. She has attended 11 out of 13 Board Meetings held during the financial year.

DATUK ALIAS BIN HJ AHMAD
Datuk Alias bin Haji Ahmad, Malaysian, aged 62, was appointed to the Board of Directors of MALAYSIA AIRPORTS 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 MALAYSIA AIRPORTS. 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, Director of Vocational Training at the Ministry of Human Resources. He also held various senior positions in the Ministry of Defense 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 11 out of 13 Board Meetings held during the financial year.

DATUK SITI MASLAMAH BINTI OSMAN
Datuk Siti Maslamah binti Osman, Malaysian, aged 62, was appointed as an Independent Non-Executive Director of MALAYSIA AIRPORTS on 1 December 2003. She chairs the Board Audit Committee and sits on the Board Nomination & Remuneration Committee and Board Finance & Investment Committee of MALAYSIA AIRPORTS. 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 Selangor Sdn. Bhd. and a Trustee of Lembaga Zakat Selangor (MAIS). She has attended 13 out of 13 Board Meetings held during the financial year.

IZLAN BIN IZHAB
Izlan bin Izhab, Malaysian, aged 64, was appointed to the Board of Directors of MALAYSIA AIRPORTS on 1 June 2005 as a Non-Independent Non-Executive Director. He sits on the Board Audit Committee of MALAYSIA AIRPORTS. He is also a member on the Board of Malaysia Airports Consultancy Services Sdn. Bhd. (formerly known as Malaysia Airports Management &Technical Services Sdn. Bhd.), a wholly-owned subsidiary of MALAYSIA AIRPORTS. During his working career, he served as Assistant Legal Officer for Majlis Amanah Rakyat, Company Secretary for Kompleks Kewangan Malaysia Berhad, Company Secretary for Permodalan Nasional Berhad and Executive Vice President, Corporate & Legal Affairs, Kuala Lumpur Stock Exchange (now known as “Bursa Malaysia Securities Berhad”). He is at present a Director of N2N Connect Berhad, OSK-UBO Unit Trust Management Berhad, CIMB Aviva Assurance Berhad, Box-Pak (Malaysia) Berhad, O&G Equities Berhad, CIMB Aviva Takaful Berhad, K&N Kenanga Holdings Berhad, Kenanga Investment Bank Berhad, Kenanga Deutsche Futures Sdn.Bhd., Bank Perusahaan Kecil & Sederhana Malaysia Berhad and SME Growth Acceleration Fund Sdn.Bhd. He is also a member of Bursa Malaysia Securities Berhad’s Appeals Committee. He holds a Bachelor of Laws Degree from University of London and attended the Advanced Management Program at the University of Hawaii. Occasionally, he gives lectures on Malaysian securities law, company law and corporate governance for various public and private sector consultancy and training organisations. He has attended 12 out of 13 Board Meetings held during the financial year.

JEREMY BIN NASRULHAQ
Jeremy bin Nasrulhaq, Malaysian, aged 57, was appointed to the Board of Directors of MALAYSIA AIRPORTS as an Independent Non-Executive Director on 15 August 2007. He is also a member of the Board Audit Committee and Board Nomination & Remuneration Committee of
MALAYSIA AIRPORTS. He had held several key financial and supply chain positions in Unilever, 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 is currently a Director of Sweetyet Development Sdn. Bhd., a company with its head office in Hong Kong. He is a Fellow Member of the Chartered Institute of Management Accountants, U.K. (CIMA) and currently serves as Vice-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 in Agribusiness Science from Universiti Putra Malaysia. He has attended 13 out of 13 Board Meetings held during the financial year.

SABARINA LAILI BINTI MOHD HASHIM, COMPANY SECRETARY
Sabarina Laila binti Mohd Hashim, Malaysian, aged 42, is currently the Company Secretary for MALAYSIA AIRPORTS 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 Division, MALAYSIA AIRPORTS. 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 recently 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 (“MAICSA”).

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 incorporate 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 Malaysia Airports.
Statement on Corporate Governance

As the leading Airport Operator, our operations and business activities have an enormous influence in the daily lives of thousands of people across the country, region and perhaps around the world. The Board of Directors strongly believes that good corporate governance is vital in enhancing the long-term performance and continuous growth of Malaysia Airports Group. Hence, a sound governance structure is fundamental to safeguard the interest of Malaysia Airports’ shareholders and to operate successfully in the global business environment amidst the current global economic downturn.

The Board considers that the corporate governance framework in Malaysia Airports has been developed and enhanced in compliance with the Malaysian Code on Corporate Governance (Revised 2007) (“Code”), Bursa Malaysia Securities Berhad’s Main Market Listing Requirements (“Bursa Malaysia Listing Requirements”) and the adoption of recommendations on corporate governance in “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 recently Corporate Governance Guide (“CG Guide”) issued by Bursa Malaysia.

Good corporate governance, however, should not be a mere statement of compliance. It should aim at achieving the highest standards of business integrity, ethics and professionalism across all the Group’s activities.

The Board acknowledges the importance of corporate governance in enhancing and building a competitive organisation to support the Group’s corporate mission and vision.

The commitment of the Board, Management and staff of Malaysia Airports Group in ensuring the interest of investors and all other stakeholders are well taken care of, is affirmed by the award and recognition that Malaysia Airports had won, such as the Distinction Award under the Malaysian Corporate Governance (“MCG”) Index 2009 awarded by the Minority Shareholder Watchdog Group (“MSWG”), a premier index for investors to determine the corporate governance levels of public listed companies in Malaysia. The MCG Index, an initiative by MSWG is an extension of MSWG’s corporate governance survey conducted in collaboration with Nottingham University Business School (“NUBS”) in 2004 – 2008. Malaysia Airports was ranked seventh (7th) position (2007: 14th and 2006: 40th) in the MSWG – NUBS corporate governance survey conducted in 2008.

In addition, Malaysia Airports had also been recognised for its commitment towards highest standard of business integrity, ethics and professionalism by winning the Best Practice Award for Public Listed Company of the National Award for Management Accounting (NAfMA) 2009 by Malaysian Institute of Accountants and The Chartered Institute of Management Accountants. Such recognition reflects excellent management accounting practices in the Malaysia Airports Group. The NAfMA award recognises best practices in management accounting by companies in Malaysia that lead to value creation and excellent business performance.stakeholders’ value, increasing investors’ confidence, establishing customers’ trust

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 directors’ relevant background ensures that they have the understanding of the fiduciary duties and responsibilities of the Board of Directors and appreciate the working relationship between the Board and Management of the Group, as well as the ability to comprehend the industry within which Malaysia Airports operates, and its current and future competitive environment.

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 composition of the Board fairly reflects the interest of the significant shareholders, which was 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.

All directors are subject to re-election by the shareholders at the annual general meeting after their appointment to the Board, and to re-election by the shareholders at least once in every three years, in accordance with the Articles 129, 131 and 132 of the Company's Articles of Association. This ensures regular election and re-election process of Directors by the shareholders.

**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 Board continues to adhere to the Directors' Code of Ethics formulated based on principles in relation to integrity, sincere, responsibility and corporate social responsibility in order to enhance the standard of corporate governance and corporate behaviour.

**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.

Under the policy, Directors may only be allowed to take up to five (5) directorships in other public-listed companies.

**Linkage between compensation for members of highest governance body, senior managers and executives (including departure arrangements), and the organisation’s performance (including social & environmental)**

The Board Nomination & Remuneration Committee 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 nonexecutive 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, in order to align the remuneration to at least around the 50th percentile of the appropriate peer group. The Board hopes the alignment of the remuneration package offered to the nonexecutive directors of the Company would 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.

The Board Nomination & Remuneration Committee embarked upon a review of the overall remuneration policy for the Managing Director and recommended on specific adjustments in remuneration and/or reward payments that reflect his contribution to the Company, and which are competitive and are supportive with the Company’s corporate objectives, culture and strategy.

Senior management and executives are rewarded based on the review of the Corporate Scorecard and Key Performance Indicators percentage achievement for the year which linked to bonuses and increments as well as promotions, etc.

**Processes in place for the highest governance body to ensure conflicts of interest are avoided**
The Board has embarked upon a review of the Board Charter in accordance with the best practices prescribed in the Green Book which provides guidance to the Board in reviewing the Charter at least every 2 years to test its applicability to the Company’s current situation. The revised Board Charter has been approved by the Board on 10 December 2009.

The Board continues to observe the Board Charter which provides guidance on the fulfilment of the Board’s roles, duties and responsibilities, to ensure that they are performed in accordance with the best practices of good corporate governance and are reflective of the latest legislations and regulations affecting the Board of Directors’ conduct.

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, remuneration policy and the establishment of Board Committees together with the required mandates and activities.

The Board, upon its recent review of the Board Charter, has incorporated the elements of Directors’ Code of Ethics which establishes the standard of ethical conduct for Directors of Malaysia Airports and serves as a source of guiding principles for Directors in discharging their duties and responsibilities. The Code summarizes the Board’s fiduciary duties to the Company, provides guidance to directors to deal with ethical issues and helps to foster the spirit of social responsibility and accountability in line with the legislation, rules and regulations governing the Company.

**Qualifications of BODs & Process of determining**
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.

Members of the Board of Directors of Malaysia Airports had attended the training programmes organised during the financial year 2009. The Board, being cognisant of its responsibility under the Bursa Malaysia Listing Requirements, had taken the initiative to organise in-house training programmes conducted by external consultants, on areas relating to the changes in the airlines and airports environment, business sustainability and strategy development, financial reporting, etc. The training programmes attended by the Directors in 2009, are as follows:

1. Management Retreat and Teambuilding for Directors and Senior Management held on 24 to 26 July 2009;
2. Briefing/updates on H1N1 by the Ministry of Health held on 30 July 2009;
3. ACIIA Conference 2009 “Towering Experience: Towards Sustainable Success” by Asian Confederation of Institute of Internal Auditors held on 19 to 21 October 2009;
4. Presentation/briefing on Financial Reporting Standard (FRS) 139 by Ernst & Young held
on 22 October 2009;
5. 19th ACI World and Asia Pacific Conference and Exhibition “Above the Turbulence – Sustaining Business Excellence” by Airports Council International held on 2 to 4 November 2009; and

The Board members are continuously updated with the latest information on issues related to governance, risk management, board performance and financial position. 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. The Company Secretary would continuously disseminate to the Board any interesting and relevant articles or reports extracted from various reputable magazines on governance best practices for the Board members’ reading pleasure in order to keep them updated with the latest development and also as part of their life long learning education. As an on-going effort, the Company Secretary is also procuring a collection of books and reading materials, for the Board members’ benefit, concerning corporate governance and several case studies.

As part of the customary annual training programme, the Board had in the past, participated in airport familiarization visits to other renowned international airports, where they had the benefit of viewing the airports’ current operations, and were also briefed on the future development programmes of the respective airports. During the year, some of the Board members paid official visits to Delhi International Airport and Istanbul Sabiha Gokcen International Airport. The visits gave the directors the opportunity to experience the uniqueness of each airport operations, as well as a better understanding of the different approaches to managing challenges at the respective airports. It will certainly be an invaluable experience to the Directors, and the added value gained from this experience will no doubt benefit the Company.

Evaluation of the BOD
The Board performance evaluation framework and processes in Malaysia Airports have been developed and adopted in accordance with the principles as enunciated in the Green Book and the Code.

The performance evaluation of the Board was primarily based on the answers to a detailed questionnaire which was prepared internally by the Company Secretary. The questionnaire form was distributed to all the respective Board members and it covers topics that include, amongst others, the responsibilities and influence of the Board, meeting arrangements, information and support, Board composition, decision-making and output. Similar topics were covered in respect of the questionnaire for each of the Committees.

Thereafter, the results of these questionnaires, after being agreed upon by the individual directors, were documented, and collectively, they 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 “going forward position”, to enhance the effectiveness of the Board.

With regard to the performance of the respective Board Committees, members had assessed and rated the Board Committee’s performance based on each of the questionnaires and where necessary, provided their comments. Whilst assessing the performance of the Board Committees, the members also indirectly assessed the individual members performance against a range of key competencies. These competencies include strategic thinking, commitment and preparedness, listening and communication skills, contribution to decision making and constructive challenging of information. The ratings and comments were synthesised into a report and tabled at the Board Nomination & Remuneration Committee meeting and the Board of Directors’ meeting for deliberation thereof.

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.
Board of 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 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, transfer and secondment of employees, etc.

**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 safety 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 tender for contract value above RM5 million up to RM50 million, review and approve procurement policies and procedures, oversee and monitor the overall implementation of the Red Book on Procurement Guidelines, ensuring efficiency and effectiveness of procurement process, and support of national development objectives.

Internal Audits

Strategic audits have been identified as crucial in ensuring that audit is aligned with the Company’s goals and objective. In addressing the issue, starting from year 2010, the classification of Audit Plan has been revised to the following:

- Strategic
- Governance
- Operational (Financial)
- Operational (Non-financial)
- Compliance
- Follow-up

However both the governance reviews and strategic audits will depend highly on the competency of the staff which either needs to be developed or acquired externally. A development program will have to be prepared to address this concern.

For the year 2010, Internal Audit Division will develop a Fraud Risk Assessment to enable it to assess fraud risk and utilize it in its audit planning and assessment. Some of the areas recommended are profile of fraudster, warning signs, potential areas etc.

The Group Internal Audit function was established to support the Board, through the Board Audit Committee, to discharge their responsibilities of maintaining a sound system of internal control to safeguard shareholders’ investment and the Group’s assets.

Our mission is to add value to the overall organisational performance and independently ascertain whether the ongoing processes for controlling operations throughout the Group, are adequately designed and functioning in an effective manner.

The Internal Audit Division carried out ongoing reviews of the internal control system of the Group. The audits conducted were in the areas of finance/accounts, operations,
management, 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 Committee, Management or arising from the Whistle Blowing Programme. Periodic follow-up reviews are conducted to monitor the status of internal control issues raised.

Together with other related divisions at Malaysia Airports Corporate Office, the division has undergone certification of MALAYSIA AIRPORTS’S ISO 9001:2008 QMS - SIRIM for adequacy of IAD standard processes to meet international standard.

**Self Audit**
The Control Self Assessment was first introduced in year 2005, through Internal Control Questionnaire (ICQ) methodology. The main purpose of introducing ICQ is to place the accountability for internal control on the related business process at the division and/or airport level. In year 2009, The Internal Audit Division continued the implementation of Self Audits through full involvement of respective Divisions. The Self Audits provide management with an easy to use and effective tool to review and improve the control system.

**Corporate Governance**
The division has started undertaking governance reviews from year 2009, the first one being the Corporate Governance Audit.

**Internal Assurance Provider (IAP)**
The division has started undertaking the review on IAP to determine the level of reliance and collaboration between all IAPs in the Group.

**Annual Assurance Sign off**
The Statement of Annual Assurance Sign Off is a commitment by the Senior Management that the internal controls are in place and working as intended. The Management of the respective company/ function has pledged their assurance by signing the Statement based on the fundamental principles associated with five key components of internal control using the COSO framework; Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring. The Statement also facilitates the Board of Directors in disclosing the state of internal control of the Group in the Annual Report via the Statement of Internal Control.

**Quality Assurance Review**
Based on the External Quality Assessment Report produced in February 2008, the Internal Audit Division achieved overall Conformance to the International Standards for the Professional Practice of Internal Auditing. A follow up was conducted in January 2010 whereby it was certified that the Internal Audit Division had undertaken further improvements throughout year 2009 as highlighted in the previous report.

**Risk Assessment Matrix**
Expectation on IA has shift in requiring that IA to add value rather than conventional concern on compliance. In mitigating the balance between value adding and compliance based, Risk Assessment Matrix was applied throughout the audit work. On top, related KPI was established to weight on management audit issues which covers;

- Development and delivery of value-added business recommendations.
- Risk identification and control enhancement.
Internal Audits

**Approach to Risk Management**
Our business model inherently requires us to take on measured risks from the planning stage to actual service delivery and these risks are clearly more pronounced during down cycles where there is a great deal of uncertainty with respect to financial and commercial performances and overall utilisation of our airports.

To mitigate and manage these more effectively, we are pursuing a more proactive risk management stance at the corporate level and throughout our various departments and airports.

We believe that an enterprise-wide approach to risk management is critical in providing the Board and Management with reasonable assurance that threats that may adversely affect the Company’s ability to maximise shareholders’ value and achieve our business objectives are identified, monitored and effectively mitigated.

The Board affirms its overall responsibility for the Group’s risk management and for reviewing the adequacy and integrity of the Enterprise Risk Management (ERM) practice within the Group. The risk management framework and system is aimed towards effective risk assessment and risk treatment with continuous monitoring and reporting of significant risks that may affect the achievement of our Corporate Vision and Mission.

**MALAYSIA AIRPORTS’ ENTERPRISE RISK MANAGEMENT (ERM) FRAMEWORK**
To guide our risk taking activities and ensure that they are aligned with our strategic objectives and regulatory requirements, MALAYSIA AIRPORTS has in place an enterprise wide risk management framework to measure, assess and manage the risks across the organisation.

Malaysia Airports’ ERM framework ensures there is clear responsibility and ownership for risks and ensures reasonable assurance to the Board Risk Management Committee (BRMC) that all risks mainly strategic and operational risks are explicitly identified and managed. Malaysia Airports has adopted the recently launched ISO 31000 Risk Management framework which will assist Malaysia Airports in meeting the scope and principles of risk management policy and procedure for effective risk management.

Risk ownership, awareness and communication of risks are activities that will ensure risk management is embed within Malaysia Airports’ business process. This will support Malaysia Airports’ corporate objectives of profitability and growth through enhancing efficiency and savings and become part of daily business management.

**MALAYSIA AIRPORTS RISK SCORECARD (MArs) SYSTEM**
The Board and Management remain firmly committed to the effective management of strategic, operational, financial and compliance-related risks throughout the organisation. One of the key responsibilities of the Board is to ensure the presence of adequate and effective organizational and procedural controls, supported by both management information systems and a risk management monitoring and reporting system.

In Malaysia Airports, we use a powerful web-based solution known as MArS to facilitate Directors Senior Management, Line Management and Risk Owners in identifying, assessing, prioritising and monitoring risks. Malaysia Airports risk scorecard or MArS is our Risk Management Information System (RMIS). It is an Enterprise Risk Management software tool to assist in the management of risk throughout the organisation. The system was customised based on Malaysia Airports reporting structure and aligned to ICAO and ISO risk assessment requirement.

The key objective of MArS is 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 and the respective risk owner for each risk.

Improvements and customisation were made to MArS to ensure that it becomes part of the business process and to meet ISO Standards and ICAO requirement for the purpose of Safety Management System (SMS) certification where it requires a structured Hazard Identification, Risk Assessment and Risk Control (HIRARC) processes.

**ENTERPRISE RISK MANAGEMENT INITIATIVES**
We continue to embed good risk management practice as part of our culture through the launch of the tagline “Managing risk is everyone’s responsibility” during the 2009 Internal Risk Management Seminar. We also recognized the commitment and dedication showed by our Risk Coordinators through the Risk Manager of the Year Award, which is aspired to be a catalyst for an effective ERM implementation.

To further recognise the efforts and commitment of airports towards continuous risk improvements and maintaining good risk management
Corporate Risk Profile
A corporate level risk scorecard is periodically reviewed to produce the Corporate Risk Profile with the cooperation and commitment from the Managing Director and Senior Management team of Malaysia Airports. This risk list also incorporates the critical departmental/airport risks from their scorecards. This will ensure there is integration in managing risk across all levels of the organisation.

International Airport Risk Registers
Review of the KLIA/LCCT risk register to reflect current risks and status of action plans to achieve target risks levels. Development of risk scorecards for the four (4) international airports and action plans to manage the critical risks to the airports. Each airport has its designated risk coordinator who is responsible to coordinate the risk scorecard review and updates with the identified risk owners. The Airport Manager being the ultimate risk owner for each of the airport.

Departmental Risk Registers
Development and review of scorecards for all departments in Malaysia Airports and its subsidiaries with Target risks action plans to manage the risks with designated risk owner for each of the identified risks, responsible for managing risks to an acceptable level.

Overseas Ventures Risk Assessment
All overseas ventures/projects proposals within Malaysia Airports are required to undergo risk assessment process to identify risks and recommends risk treatment including but not limited to country and partner risks, financial, legal and regulatory risks. A Country risk assessment and Overseas Project risk assessment templates were developed to assist the Board and management in their decision making in evaluating the overseas ventures proposals.

Project Risk Assessment
All key projects within Malaysia Airports are required to undergo Project risk assessment process to identify and manage risks across the project. There were several project risk assessment conducted in 2009 with participation from the risk management team, external consultant, project directors, key project staffs, key contractors and key suppliers. Each project risk is uploaded into the MArs system for better monitoring and management of risk.

Security Risk Assessment
Security risk assessment was conducted on KLIA to identify specific risk improvements regarding physical, technical, procedural and/or programmatic security and include a budgetary cost estimate for all enhancement/improvements options provided.

Apart from the recognition and rewards towards the commitment for good risk management practices, we strongly believe in continuous risk assessment, risk communication and awareness program in keeping pace with the dynamic nature of our. These training cover key areas such as benefits of risk management, risk management approach and role of head of departments, airport managers and risk owners in managing risk and hands-on training on the Malaysia Airports Risk Scorecards (MArs) system.
**GOVERNANCE, COMMITMENTS & ENGAGEMENTS**

**Risk Engineering Surveys**
These surveys were carried out on KLIA/LCCT, all international airports and other critical domestic airports which involved overall observation of the operations and physical risks as well as inspection and testing on the effectiveness of the fire protection system.

**Airside Risk Assessment**
The Assessment would involve overall observation of the physical and operational risks as well as to understand the degree of aviation risk present at any airport from identifiable hazards. One of the fundamental components of the ICAO Airport Safety Management System (SMS) and a mandatory requirement for airport certification by DCA.

**Communication, Consultation and Raising ERM Awareness**
Annual Internal Risk Management Seminar conducted with the presence of Managing Director, management and staff and officiated by the Chairman of Malaysia Airports and Chairman of Board Risk Management Committee. The key purpose of the seminar is to raise awareness on risk management and Corporate Governance and to share on the development of Risk Management within the company and in the region with guess speakers sharing their expertise and experiences. Periodical reporting to the Board Risk Management Committee on the status of risk management initiatives within Malaysia Airports. ERM and BCM training and workshop for following target groups:
- Board of Directors
- Senior Management and Line Management
- Risk Coordinators
- Heads of Departments/ Division
- Airport Managers

**Business Continuity Management (BCM) : MALAYSIA AIRPORTS-MAS Joint Tabletop Exercise**
The first joint table-top exercise for Malaysia Airports and MAS was held on 8 December 2009. A total of 100 participants (50 participants from Malaysia Airports and 50 participants from MAS) participated in the exercise. This exercise achieved the intended objectives, which were:
- To test on awareness level of respective recovery strategies and activities (especially on the person who are next in line in the command chain).
- To discuss / deliberate on workability of recovery strategies and/or activities of both Malaysia Airports and MAS.
- To identify issues in execution of recovery strategies/ activities.
- To create /raise awareness of both parties
- To identify gaps for improvements.
- To provide learning opportunities for both Malaysia Airports and MAS.

**Risk Engineering Surveys**

**Airside Risk Assessment**

**Communication, Consultation and Raising ERM Awareness**

**Business Continuity Management (BCM) : MALAYSIA AIRPORTS-MAS Joint Tabletop Exercise**
Stakeholder Engagement

Annual General Meetings
Communication mechanism between the organisation and the shareholders through Annual General Meetings held yearly where shareholders are encouraged to ask questions about the Company’s activities and prospects. It also acts as a forum 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.

Shareholders would receive the annual report of the Company on a yearly basis and able to 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.

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.

Shareholders are also encouraged to contact the dedicated personnel of Malaysia Airports pertaining to investor relations matters.

The investor relations team responsible for managing 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.

Analyst Briefings
Malaysia Airports hold analyst presentations in each quarter in 2009 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.

Malaysia Airports also organised 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 2010.

Media Briefings
Generally, Malaysia Airports continues to enjoy a good relationship with media in 2009. Corporate Communication Division organised at least two courtesy visits each month to media offices in Kuala Lumpur and also Putrajaya bureaus. Through these visits, networking was further enhanced, while media was also kept updated on recent development and future happenings of the Company.

Malaysia Airports also organised two ‘buka puasa’ events, in Hilton KL for media agencies in Kuala Lumpur and in Shangri-la Putrajaya for Putrajaya media bureaus. Apart from celebrating the holy month of Ramadhan, these gatherings gave Malaysia Airports the chance to show its appreciation to media for their continuous support throughout the year.

Malaysia Airports also celebrated Hari Raya Aidilfitri with members of the media, as they were invited to Majlis Mesra Aidilfitri Malaysia Airports held at Pan Pacific KLIA last year.

On the international front, Malaysia Airports continued its effort to enhance the media awareness on our overseas venture, as 5 members of media were hosted by Malaysia Airports for the launching of Sabiha Gokcen International Airport in Turkey in October last year.

Malaysia Airports also worked hand-in-hand with media to ensure the success of 19th ACI World & Asia Pacific Conference & Exhibition held on 2-4 November 2009, which saw Malaysia Airports registered PR Value worth of RM595,000.00.

Occasionally, some exclusive interviews were also granted with media to highlight related projects or achievements of the Company.

More than 30 news releases were published last year which highlighted events, achievements, projects of the Company, which translated to PR Value worth RM143,324,729.54 for the year 2009.
Economic Disclosure on Management Approach

2009 Financial Performance & Market Presence
Malaysia Airports continues to consistently deliver commendable results despite the challenging conditions in the global aviation industry, chalk ing up another year of record revenue and profitability for FY2009. Profit before taxation increased by 13.71% or RM57.90 million to RM480.10 million. Profit after tax was recorded at RM378.58 million, which was a significant increase of 23.79% or RM72.76 million from RM305.82 million posted for the financial year ended 31 December 2008 (FY2008).

Revenue from on-going operations increased to RM1.64 billion, an increase of 14.09% or RM202.12 million higher than the RM1.44 billion recorded the previous year. The record turnover, achieved for the seventh consecutive year, was attributed mainly to the growth in the airport operations segment, driven by stronger passenger movements and higher contribution from retail and rental activities.

Malaysia Airports also recorded revenues of RM61.46 million from discontinued operations, contributed mainly by Sepang International Circuit Sdn.Bhd. (SIC) which was divested as a noncore business following a restructuring exercise undertaken in July 2009.

Malaysia Airports has a diversified revenue base, broadly classified under airport and non-airport operations. Airport operations are further broken down into aeronautical and non-aeronautical operations, the latter being mainly retail, food and beverage (F&B) outlets and rental services. The nonairport operations are those activities related to event management, project and repair maintenance, hotel and agriculture and horticulture businesses.

During the year, revenue generated by our airport operations segment improved by 17.0% to RM1.50 billion, largely attributed to a 21.15% increase in aeronautical revenue to RM790.48 million resulting from higher passenger traffic. With the completion of the Satellite Retail Optimisation Plan (SROP), non-aeronautical revenue grew by 12.68% to RM706.09 million, underpinned by higher rental derived from additional commercial space and increased spending per passenger.

Malaysia Airports’ own retail business grew by 15.32%, mainly due to higher retail and F&B income resulting from the increase in passenger volume. Revenue derived from rental of space, advertising and other commercials rose by 10.17%, resulting mainly from increased rental and royalties from the ROP initiatives as well as the appointment of new operators at Penang, Kota Kinabalu, Kuching, Miri, Terengganu and Langkawi airports.

However, Malaysia Airports’ revenue from its non-airport operations segment fell by 9.82% to RM140.52 million. This was because of reduced revenue from the hotel business as a result of lower room and occupancy rates, while the agriculture and horticulture businesses suffered from lower crop yields and a fall in the price of fresh fruit bunches.

Fortunately, despite the drop in the revenue from non-airport operations segment, revenue from project and repair maintenance services increased in FY2009.

Malaysia Airports’ latest financial numbers are reflected by its strong showing on Bursa Malaysia. Despite the volatile market conditions, Malaysia Airports’ counter has demonstrated its strong defensive nature to consistently outperform the benchmark FBM KLCI (FTSE Bursa Malaysia KLCI has replaced the Kuala Lumpur Composite Index effective 6 July 2009) in FY2009.

Malaysia Airports’ share price has increased significantly since the restructuring exercise and closed the year at RM3.97, which is a hefty growth of 79.64% from the closing price of RM2.21 for the previous year. For this and other factors, Malaysia Airports’ counter has caught the attention of many analysts and research houses.
Financial Implications of Climate Change
The agriculture business has recorded lower revenue of RM51m in FY2009 from RM72.7m in FY2008. This led to lower profit before tax recorded for FY2009 of RM9.2m as compared to RM30.9m for FY2008.

The business was affected by two main reasons, that is, lower average fresh fruit bunch (FFB) price as well as the total crop harvested.

The lower FFB production was due to, amongst others, the adverse weather conditions resulting in overall oil palm biological tree stress (lower cropping pattern) experienced nationwide.

Infrastructure Investments & Services for Public Benefit
Malaysia Airports cross subsidises profit making airports with non-profit making airports as a public service to the country. In some of the most remote areas of Malaysia such as the interiors of Sabah and Sarawak, our STOL ports allow the only means of transportation to reach the local communities. The maintenance of these STOL ports provides locals with access to medicine, education and provisions at times of draught.

The maintenance of these STOL ports is also viewed by the local community as an environmental effort. For many years, deforestation due to logging activities have infringed closer and closer across Borneo native land, under the pretext of building access roads to the local communities. Some local communities have argued that since the STOL ports are available, access roads need not be built, thus hindering logging activities from coming too close to where they live.

Consolidated Income Statement 2009 & Consolidated Balance Sheet 2009

<table>
<thead>
<tr>
<th>ITEMS</th>
<th>RM (mil)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government grant for Sepang International Circuit meant for Formula One, Super GT and MotoGP</td>
<td>8.70</td>
</tr>
<tr>
<td>MARCS – PSC</td>
<td>73.83</td>
</tr>
<tr>
<td>MARCS – ERL</td>
<td>71.95</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>156.48</strong></td>
</tr>
</tbody>
</table>
MANAGEMENT APPROACH & INDICATOR PROTOCOLS

Group Quarterly Performance 2009

<table>
<thead>
<tr>
<th>Financial Performance</th>
<th>2009</th>
<th>Year 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>RM 392.2</td>
<td>1,637.1</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>RM 123.6</td>
<td>480.1</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>RM 92.1</td>
<td>378.8</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>RM 8.4</td>
<td>34.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial Performance</th>
<th>2008</th>
<th>Year 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>RM 409.4</td>
<td>1,435.0</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>RM 122.9</td>
<td>422.2</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>RM 91.7</td>
<td>305.8</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>RM 8.1</td>
<td>27.80</td>
</tr>
</tbody>
</table>

Segmental Analysis 2009
Statement of Distribution

<table>
<thead>
<tr>
<th>Distribution</th>
<th>2009 (in RM Million)</th>
<th>2008 (in RM Million)</th>
<th>%</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current income available for distribution</td>
<td>1,720.6</td>
<td>1,525.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Distribution:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To supplier</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Purchase of goods and services</td>
<td>719.2</td>
<td>625.4</td>
<td>42</td>
<td>41.0</td>
</tr>
<tr>
<td>To employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Employment costs</td>
<td>356.7</td>
<td>322.5</td>
<td>21</td>
<td>21.1</td>
</tr>
<tr>
<td>Utilisation of assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Depreciation</td>
<td>150.5</td>
<td>154.9</td>
<td>8</td>
<td>10.2</td>
</tr>
<tr>
<td>To Financier</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Finance costs</td>
<td>14.2</td>
<td>0.3</td>
<td>1</td>
<td>0.0</td>
</tr>
<tr>
<td>To government</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Taxation</td>
<td>100.2</td>
<td>123.3</td>
<td>6</td>
<td>8.1</td>
</tr>
<tr>
<td>Discontinued operation</td>
<td></td>
<td>(loss for the year from discontinued operation)</td>
<td>1.4</td>
<td>0</td>
</tr>
<tr>
<td>Retained for re-investment and future growth and dividend payment Current Year</td>
<td>378.6</td>
<td>305.8</td>
<td>22</td>
<td>20.0</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>1,720.6</td>
<td>1,525.4</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Diagrams:**

- **2009 Distribution:**
  - 42% to Supplier
  - 22% Utilisation of Assets
  - 21% To Government
  - 4% Discontinued Operation
  - 1% Other

- **2008 Distribution:**
  - 41.0% To Supplier
  - 21.1% Utilisation of Assets
  - 10.2% To Government
  - 8.1% Discontinued Operation
  - 1.5% Other
  - 1.2% Retained for re-investment and future growth and dividend payment Current Year
Simplified Group Balance Sheets
### Group 5-Year Summary

#### CONSOLIDATED INCOME STATEMENT (Year ended 31 December)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,437.1</td>
<td>1,435.0</td>
<td>1,380.0</td>
<td>1,146.8</td>
<td>1,112.8</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>480.1</td>
<td>422.2</td>
<td>404.9</td>
<td>263.3</td>
<td>277.1</td>
</tr>
<tr>
<td>Taxation</td>
<td>(100.2)</td>
<td>(123.3)</td>
<td>(114.3)</td>
<td>(92.4)</td>
<td>(94.8)</td>
</tr>
<tr>
<td>Profit for the Year from continuing operations</td>
<td>379.9</td>
<td>298.9</td>
<td>290.6</td>
<td>170.9</td>
<td>182.3</td>
</tr>
<tr>
<td>Loss for the year from discontinued operation</td>
<td>(1.4)</td>
<td>6.9</td>
<td>(1.3)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>378.6</td>
<td>305.8</td>
<td>289.3</td>
<td>170.9</td>
<td>182.3</td>
</tr>
</tbody>
</table>

* Earnings per share attributable to equity holders of the Company (sen):
  * Basic, for continuing operations: 34.4

#### CONSOLIDATED BALANCE SHEET (As At 31 December)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non - Current Assets</td>
<td>4,256.5</td>
<td>3,584.8</td>
<td>3,215.5</td>
<td>3,143.7</td>
<td>3,061.0</td>
</tr>
<tr>
<td>Current Assets</td>
<td>963.1</td>
<td>1,403.1</td>
<td>1,293.5</td>
<td>1,188.0</td>
<td>999.3</td>
</tr>
<tr>
<td>Asset of disposal group classified as held for disposal</td>
<td>0.5</td>
<td>4.3</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>5,220.1</td>
<td>4,992.3</td>
<td>4,455.0</td>
<td>4,331.7</td>
<td>4,040.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share Capital</td>
<td>1,100.0</td>
<td>1,100.0</td>
<td>1,100.0</td>
<td>1,100.0</td>
<td>1,100.0</td>
</tr>
<tr>
<td>Share Premium</td>
<td>822.7</td>
<td>822.7</td>
<td>822.7</td>
<td>822.7</td>
<td>822.7</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>1,448.9</td>
<td>1,257.0</td>
<td>1,096.7</td>
<td>872.1</td>
<td>733.5</td>
</tr>
<tr>
<td>Exchange reserve</td>
<td>(2.0)</td>
<td>(1.2)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY</strong></td>
<td>3,369.6</td>
<td>3,178.6</td>
<td>3,019.4</td>
<td>2,794.8</td>
<td>2,656.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Non - Current Liabilities</td>
<td>1,161.0</td>
<td>434.7</td>
<td>112.0</td>
<td>129.2</td>
<td>207.1</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>684.6</td>
<td>1,372.4</td>
<td>1,320.0</td>
<td>1,404.5</td>
<td>1,177.0</td>
</tr>
<tr>
<td>Asset of disposal group classified as held for disposal</td>
<td>0.2</td>
<td>2.7</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>1,845.6</td>
<td>1,809.7</td>
<td>1,442.0</td>
<td>1,533.7</td>
<td>1,384.1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Tangible Assets Per Share (RM)</td>
<td>3.1</td>
<td>2.9</td>
<td>2.7</td>
<td>2.5</td>
<td>2.4</td>
</tr>
</tbody>
</table>
MANAGEMENT APPROACH & INDICATOR PROTOCOLS

Share Price, Volume Traded & Market Capitalisation

2009 MONTHLY TRADING VOLUME & HIGHEST-LOWEST SHARE PRICE

<table>
<thead>
<tr>
<th></th>
<th>JAN</th>
<th>FEB</th>
<th>MAR</th>
<th>APR</th>
<th>MAY</th>
<th>JUN</th>
<th>JUL</th>
<th>AUG</th>
<th>SEP</th>
<th>OCT</th>
<th>NOV</th>
<th>DEC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume</td>
<td>2,133,700</td>
<td>22,691,900</td>
<td>11,349,700</td>
<td>11,294,400</td>
<td>14,653,500</td>
<td>9,948,200</td>
<td>12,622,100</td>
<td>6,385,100</td>
<td>9,722,700</td>
<td>10,951,700</td>
<td>9,948,100</td>
<td>6,771,200</td>
</tr>
<tr>
<td>Highest</td>
<td>3.34</td>
<td>2.94</td>
<td>2.70</td>
<td>3.26</td>
<td>3.60</td>
<td>3.82</td>
<td>3.80</td>
<td>3.62</td>
<td>3.62</td>
<td>3.72</td>
<td>3.77</td>
<td>4.20</td>
</tr>
<tr>
<td>Lowest</td>
<td>1.95</td>
<td>1.90</td>
<td>2.30</td>
<td>2.35</td>
<td>3.06</td>
<td>3.08</td>
<td>3.04</td>
<td>3.30</td>
<td>3.38</td>
<td>3.44</td>
<td>3.60</td>
<td>3.70</td>
</tr>
<tr>
<td>Closing Price</td>
<td>2.07</td>
<td>2.51</td>
<td>2.69</td>
<td>3.20</td>
<td>3.62</td>
<td>3.36</td>
<td>3.54</td>
<td>3.80</td>
<td>3.61</td>
<td>3.72</td>
<td>3.74</td>
<td>3.97</td>
</tr>
</tbody>
</table>

SHARE PRICE MOVEMENT

MARKET CAPITALISATION & RANKING

Malaysia Airports Holdings Berhad Ranking by Market Capitalisation on Bursa Malaysia Securities Berhad

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Capitalisation (RM million)</th>
<th>Last Closing Price for the Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>1,771.00</td>
<td>4.00</td>
</tr>
<tr>
<td>2005</td>
<td>2,812.50</td>
<td>4.81</td>
</tr>
<tr>
<td>2006</td>
<td>3,327.00</td>
<td>5.81</td>
</tr>
<tr>
<td>2007</td>
<td>3,327.00</td>
<td>5.81</td>
</tr>
<tr>
<td>2008</td>
<td>3,212.50</td>
<td>5.81</td>
</tr>
<tr>
<td>2009</td>
<td>3,125.00</td>
<td>5.81</td>
</tr>
</tbody>
</table>
Sustainable Purchasing

A Code of Ethics has been adopted by Malaysia Airports’ Procurement Division. The code is fully in line with the Corporate Code of Ethics and is aimed to maintain highest standards of integrity in all business relationships with vendors and to foster the highest possible professional competence to all the employees.

The Procurement Division is determined to comply with local laws and regulations.

In order to ensure that the wellbeing of all parties involved is taken care of, Malaysia Airports conducts Vendor/ Customer Satisfaction Surveys. For 2009, vendor satisfaction survey from vendors that had a contract with Malaysia Airports conducted shows that 82.5% satisfaction and internal customer satisfaction surveys show that 79.5% satisfaction. For 2010, it is proposed to stretch the target of satisfaction to 85%.

We committed to asserting and promoting values with emphasis on our relations with vendors, and believe that every person involved should be conscientiously honest and avoid any conflict of interests.

In the spirit of healthy competition, Malaysia Airports practices Open Tenders for all contracts above RM500,000. Malaysia Airports also maintains a growing pool of qualified registered vendors and we know the capability and expertise of each of them. All tender activity adheres of a strict set of guidelines to ensure transparency. The guidelines include:

- Requirement for the formation of a Tender Evaluation Committee comprised of officers from different disciplines.
- Requirement for all bids to be evaluated based on quality, cost and time offered.
- Requirement for the formation of a Tender Approval Committee whose members differ from the Evaluation Committee.
- Requirement that all members of both committees declare if there is a case of personal interest or relationship

VENDOR DEVELOPMENT PROGRAM

Malaysia Airports establish strategic partnerships with suppliers and provide the necessary support for local vendor development. The programme aims to reduce the total cost of ownership, shorten cycle time, minimise corruption, increase value add form and better management of supplier.

We also assist potential suppliers to initiate partnership with well-established or incumbent suppliers. This will promote the valuable transfer of knowledge and collaboration in areas such as Research and Development (R&D).

In addition, potential suppliers will be able to expand their businesses and enjoy the assurance of quality and price competitiveness from Malaysia Airports’ affiliation and association with various partners.

EC6 | Policy, Practices and Proportion of Spending on Locally-Based Suppliers

More than 99% procurement transactions are from local vendors with an exception of several products that do not have local representative. In some cases of OEM products, the local agents are the parties to front the business transaction.

Total procurement value on local vendors is RM600 million.

EC7 | Procedures for Local Hiring & Proportion of Senior Management Hired from Local Communities at Significant Location of Operations

The existing contracts concerning the provision of frontline services, including cleaning contractors is currently being phased out in a gradual manner. A new contract has been adopted with new requirement to provide only local labourers.
MANAGEMENT APPROACH & INDICATOR PROTOCOLS

Commercial Engine

Comprising of Commercial Business and Commercial Operations, the Commercial Services Division is the main driver for retail and food & beverage business growth and offerings as well as most services namely banking facilities, lounges and hospitality services that are experienced by travellers and visitors at airports.

The Commercial Services Division has a challenging responsibility of not only increasing commercial revenue and the average spend per passenger but also enhancing the various facilities and services at the airports.

The Division ensures that the offerings and services provided meet or exceed customer expectations to remain competitive in the market, ultimately building a profitable and sustainable business.

Additionally, this Division is also responsible for the advertising and marketing of advertising sites as well as event and campaign management to build awareness of the myriad of retail and F&B offerings, services and facilities available at the airports.

ENTREPRENEUR DEVELOPMENT PROGRAM

We have partnered with MECD to support to the development of SMEs (Small Medium Enterprise), by providing retail and F&B (Food and Beverages) businesses opportunities in an international airport such as KLIA.

This programme will also help to showcase and market Malaysian products and local delicacies produced by local SMEs.
Commercial Services Division developed the Commercial 5-Years Strategic Planning and Operations Plan, which spans from year 2009 until 2013 with the ultimate aim of enhancing commercial value and the airport experience of passengers and visitors. The above statement shall be the guiding principle in paving the way forward for Commercial Services Division.

Through its mission statement, Commercial Services Division aspires to become a “Regional Leader of airport commercial model as lifestyle destination and/or community hub while ensuring sustainability and improving stakeholder values”.

Every aspect of commercial offerings have been dissected and refined under the Commercial Strategic Planning and Commercial Operating Plan where five (5) strategic thrusts have been identified to reach commercial excellence and aspiration.

The respective airports will be developed based on the Airport Commercial Models where Customer Experience Management, Products Transformation, Partners Transformation and People Transformation play significant roles.

Through the Commercial Strategic Planning and Commercial Operating Plan, Commercial Services shall experience three (03) distinct Phases of development whereby Phase I, which will span for two (2) years will focus on driving a customer centric approach in strengthening internal capabilities and building revenues, ultimately leading to improved efficiencies and revenue generation.

Effective implementation of key initiatives under Phase I shall lead to an increase in revenue and productivity while balancing MGP to royalty. Implementing and focusing on a customer centric approach shall ultimately elevate customer experience.

### Five Strategic Commercial Thrusts

#### Customer Experience
aimed at providing the best end-to-end customer experience by solidifying all aspects that touches the customer throughout their journey

#### Products
aimed at providing the best product ranges at the right place and at the right value depending on the demographics of each airport

#### Partners
aimed at creating a comprehensive and well managed relationship value chain with all important stakeholders

#### Airport Commercial Model
aimed at formulating the best commercial solution to be applied at the relevant airports for business profitability and sustainability

#### People
aimed at crafting an optimal structure and career passage for commercial excellence

Following are the key initiatives to be implemented under Phase I:-

- Map and manage five keys processes namely tender process, package deals formulation, POS and SAP system, product benchmarking and customer service index to achieve total customer experience.
Four Key Drivers To Enable Step Change In Commercial Performance

- Designed to combine excellent operations and attractive commercial offerings
- Designed with strong commercial focus, e.g., increased total terminal commercial space & retail space, retail layout to maximise footfall & visibility, shorter shops-boarding distance
- Retail Optimisation Project (ROP) has commenced to transform traveller’s shopping experience
- Eraman’s focus will be on core duty-free products to increase revenues through higher margins, better purchasing leverage, lower costs and fresh merchandising

Aspects Of Retail Growth

- Development of Malaysia International Aerospace Centre (MIAC) at Subang Airport
- Landside complex adjacent to KLIA New Terminal
- Development of KLIA Aeropolis to increase commercial revenues and capacity for international trade
- Airport Commercial Model is designed to address different classifications and customer profiles at all airports
- Further revenues to be gained by optimising other commercial revenue streams, e.g., property rentals, advertising and car parking

- Stronger, more familiar brands
- Results in higher footfall and conversion through enhanced trust of quality and value
- Strong partnership and supply chain negotiation and efficiency
- Leverage margins across all 39 airports
- Relocation of retail units and improvement in visibility and seating
- Results in increased dwell time in airside retail areas
- Improve penetration through service and merchandising
- Widen product range through reducing duplication to meet the needs of more passengers
**Overseas Ventures**

Malaysia Airports is committed to the fundamental objective of long-term growth. With carefully planned investments today, they will enable our shareholders to capture the benefits to come.

Globalisation is re-casting the business landscape and Malaysia Airports is increasingly looking to the international marketplace for the businesses of tomorrow. This is the kind of forward thinking we need to stay ahead.

In readiness for the next thrust forward, the Overseas Ventures Division (OVD) was set up in 2009 to manage Malaysia Airports’ portfolio of overseas investments in the following international airports:

- Rajiv Gandhi International Airport (RGIA) in Hyderabad, India, where Malaysia Airports has a 11.0% stake through Malaysia Airports (Mauritius) Pte. Ltd.
- Indira Gandhi International Airport (IGIA) in Delhi, India, where Malaysia Airports has a 10.0% stake through Malaysia Airports (Mauritius) Pte.Ltd.
- Sabiha Gokcen International Airport in Istanbul, Turkey, where MALAYSIA AIRPORTS has a direct 20.0% associate stake.

All of the above airports are already showing promising returns and are on track to achieve even better results in the near future. This includes the Istanbul Sabiha Gokcen International Airport, which was officially launched by the Prime Minister of Turkey on 31 October 2009. Located on the Asian shores of Bosphorus, the new terminal has the capacity to cater for 25 mppa.

Under a Trust Management Agreement (TMA), Malaysia Airports provided assistance in managing the Astana International Airport (AIA), Kazakhstan for a period of two years. During this period, the AIA received an award for ‘The Best Airport of Commonwealth of Independent States in 2007’ from the Moscow-based Airport of Civil Aviation Association.

Malaysia Airports and AIA have agreed to the mutual termination of the TMA with effect from 4 June 2009.

With its establishment, the functions of OVD and Malaysia Airports’ wholly-owned subsidiary, Malaysia Airports Consultancy Services Sdn. Bhd. (MACS) (formerly known as Malaysia Airports Management & Technical Services Sdn Bhd) are clearly segregated. OVD’s role is to safeguard Malaysia Airports’ shareholdings in its overseas businesses as well as to provide the Malaysia Airports management with detailed analysis and advice on the viability of new international investment opportunities. As the consulting arm of Malaysia Airports, MACS’ focus will be on providing consulting services for the management of airports.

While Malaysia Airports is always looking for new opportunities in countries closer to home like India, China and the Middle East, Turkey is a foothold in Europe. We are still in talks with parties in Asia, Africa and the Middle East on the possibility of our involvement in the management of airports and we hope to reach a conclusion sometime in 2010.

**Airport Service Quality**

Under the ASQ programme, the 2009 results have ranked KLIA fourth in the higher 25 to 40 mppa category, and in 16th position worldwide. While we feel we could have done better, these are results we can build upon. We have been down this route before and we know what it takes to climb to the top.

This is borne out by the results for one of the airports that Malaysia Airports has taken under its wing. In the same survey, the Hyderabad Airport headed the list in the 5-15 mppa category and was ranked 5th worldwide.

Malaysia Airports cross subsidises profit making airports with non-profit making airports as a public service to the country. In some of the most remote areas of Malaysia such as the interiors of Sabah and Sarawak, our STOL ports allow the only means of transportation to reach the local communities. The maintenance of these STOL ports provides locals with access to medicine, education and provisions at times of draught.

The maintenance of these STOL ports is also viewed by the local community as an environmental effort. For many years, deforestation due to logging activities have infringed closer and closer across Borneo native land, under the pretext of building access roads to the local communities.

Some local communities have argued that since the STOL ports are available, access roads need not be built, thus hindering logging activities from coming too close to where they live.
The Green Agenda

It is our intention to meet, if not beat the targets set by Airports Council International (ACI) to achieve carbon neutral growth by 2020. As a first step in this direction, a project to map KLIA’s carbon footprint was completed at the end of 2009, and this has enabled us to identify areas in our operation where we can lower our carbon emissions. This exercise will eventually be extended to all our other airports.

We are also working with our airline partners to conduct efficient procedural landings at KLIA such as the continuous descent approach, in line with IATA’s Four Pillar Strategy to combat climate change. These exercises have the potential to save between 160kg and 480 kg of carbon per landing through reduced fuel burn.

We are also embarking on other initiatives to incorporate environmental conservation elements into our business. We plan for green measures to be incorporated into all future projects, including the new terminal at KLIA. As part of our Energy Savings Programme (ESP), we are creating awareness among our employees and airport users to encourage them to optimise energy use. In July 2009, we started installing energy saving devices in KLIA’s distribution networks, the objective being to save up to 20% of energy consumption. Other airports will follow suit.

Being green is not a trend. We believe it is, perhaps, the most important challenge of our time. Our environmental endeavours have enriched our awareness of how each of us can make a difference and businesses and individuals do really matters. In realising this realm of not only contributing to our country, but also ourselves, we are committed to making the difference.

KLIA : GREEN GLOBE CERTIFIED

KLIA has been awarded the distinguished Green Globe certification for five consecutive years starting in 2005. It is the first airport in the world to receive this accolade, signifying our commitment towards environmentally sustainable travel and tourism.

KL International Airport, built with the inherent belief that development and the environment can and must co-exist, has earned it a worldwide reputation as the world’s first environmentally-friendly airport. Its beautiful architecture is aptly themed “AIRPORT IN THE FOREST. FOREST IN THE AIRPORT”.

Building Green Airports

Apart from obligations in implementing an Environmental management Program (EMP), additional efforts are being taken in fulfilling more sustainable criteria and better environmental performance in the future.

Currently, aside from KLIA, all other international airports operated by Malaysia Airports are yet to obtain the ISO 14001 certification. ISO 14001 is designed to meet the international environmental management standards. The primary objectives are to enhance organisation’s ability to attain and measure improvements in environmental performance.

Although Malaysia Airports has got no specific policy on Green Airport, it has set some future environmental goals and targets which include the followings:

• Certification of ISO 14001 for all international airports i.e. KL International Airport, Penang International Airport, Langkawi International Airport, Kuching International Airport and Kota Kinabalu International Airport in 2 years;

• Recognition of Green Globe for Penang International Airport, Langkawi International Airport, Kuching International Airport and Kota Kinabalu International Airport in 2 years, in line with the ISO 14001 certification.

For the new LCC Terminal, the following environmental targets have been set:

• A GBI (Green Building Index) Certification or a LEED (Leadership in Energy and Environmental Design) Certification

• A terminal with the lowest energy use per passenger in the world
As part of Malaysia Airports' efforts to become more energy efficient and to reduce greenhouse gas emissions, we are working on an innovative Energy Savings Project (ESP). The first phase of ESP has been implemented in KLIA with the installation of 250 units of Energy Savings Device (ESD) in September 2009.

Aimed at reducing the electricity consumption at airports, the ESDs have recorded an average electricity consumption savings of over 30%, exceeding the 20% target at the installed areas. Moving forward, more devices will be considered for installation to allow further efficiency in electricity consumption.

Other than the above, the airport is practicing the no cost activity such as switch off the light when there is no activity done. As the role we are coordinating all the effort of energy saving as to the requirement of Suruhanjaya Tenaga (Energy Efficiency Regulation).
ENVIRONMENTAL DISCLOSURE ON MANAGEMENT APPROACH

Water

Water is an important resource and we are:

• Month-to-month monitoring of the quality of portable water consumed and the quality of water recycled and reused after treatment.
• Implementation of awareness program at all airports to curb water wastage.
• Monthly tests to ensure water quality compliance with local and international standards. Test criteria includes physical, chemical and bacteriological content.

<table>
<thead>
<tr>
<th>EN8</th>
<th>Total Water Withdrawal By Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>KUL</td>
<td>1,118,402 m³</td>
</tr>
<tr>
<td>PEN</td>
<td>179,495 m³</td>
</tr>
<tr>
<td>LGK</td>
<td>126,828 m³</td>
</tr>
<tr>
<td>BKI</td>
<td>228,390 m³</td>
</tr>
<tr>
<td>KCH</td>
<td>137,034 m³</td>
</tr>
<tr>
<td>Other MASB</td>
<td>330,434 m³</td>
</tr>
</tbody>
</table>

Storm Water Management

• Collection of run-off water at two balancing ponds to allow sediments to settle before being released into nearby rivers.
• Monitoring of oil water separators at integrated drainage systems to prevent oil and grease discharge from aircrafts and vehicles from entering rivers.
• Mandatory use of biodegradable detergent and cleaning material.
• Collection of water samples from storm water outlets and balancing ponds to ensure no pollution comes from KLIA.
• Spillage Control Procedure of hazardous materials, chemicals, detergents, fuels, oils and waste water.

Inter-modality

The country’s transportation modal split is dependent on the policies set by the National Physical Plan. In order to achieve a reasonable degree of sustainability, there is a need to have a more efficient, safe and comfortable public transport system to permit a modal shift from private car usage. Kuala Lumpur for example, with a current modal split of about 80:20 in favour of private transport, reflects an obvious imbalance between private and public vehicle usage. Due to the existing imbalance and number of cars, more road infrastructure will need to be provided unless a shift of mode from private transport to public transport is imposed. Hence, a modal split of 50:50 is proposed by the National Physical Plan as a national strategy for all major urban centres.

Although there is no specific company policy yet on the split between public transport and private transport used to access its airports, Malaysia Airports expresses concerned about the low modal share of public transport at its airports, and supports the national plan for greater emphasis on public transportation.
There are various factors influencing passengers and employees’ choice of mode to access airports. These factors include comfort, reliability, limited public transport services, the nature of airport job i.e. on shift basis and the home location of the airport employees. The employees’ residences are dispersed around the airport area, making it difficult and costly for the service provider to provide an effective public transport system covering all the areas and serving all the employees.

However, these factors do not hinder Malaysia Airports from continuing to support the national strategy and to strive to provide better facilities to public transport service providers as well as the public transport users in order to encourage the public to use public transport to access airports and reduce significant environmental impacts from private cars. For example, at KLIA, an airport rail link service between KL Sentral and KLIA is being provided. The rail link service would also be extended to the new LCCT once it is ready. In addition, an Integrated Transport Hub would also planned to be developed in the new LCCT project. At other airports, the facilities provided to encourage public to use the public transportation include proper parking facilities, dedicated drop-off and pick-up area, convenient public transport booking area etc.

**Biodiversity**

In all our airport development or expansion works, the Company plans to not deteriorate the level of biodiversity in the ecosystem within the airport area. We believe that a high level of biodiversity reflects a healthy biological systems and vice versa. Therefore, Malaysia Airports is responsible to at least maintain the current level of biodiversity to preserve the health and survival of the ecosystem.

KLIA is the first airport in the world, developed with an environmental friendly concept i.e. ‘Airport in the Forest, Forest in the Airport’. From the ecological perspective, this green concept requires a lot of trees to be planted as well as the provision or preservation of green areas. With this, KLIA has become a suitable habitat for birds, which increases the risk of bird strike on aircraft. To overcome and manage the risk, Airside Safety Unit has established the Bird Strike Management Team. The palm oil plantation in the vicinity of KLIA provides conducive habitat for rats, bats and owls. There is also a sanitary landfill developed approximately 7 km to the West of the airport, attracting crows to the area.

In airport redevelopment or expansion projects, a detail analysis would be carried out if sea reclamation is required. Taking Tioman Stolport as an example, initially there was a proposal in 2007 to redevelop the Stolport, which requires sea reclamation. Malaysia Airports then pointed out that the planned development is at great cost to the island and its natural assets since the rich coral beach ecosystem would be smothered. In addition, dredging of the area would allow stirred up silt and sand to move downstream, suffocating the diverse coral reef that exist there today. Therefore, for the island to be developed sustainably, with little impact on the terrestrial or marine environment, it was proposed in 2009 that a new Tioman airport to be built at the mainland at either Kg. Janglau or Endau government reserve.
Emissions, Effluents & Waste

Climate change has now become a major issue of public concern, as there is growing evidence that human-induced global warming will adversely affect many regions in the world. To combat climate change, the worldwide average carbon footprint needs to be reduced.

As an offshoot of our commitment to sustainability, Malaysia Airports has embarked on a study to measure the size of its carbon footprint at KLIA. This is in line with IATA’s call to the aviation industry to achieve carbon-neutral growth by 2020, the ultimate vision being a carbon-free future.

A study was conducted in accordance to the GHG (Green House Gas) Protocol methodology and inventory system, initiated and developed by the World Business Council for Sustainable Development and the World Resource Institute. With the findings in hand, Malaysia Airports is moving to the next stage of implementing various measures to reduce KLIA’s carbon emission to achieve the goal of carbon neutrality. A similar program is in the pipeline for all the other airports.

We are also working with our airline partners to conduct continuous descent approach landings at KLIA, in line with IATA’s Four Pillar Strategy to combat climate change. These exercises have the potential to save between 160kg and 480kg of carbon per landing through reduced fuel burn, according to IATA.

Waste Management

- Segregation of waste into recyclable and non-recyclable material.
- Monitoring and measuring of recycled waste.
- Development and implementation of all scheduled waste programs in line with the Environmental.

<table>
<thead>
<tr>
<th>EN16</th>
<th>Total direct &amp; indirect greenhouse gas emissions by weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>KUL</td>
<td>96,437 mto2-eq</td>
</tr>
<tr>
<td>PEN</td>
<td>Not measured</td>
</tr>
<tr>
<td>LGK</td>
<td>Not measured</td>
</tr>
<tr>
<td>BKI</td>
<td>Not measured</td>
</tr>
<tr>
<td>KCH</td>
<td>Not measured</td>
</tr>
<tr>
<td>Other MASB</td>
<td>Not measured</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EN17</th>
<th>Other relevant indirect greenhouse gas emissions by weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>KUL</td>
<td>736,561 mto2-eq</td>
</tr>
<tr>
<td>PEN</td>
<td>Not measured</td>
</tr>
<tr>
<td>LGK</td>
<td>Not measured</td>
</tr>
<tr>
<td>BKI</td>
<td>Not measured</td>
</tr>
<tr>
<td>KCH</td>
<td>Not measured</td>
</tr>
<tr>
<td>Other MASB</td>
<td>Not measured</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EN18</th>
<th>Initiatives to reduce greenhouse gas emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>We continue to develop a more comprehensive Carbon Reduction Plan that will include further actions to reduce our own direct emissions. As the majority of the company’s direct emissions come from its electricity consumption, the company will focus on finding ways to reduce those emissions.</td>
</tr>
<tr>
<td></td>
<td>The initiatives include:</td>
</tr>
<tr>
<td></td>
<td>- Energy Savings Devise to ensure lower energy consumption at installed distribution board and motor</td>
</tr>
<tr>
<td></td>
<td>- Reduction of electricity consumption through company-wide campaign on energy savings</td>
</tr>
</tbody>
</table>
Noise Management

One of the environmental issues that is a concern of airports during operations or any airport development i.e. expansion, upgrading, renovation, redevelopment, or construction of a new airport is the impacts on the noise environment from increased aircraft movements.

An expansion of airport indicates that more aircraft movements will be involved. Increment in noise level is expected. Therefore, Malaysia Airports has established a Land Use Plan for all of its International and Domestic airports. The Land Use planning was made in such a way that residential areas are only allowed at areas where the noise exposure is lower than 65 dB. With the Land Use Plan, residential areas and institutions which currently fall under noisy areas (noise exposure of more than 65 dB) could also be identified. Malaysia Airports is also providing a buffer along the boundary of future airport expansion areas, in particular the areas closer to residential areas. The type of development in the airport vicinity is also being controlled.

Noise Control:
- All activities meet and support the Environmental Impact Assessment (EIA) of KLIA.
- A gazetted 10km x 10km ‘no residential build zone’ around the airport
- Creation of an acoustic barrier with a green belt of palm plantation and forests surrounding the airport.
- Monitoring of noise levels in noise-sensitive areas within a 20km radius.
Human Rights

Malaysia Airports has no particular policy on human rights as all employees are accorded rights that go beyond race without discrimination based on age, gender, religion, social origin, ethnicity, sexual orientation, gender identity or disability.

Malaysia Airports’ terms and conditions govern every employee and comply with the country’s Employment Act and statutory requirement that stipulates human rights.

The rights to Reward and Recognition is solely based on performance, both in delivering each employee’s KPI and competency level.

<table>
<thead>
<tr>
<th>HR</th>
<th>Percentage &amp; total number of significant investment agreements that include human right clauses or that have undergone human rights screenings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Not measured</td>
</tr>
<tr>
<td>HR</td>
<td>Percentage of significant suppliers &amp; contractors that have undergone screening on human rights &amp; actions taken</td>
</tr>
<tr>
<td>2</td>
<td>Not measured</td>
</tr>
<tr>
<td>HR</td>
<td>Total number of incidents of discrimination &amp; actions taken</td>
</tr>
<tr>
<td>4</td>
<td>No incidences of discrimination were reported for year 2009</td>
</tr>
<tr>
<td>HR</td>
<td>Operations identified in which right to exercise freedom of association &amp; collective bargaining may be a significant risk, &amp; actions taken to support these rights</td>
</tr>
<tr>
<td>5</td>
<td>No sections of MAHB’s operations are identifies to be at risk. All employees and contractors of MAHB have the right to report any incidences of oppression and corruption to a high level independent whistle blowing committee</td>
</tr>
<tr>
<td>HR</td>
<td>Operation identified as having significant risk for incidents of child labour &amp; measures to contribute to the elimination of child labour</td>
</tr>
<tr>
<td>6</td>
<td>In line with Malaysian Government employment law, MAHB does not hire persons below the age of 18.</td>
</tr>
<tr>
<td>HR</td>
<td>Operations identified as having significant risk for incidents of forced labour &amp; measures to contribute to the elimination of forced labour</td>
</tr>
<tr>
<td>7</td>
<td>In line with Malaysian Government employment law, MAHB does not hire persons against their will.</td>
</tr>
</tbody>
</table>
Malaysia Airports practices formal discussions on wage and benefits via Collective Bargaining every three years for both union and executive staff. The Human Resource Department regulates reviews on the organisational chart based on business requirements with regards to wages and benefits.

Malaysia Airports practices market benchmarking in its pay policy which is aligned to performance, both on the company as a whole and for individuals.

Labour Relations

<table>
<thead>
<tr>
<th>LA4</th>
<th>Percentage of employees covered by collective bargaining agreements</th>
</tr>
</thead>
<tbody>
<tr>
<td>88.74%</td>
<td></td>
</tr>
</tbody>
</table>
As Malaysia Airports continues to expand in terms meeting the challenge of ensuring a safe and healthy work environment, consideration must be given not only to the well-being of its employees, but also to the general public using its facilities as well as the thousands of contractors and their workers who collectively make our system of airports a source of pride to the nation. This is also fully in line with Malaysia Airports’ commitment to sustainable development, which aims at ensuring there is a balance of social, economic and environmental benefits from the company’s activities.

Year 2009 witnessed the insertion of new portfolio for our Occupational Safety and Health Department which is to implement the Environment Conservation Program. The portfolio re-route the department direction to a higher objective and due to that the department was renamed to Safety, Health and Environment Department or commonly known as SHE.

SHE Department enhanced its activities on communicating Malaysia Airports’ SHE Policy across the group comprehensively. Information corner and system (Knowledge Office) has been established to provide updates on latest SHE-related activities in the Group, and also to update employees on the latest regulatory and policy developments.

The Safety, Health and Environment Committee (SHEC) were reinforced as the main tools to inculcate a SHE-conscious culture group-wide. Meeting once every three months to discuss matters connected with SHE management, such as accident statistics, the SHEC can then advise on corrective and preventive actions. In compliance with regulatory requirements, workplace inspections are carried out regularly to evaluate safety standards in place, detect and correct unsafe acts and conditions, and measure overall safety performance.

A total of 9 safety awareness campaigns were conducted this year at both international and domestic airports. These campaigns served to inform and remind employees and third party contractors on the importance of safety at the workplace.

A series of training programmes were conducted throughout 2009. These included OHSAS awareness training, OHSAS internal audit training, Hazard Identification, Risk Assessment and Risk Control (HIRARC) training, Legal Requirement training, First Aider Advanced training, Competent First Aid Trainer training, Incident Notification and Investigation training, Personal Protective Equipment training and Basic CPR & First Aider training. Health promotion program was conducted in KL International Airport for the entire May 2009 and was launched by its General Manager as a commitment to ensure staff was well aware of their health conscious.

A comprehensive First Aid Training Program was also developed this year focusing on the development of competent first aid trainer within the group. 16 potential trainers have passed the assessment and received the Competency Certification from the training provider, Academy of Safety, Emergency and Care (ASEC). The trainers were provided with comprehensive training tools such as mannequin, stretcher, neck support, back rest, etc for their training session. The training modules were developed for front liner and uniform staff which will be ready for implementation on March 2010 as per the year 2010 training plan.

The SHE Department also played an important role in developing and implementing a Safety Management System (SMS) for Malaysian airports, as a prerequisite for aerodrome certification by Department of Civil Aviation (DCA) and International Civil Aviation Organisation (ICAO). Five international airports (i.e. KL International Airport, Kuching International Airport, Kota Kinabalu International Airport, Penang International Airport and Langkawi International Airport) have managed to obtain the SMS Certification from DCA and presented by the DCA’s Director General on 20 October 2009. 2009 also recorded Malaysia Airports’ achievement in getting our three international airports (i.e. Kuching International Airport, Penang International Airport and Langkawi International Airport) ready to be certified for OHSAS 18001 and ISO 14001. We managed to complete the entire requirement for certification and have undergone SIRIM audit process. The certification promotes a safe and healthy working environment by providing a framework that allows organisations to consistently identify and control its safety, health and environment risks, reduce the potential for accidents and ensures legislative compliance to improve overall performance of the existing SHE management system. The next to be certified is the Kota Kinabalu International Airport and Miri Airport, where the process of implementation is well underway.

Various SHE audit have been conducted this year to ensure compliance either by SHE Department or other relevant parties such as SIRIM, Internal Audit, etc. Most of the audit this year focused
more on OHSAS and ISO 14001 readiness while the remaining audits were considered as continual improvement basis for the airport concerned.

The involvement of government authority such as Department of Occupational Safety and Health (DOSH), Ministry of Human Resource have increased due to the various visit to airports and coordination of program between airports to ensure full compliance of OSH Act 1994. In 2009, DOSH visited Kuching International Airport, KL International Airport, LCCT Terminal and Kota Kinabalu International Airport.

SHE Department also coordinate the supply and delivery of Personal Protective Equipment (PPE) to staff at all airports. The supply was made after various inspection and job hazard analysis was done to staff and discovered that at some area or job requires them to wear proper PPE.

In 2010 there will be more programs to be implemented with the objective of developing SHE Culture in Malaysia Airports. The SHE Culture is not only for staff but also for everybody who works within Malaysia Airports’ compound and to do this Safety Passport System is to be implemented next year and this would be eventually compulsory to all.

### LA6
Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on health and safety programs

Approximately at 6% of total workforce involved as Chairman, Secretary and Members of Safety and Health Committee.

### LA7
Rates of injury, occupational diseases, lost days and absenteeism, and total of work related facilities

- Rates of injury: 7 cases
- Rates of occupational diseases: Nil
- Lost days and absenteeism: 50 days
- No. of fatalities: Nil

### LA8
Education, training, counselling, prevention and risk control programs in place to assist workforce members, their families or community members regarding serious diseases

- Issuance of informative email on prevention of serious diseases (i.e. H1N1)
- Provide guidelines in H1N1 prevention
- Issue Personal Protective Equipment (i.e. Face Mask) and provide training on its usage
- Issue poster of H1N1 awareness and face protection
- Provide hand sanitizer at various locations

### LA9
Health and safety topics covered in formal agreements with trade unions

Training & Education

Malaysia Airports recognises that our people must be equipped with the right skills and knowledge to do their jobs professionally and to take the organisation forward. In addition, we aim to empower our people to make decisions and to act in the best interest of the company, our stakeholders and our customers. We currently have some of the best technical airport talent in the industry. We also recognise that continuous skill building is important, particularly for new business areas and to ensure that we remain at the forefront of the industry.

However, like any other organisation in the country, Malaysia Airports faces a challenge in growing the existing team with the right people.

Going forward, our challenge will become greater with the expected increase in manpower and skills as well as the change in demographics as the current generation of senior staff retire.

The Management places great emphasis on training and education. In addition to skill training, the company invests in management skill programs, advanced learning sponsorship, professional qualifications, leadership capital development, change management, people management, teambuilding and others.

In order to inculcate a learning culture among its employees, the company has also practices job rotation, cross management, and cross functional projects, among others.

<table>
<thead>
<tr>
<th>LA12</th>
<th>Percentage of employees receiving regular performance &amp; career development reviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

| LA11 | Programs for skill management and lifelong learning that support the continued employability of employees & assist them in managing career endings |

The Management places great emphasis on training and education. In addition to skill training, the company invests in management skill programs, advanced learning sponsorship, professional qualifications, leadership capital development, change management, people management, teambuilding and others.

In order to inculcate a learning culture among its employees, the company has also practices job rotation, cross management, and cross functional projects, among others.
MALAYSIA AIRPORTS INTERNAL PROGRAM

AIRPORT MANAGEMENT PROFESSIONAL ACCREDITATION PROGRAM (AMPAP)

MALAYSIA AIRPORTS CAREER DEVELOPMENT PROGRAM (MACDP)

AIRPORT MANAGERS DEVELOPMENT PROGRAM

CROSS ASSIGNMENT

INTERNATIONAL ASSIGNEE PROGRAM

ACCELERATED LEADERSHIP PROGRAM

IT SKILLS

AVSEC

AFRS

OPERATIONS

AVSEC

Mandatory
Kursus Asas Polis Bantuan

Regulatory
Aviation Security Screener - Re-certification
Aviation Security Screener - Certification

Basic
Pengendalian dan Penyelenggaraan Senjata Api
Passenger Screening System (PSS)
PSS & Hand Held Metal Detector
T-Baton Training
AVSEC Management
AVSEC Leadership

Add Value
ICAO-AVSEC Instructor Course
ICAO-AVSEC Supervisor Course
ICAO-AVSEC National Quality Control Program
ICAO-AVSEC Management Course
ICAO-AVSEC Cargo Course
ICAO-AVSEC Crisis Management Course
ICAO-AVSEC National Inspector Course
## HUMAN RIGHTS, LABOUR PRACTICES & DECENT WORK DISCLOSURE ON MANAGEMENT APPROACH & PERFORMANCE INDICATORS

### AFRS

| Regulatory | • Watch Room Procedures  
| • SCBA Operation |
| --- | --- |
| Mandatory | • Aircraft Fire Tender Maintenance  
| • Aircraft Structure & Rescue Technique  
| • Commanding Officer  
| • Hazardous Material  
| • Fire Officer  
| • Rescue Fire Fighting |
| Basic | • Latihan Asas AFRS  
| • Fundamental Fitness |
| Add Value | • Fire Prevention  
| • Ethics AFRS |

### OPERATIONS

<table>
<thead>
<tr>
<th>Regulatory</th>
<th>• Basic Occupational First Aid (BOFA)</th>
</tr>
</thead>
</table>
| Mandatory | • KLIA Familiarisation  
| • DCA Conversion Course  
| • Induction  
| • Motivational Team Building  
| • Stress Management  
| • Crisis Management  
| • Courtesy and Care |
| Basic | • Basic Airport Operation  
| • Basic Airside Operation  
| • Basic Info Assistant  
| • Safety Management System  
| • Intermediate Airside Operation |
| Add Value | • ACI - Emergency Planning & Crisis Management  
| • ACI - Airfield Operation & Safety Management System  
| • ACI - Developing Customer Service Culture at Airport  
| • ACI - Airport Environment Management  
| • Contract Management  
| • English Proficiency  
| • ICT Training |
ENGINEERING

• Awareness on ISO 9001-2008
• Basic Electrical & Electronic
• SCADA
• AGL
• BHS
• Red Tag Permit Training
• Switchgear
• High Voltage Substation - Design, Build & Operation
• Introduction TTS System
• Introduction EPS System

Note: with additional 52 engineerinf courses.

IT SKILL’S

Basic
• Configuring, Managing & Maintaining Windows Servers
• Configuring & Administering Windows 7
• Installing and Configuring Windows 7 Clients Training

Add Value
• Microsoft Office (Word) - Basic, Inter, Adv
• Microsoft Office (Excel) - Basic, Inter, Adv
• Microsoft Office (Powerpoint) - Basic, Inter, Adv
Corporate Diploma in Airport Management (CDAM)
- Open to all Executive and above
- At least 3 years of services with Malaysia Airports
- Age not exceeding 45 years for executive & Senior Executive and 50 years for Manager and Senior Manager
- Performance at least 80% and above for 3 consecutive years
- Never been charge with any discipline action

Executive Diploma in Airport Management (EDIM)
- Open to all Executive and above
- At least 5 or 3 years (Sabah/Sarawak) of services with Malaysia Airports
- Age not exceeding 50 years before advertisement closing date
- Performance at least 80% and above for 3 consecutive years
- Never been charge with any discipline action

Corporate Diplome in Airport Management (CDAM)
- Accreditation program for finance staff
- Performance at least 80% and above for 3 consecutive years
- Never been charge with any discipline action

Cross Assignment/Fertilization Program
- A special program under orange book to support Khazanah/ Government Initiatives.
- MAHB Staff <-> GLC; and MAHB Staff <-> Government

Employee Exchange Program
- To brodden their experience in their particular discipline or area of expertise at oversea airport.
- MAHB Staff <-> Incheon International Airport
Malaysia Airports has long realised the importance of planting roots deep into the various communities in which we operate. Through our various outreach programmes and donations to worthy causes and charitable organisations, we have touched the lives of millions of Malaysians. This spirit of caring and sharing has cascaded down throughout the Group, with many of our subsidiaries having their own community development programs.

Malaysia Airports (Sepang) Sdn. Bhd., for example, has donated to various orphanages and mosques in the country, and to victims of natural disasters in China and Myanmar. We have also participated in a wide range of community projects, from donating provisions for those living at the fringes of society to providing medical services when and where it is needed. At festive occasions, we have also taken care to ensure that the orphans, aged and other less privileged members of society are not forgotten.

The Malaysia Airports‘Open Houses‘ have become a regular fixture on our corporate calendar of events, with the Chairman and Managing Director personally hosting these events. But more than just material goods or money, our people have also given generously of their time and energy to participate in ‘gotong-royong‘ or self-help community projects. They have also turned up in force at blood donation campaigns that are organised from time to time.

One of our more enduring and farreaching Community programmes is through the PINTAR (Promoting Intelligence, Nurturing Talent, Advocating Responsibility) Project, a school adoption scheme launched by the Ministry of Finance and Khazanah Nasional. We have given it a new identity and brand with the theme Beyond Borders and the tagline, ‘Give Them Wings, Let Them Fly‘. Two years down the road, the nine schools adopted by Malaysia Airports are certainly living up to the tagline. Through innovative programmes and competitions, we have helped teachers and pupils develop self-esteem and improve academic achievements. The Little Einstein project is a case in point; by awakening an interest in science, we are opening up a realm of possibilities and future career prospects in young minds.

Who knows, but a new generation of Little Einsteins may yet become a possibility. With the ‘graduation‘ of the nine schools taken under our wings at the end of 2009, Malaysia Airports will move on to adopt other schools providing the same opportunities for young minds to discover their true potential and explore a world of possibilities.

It is always gratifying when we are acknowledged for our efforts. In the Asia Responsible Entrepreneurship Awards 2009, Malaysia Airports was honoured with the prestigious Community Engagement Award. In March 2010, Malaysia Airports won two awards at the StarBiz- ICR Malaysia Corporate Responsibility Awards 2009 in the environment and community categories.

In 2006, Malaysia Airports introduced the KLIA Awards to honour airlines and service providers at the KLIA for outstanding achievements in various categories. The collective and unrelenting efforts of the KLIA community have been a pillar of success for KLIA throughout its 11 years, and these awards are a gesture of our appreciation.
**Beyond Borders**

Malaysia Airports participated in Project PINTAR (Promoting Intelligence, Nurturing Talent, Advocating Responsibility), established under the auspices of the Ministry of Finance and Khazanah Nasional. In taking ownership of the project, we have given it a new identity with the theme, Beyond Borders, and its tagline ‘Give Them Wings, Let Them Fly’.

We adopted nine schools in seven states throughout the country. These schools were selected because of their proximity to our system of airports. Following the success of the pilot project initiated in 2007, involving two schools in Penang, Beyond Borders was officially launched at seven other schools in July 2008.

Beyond Borders highlights the importance of education and we have improved the academic standards, particularly the command of the English language, of underprivileged students at these schools. Pillar programmes:
- Beyond Borders Project Interschool Competition.
- ‘Act it Up’ Interschool Drama Competition.
- Creative writing workshop for students.
- Workshop for teachers.
- Motivational talk themed ‘Crossing the Border’.
- Beyond Borders Awards.

We also participated in MERCY Malaysia’s organised school watching workshop training of trainers (representative for participating GLC) for PINTAR disaster preparedness in school programme. Conducted the above programme at adopted schools: SK Pulo, Kuching, Sarawak and SK Wira, Kuantan, Pahang.

**Staff Grant**

A total amount of RM 100,000 is allocated yearly for any special projects by the employees. This grant was made available to all Malaysia Airports employees effective July 2009.

General criteria for staff project eligible for the Grant:
- Directly or indirectly support and/or consistent with Malaysia Airports’ overall Vision, Mission, business strategy, corporate values and beliefs.
- Contribute towards staff development.
- Contribute to building a sense of pride and of belonging with the company.
- Provide opportunities for staff participation.
- Enhance Malaysia Airports’ brand reputation or image as a balanced organisation that cares for its employees.
- Applications may come as individual or a team effort (each individual must be valid employee of Malaysia Airports).
- Participation must be on voluntary basis, at employee’s own willingness.

Application Guidelines:
- In order to be considered, the initial request for sponsorship must include all required details and supporting material.
- Important information needed in the proposal is as follows:
  - Summary of event or activity.
  - Benefits of undertaking the project and how the project relates to the Company’s overall vision, mission and overall values.
  - A detailed outline of project and/or activity plans.
  - Realistically state the sponsorship amount sought, and how specifically the funds/support will be utilised.
  - Other relevant and important information.

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**Staff Grant 2009**

**Sponsored mount climbing expedition to Everest Base Camp (EBC) and Kalla Patthar (22 Oct – 10 Nov 2009) themed “Menuju Ke Puncak, Malaysia Airports – Routes to Everest”**

Participants:
- Haji Maarif Bin Maarof (AVSEC)
- Mohd Nazri Bin Mohd Nor (AFRS)
- Wan Hasnezareena Binti Wan Omar (PR)
- Rubaiyah Binti Ismail (AVSEC)
- Cik Rohana Binti Ahmad (AVSEC)
- Nor Faridah Binti Jamaludin (PTO)
- Madzrul Bin Jaafar (MA Tech)
- Zulfahimi Bin Roslan (HR)
- Farrah Nadia Binti Muhammad Mu (Finance)
- Wan Ahmad Rosddy Wan Yahya (AVSEC)
- Azmi Bin Mohd Ariffin (Engineering)
- Mohd Suadi Bin Jailon (AFRS)
- Mohd Firdaus Bin Abdul Rahman (AFRS)
- Abdul Malik Mohd Yunus (AFRS)
- Mohd Fakhrul Munir bin Mohd Isa
- Muhammad Nur Azrul bin Che Zabani
- Ahmad Kamal Bin Maarif
- Arfandy Bin Abdullah
Corruption

MAHB encourages employees and others to express any concern(s) that they have thoroughly deliberated beforehand, and bring it to light, especially if it is within the scope of the programme.

The programme aims to:
• Provide a safe and acceptable way to raise concern(s); of which will be addressed in an independent and unbiased manner.
• Provide an internal mechanism for the company to be fully aware of any important workplace concerns and take the necessary and appropriate actions.

Who is Whistleblower?
A whistleblower is normally an employee or anyone who provides information about his or her company which he or she reasonably believes provides evidence of:
• a violation of a law or regulation by the company
• a miscarriage of justice
• a financial malpractice or
• a danger to public health or safety.

A whistleblower is someone who comes to express a concern, within the scope of this policy, after a great deal of thought.

Malaysia Airport’s Assurance

Malaysia Airport’s assure the confidentiality of all concern raise and identity of Whistleblowers. As long as the reporting is performed in good faith and responsibly, the Whistleblower will not be at any risk of victimisation, retribution or retaliation. However, if the Whistleblower feels that there are discriminatory actions against him, he/she should contact the Whistleblower Independent Committee (WIC) immediately.

The WIC consists of the following personnel.
• Y. Bhg. Dato’ Azmi Murad, Chairman
• Puan Ir. Suradini Abd Ghani, Alternate Chairman
• Cik Noor Raha Bahari
• Encik Bambang Eirman Bahudin
• Encik Mohd Shaiful Warith
The aftermath of the 9/11 attack has necessitated a more expansive view of the threats to airport safety and security. The response by major airports around the globe has been swift and focused. In managing the twin threats, airports have resorted to a multiple-layered approach that included an increased deployment of manpower, enhanced threat detection and deterrence capabilities, collaborative efforts with other agencies, and investment in new equipment and technologies.

While these have led to a significant improvement, security nightmares still crop up from time to time, reminding us that passenger security and safety must remain at the very top of our priority list. While some of the measures adopted by Malaysia Airports are highly visible, there are others that are more discreet and indirect, such as the use of surveillance cameras and the increasing deployment of biometric technology that extend to all high-risk areas of the airport.

When the stakes are so high, Malaysia Airports has adopted a professional approach to managing airport security and this is reflected in the quality of our people involved in these critical areas. We have a pool of highly trained and qualified AVSEC international instructors who provide their expertise not only to our employees but trainees from across the Asia-Pacific Region. Malaysia Airports also has one ICAO-certified auditor who has been accredited by ICAO to conduct auditing activities at airports all over the world.

To be an ICAO-auditor, one has to meet stringent requirements that include education, work experience, training and auditing experience and an ability to demonstrate a satisfactory level of competence in a broad spectrum of areas. Besides our own airports, our auditor has conducted audits at airports in Sri Lanka, Fiji, Cambodia, Indonesia, Myanmar and Laos. In addition, three of our AVSEC officers have been certified as AVSEC Professional Managers by ICAO, having successfully gone through one of the most advanced security programmes being offered today.

The certification authorises our three officers to use the AVSEC Professional Manager (PM) designation, which is highly respected throughout the Asia-Pacific aviation security industry.

Following the security threat on board a US-bound aircraft on Christmas Day in 2009, all airports across the globe were again put on high alert. Malaysia Airports stepped up security measures, where all US-bound passengers were subject to 100% checks on their persons and carry-on luggage. One of the more recent initiatives is our participation in the Secure Freight Programme (SFP), which aims to resolve the multitude of problems faced by the air cargo industry. IATA is committed to addressing these problems by developing an integrated global supply chain approach under the SFP, using baseline cargo security requirements.

By securing cargo early in the supply chain, it precludes the need for a 100% inspection of cargo at the airport’s uplift area. Malaysia is the first pilot country for the SFP, which will be implemented at KLIA. Malaysia Airports is working closely with the Department of Civil Aviation as well as IATA on this project, which is nearing completion.

Airport Fire & Rescue Services (AFRS) continued to play a pivotal and complementary role to AVSEC in ensuring the safety and security of Malaysian airports. Owing to the nature of their work, it is important that AFRS personnel are always up to the mark in discharging their duties in aircraft rescue and fire fighting operations.

To this end, Malaysia Airports has established a personnel operational competency programme known as AFRS rating. The AFRS survey was conducted at all our airports in August 2009 and achieved a very commendable success rate of 99.04%.

To shore up our staff strength, a recruitment drive was launched, whereby 176 firemen were consequently taken into service. After undergoing intensive training, these new recruits were deployed to various airports throughout the country. We are also purchasing five new fire-fighting vehicles as part of an asset replacement programme to retire vehicles aged 15 years and
above. Airport Emergency Exercises are an integral part of AFRS’ calendar of events. Full-scale, partial and table-top exercises are conducted as per the schedule set forth by regulatory bodies such as ICAO and DCA. Malaysia Airports has also initiated a Fire Safety Awareness programme aimed at reinforcing a safe work culture within the airport community. This programme will help ensure that airport staff, agencies and concessionaires are capable of handling minor fires and know their roles in helping evacuate travellers and visitors from the airport in the event of an emergency.

While FY2009 was a relatively quiet year in the security and safety arena, Malaysia Airports takes the stance that one cannot let down one’s guard. We are continually reviewing and enhancing the effectiveness of our security and safety operations, without impeding on the comfort levels of passengers by being too intrusive. This calls for a fine balancing act, but we are meeting the challenge.

Business Continuity

We have developed a Business Continuity Management (BCM) programme for KLIA & LCCT where Business Impact Analysis was carried out to determine the Mission Critical Activities (MCA) and Recovery Time Objectives (RTO).

Engagement with key stakeholders were done to deliberate and agreed on the RTOs for KLIA. Upon completion of BCM plans, a tabletop exercise was done. Key objectives of the exercise were:

• To create and/or enhance awareness on the BCM programme
• To test the workability of the BCM plans

• To identify gaps in the recovery strategies and execution of strategies/plans

A workshop specifically to discuss on BCM measures in the wake of H1N1 was also conducted. Throughout the period where there was heightened concern on the pandemic, we closely worked with key stakeholders to implement measures to mitigate the H1N1 related risks. Pandemic measures have also been included as part of the Airport Emergency Plan (AEP).

Emergency Preparedness

Malaysia Airports ensures that all its airports conduct emergency simulation exercises deemed mandatory by regulatory bodies such as the ICAO and DCA. Full-scale exercises are required to be performed at least once every two years, while partial exercises must be carried out at least once in each year that the full-scale exercise is not conducted. Table-top exercises are required to be held at least once every six months, except during the six-month period when a full-scale exercise is held.

During the year, a total of seven airports conducted full-scale exercises while another 12 airports conducted partial-scale exercises.

In the lead-up to LIMA ’09, the Langkawi International Airport successfully carried out a fullscale exercise on 28 October.

These emergency exercises run alongside safety campaigns that are conducted on a regular basis to further stimulate safety consciousness among our employees. One such campaign was organised during the year by Penang International Airport in collaboration with the DCA and other relevant authorities. By increasing awareness on the importance of safety in the workplace, especially at high risk areas such as the parking apron and at the airside, we are reducing the number of safety-related accidents.

In line with the provisions of ICAO Annex 14, Malaysia Airports has also established an Airport Emergency Plan (AEP) for all its airports in the country. The AEP sets out the contingency plans and the coordinated actions to be taken by all parties involved, in the event of an airport emergency. A working committee comprising representatives from relevant government agencies, airlines, supporting agencies and other organisations has reviewed the plan, which was endorsed by DCA in November 2009.

Airport Development

In 2009, the National Airport Master Plan (NAMP) Study was established. The purpose of the NAMP Study was to review and assess the role of air transport in enhancing the country’s economic competitiveness in global market, maximizing linkage and integrate the whole country within the availability of other transportation options. Due to rising demand for air transport, efforts are taken by Malaysia Airports to improve productivity and efficiency at all its airports. The establishment of the NAMP is vital to ensure the development of airports in Malaysia provides economic benefits at par with the sustainability of the environment.

The said master plan details up the long-term development of airport system in Malaysia and set out integrated plans for future development of airports in Malaysia.
to meet the projected needs and not putting aside emphasis on environmental factors.

Malaysia Airports’ airport development will continue to focus on efficiency, productivity and flight safety as well as increasing the capacity to cater for the rising demand for air transport. The Airport Master Plan established is essential to address complex capacity, environmental, operational, future demands of air transports and socio-political response of the communities.

According to the NAMP, KLIA should be developed as the main gateway as well as the regional hub of South-East Asia whereas Penang International Airport should be developed as the major hub serving the industrial, commercial and tourism needs of the northern region. This is in line with the National Physical Plan established by the Government.

As our airport grows and the frequency of flights increases, more facilities such as bigger terminal buildings and larger aircraft parking apron may be required. Sometimes we may need to purchase additional land in order to expand. Additionally, we may also need to purchase additional land in order to have complete control of land use of the affected area. Airports might also need to purchase area identified as Runway Protection Zones to safeguard it from incompatible development.

Wherever affected, the surrounding community or land owner would be given monetary compensation by the Government. When there is a need for the airport management to acquire more land for expansion purposes or to have control on adjacent areas, land acquisition is done according to the Land Acquisition Act 1960 (in Peninsular Malaysia). In Sarawak, the Land Acquisition procedures are governed by Sarawak Land Code 1958 whereas in Sabah, the Land Acquisition procedures are governed by Sabah Land Ordinance 1950 and Land Acquisition Ordinance 1950.

**Land Development**

Land Development policies is to transforming KLIA into a multimodal, multifunctional enterprise which will eventually become a diversified city with significant employment, shopping, trading, exhibition, business meeting, leisure and tourism destination on its own right with balanced land use and emphasis on greenery, friendly and airport safety environment. Hence, to generate positive revenue from its undeveloped land bank through development of the non-aeronautical land surrounding KLIA.

The procedures involved in several steps:

- Information gathering, topography survey, high use-best use and market study.
- Initial input from business partners and regulators.
- Preparation of conceptual master plan layout.
- Completion and submission of master plan layout to authorities.
- Main infrastructure conceptual design and submission.
- Awareness and promotional activities via media publications, news papers and presentation of papers during conference / seminar.
- RFP exercise for development opportunities.
- Main Infrastructure preliminary design for budget purposes.
- Review of master plan to include new available space based on NAMP study.
- Phasing the development.
- Detail planning & infrastructure design for Phase 1.
- Development of Phase 1.
- Identifying and partnering suitable business partners for Phase 1 & future phases .

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**Building the KLIA Airport City**

- KLIA sits on 22,156 acres of land, of which 6,000 acres have already been developed for existing runways, terminal buildings and other support facilities. The remaining 16,000 acres have been earmarked for future airport expansion programs, commercial development, recreational activities, or set aside as green areas and buffer zones.
- With so much undeveloped land at its disposal, Malaysia Airports has embarked on a land development strategy to increase KLIA’s non-aeronautical revenue.
- The development blueprint is set to transform KLIA into an Airport City and a major regional aviation hub for the Asia-Pacific region. We envision KLIA to be more than just an airport, but also a destination, an international meeting place, a magnet for manufacturing services and people-attraction activities.
The development will take the shape of a well-balanced, self-sustaining, multifunctional development that we call KLIA Aeropolis.

Based on studies concluded, the proposed development components will consist of a Commercial Business District, KLIA MSC Free Zone, Leisure and Recreational components and Agro-tourism components.

In 2009, Malaysia Airports has been in talks with several property investors, developers and industry players on the possibility of their involvement in the development, either on a land lease, joint-venture or any other acceptable development option. However, owing to the uncertain economic climate, investors are cautious about committing themselves.

With a more positive outlook heading into 2010, we are optimistic that some deals would materialise in the next financial year.
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