

# Meeting the Challenge







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Annual Report 2008



# MEETING THE CHALLENGE

Competition in the aviation sector is getting stiffer. To meet the challenge, we are looking beyond the obvious to acquire the additional thrust to climb to greater heights. We are expanding our sights into non-aeronautical areas without losing focus on our core business as ultimately our airports will serve as the gateway for passengers to access our non-aviation region.







## **VISION**

**World Class Airport Business** 

### MISSION STATEMENT



"Providing world class aviation gateways; managing cost-effective airport network and services; and exceeding the expectations of customers, shareholders and other stakeholders"

# THE CHAIRMAN

#### Dear Shareholder,

I am pleased to enclose herewith a copy of the Annual Report and Audited Financial Statements of Malaysia Airports Holdings Berhad ("the Company" or "MAHB") for the year ended 31 December 2008. The Annual Report also contains the Notice of the Tenth Annual General Meeting ("the AGM") and a map showing the location of the Meeting. The AGM will once again be held at Gateway Ballroom, Level 1, The Pan Pacific Kuala Lumpur International Airport, Kuala Lumpur International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan on Thursday, 28 May 2009 at 11.30 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Extraordinary General Meeting of the Company.

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

For the year 2009, 10 resolutions are proposed for consideration at the AGM. The purpose and reasons for each of the resolutions are explained under the Explanatory Notes of the Notice of AGM. I hope that you will find the brief explanations helpful in order to make a better decision.

In line with the Company's dividend policy to distribute a dividend payout ratio of at least 50% of the consolidated annual net profit after taxation and minority interest annually, subject to availability of distributable reserves, the Board is recommending for the payment of a final dividend of 14.55 sen per share less income tax of 25% for the financial year ended 31 December 2008. This is subject to the shareholders' approval at the AGM, and will be paid on 29 June 2009 to the respective ordinary shareholders who are registered in the Records of Depositors on 15 June 2009.

During the year, the Board has initiated several key areas for improvement to strenathen the Board's engagement and effectiveness based on the results of the Board's evaluation findings, which include, amongst others, (1) Board to focus on auiding Management towards the successful implementation of an effective succession planning programme within the Group; (2) Board to concentrate on inculcating a high performance management culture; (3) Board to ensure more efforts are put into increasing the non-aeronautical revenue and commercial revenue by Management; (4) Airport visits for benchmarking purposes to learn from the respective airports' experience in increasing the commercial revenue; and (5) Board to identify operational matters and refrain from further deliberation via higher empowerment to Management. The achievements of the above key initiatives are highlighted under the "Statement on Corporate Governance" for your information.

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Malaysia Airports Holdings Berhad

At the AGM, the Board is recommending the re-election of five Directors who are due for retirement, namely, Datuk Seri Bashir Ahmad bin Abdul Majid, Datuk Alias bin Haji Ahmad, Mohd Nadziruddin bin Mohd Basri, Dato' Long See Wool and Dyg Sadiah binti Abg Bohan, and being eligible, offer themselves for re-election. Their biographical details are enclosed under the "Statement Accompanying Notice of AGM" for your ease of reference.

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

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

Shareholders who are unable to attend the AGM would still be able to exercise their rights to vote, by completing the Proxy Form as enclosed in the Annual Report, according to the instructions as provided in the Form, and submit it to the Registered Office of the Company at Head Office of MAB, Sultan Abdul Aziz Shah Airport, 47200 Subang, Selangor Darul Ehsan, not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.

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

Yours sincerely,

Tan Sri Datuk Aris bin Othman

Chairman, Malaysia Airports Holdings Berhad



meeting the challenge

# the challenge to move millions attained from thousands that arrive at our doorsteps daily





#### **NOTICE OF**

### 10TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 10TH ANNUAL GENERAL MEETING OF MALAYSIA AIRPORTS HOLDINGS BERHAD ("MAHB" OR "THE COMPANY") WILL BE HELD AT GATEWAY BALLROOM, LEVEL 1, THE PAN PACIFIC KUALA LUMPUR INTERNATIONAL AIRPORT. KUALA LUMPUR INTERNATIONAL AIRPORT. Jalan CTA 4B, 64000 KLIA, SEPANG. SELANGOR DARUL EHSAN ON THURSDAY. 28 MAY 2009 AT 11.30 A.M. OR IMMEDIATELY AFTER THE CONCLUSION OR ADJOURNMENT (AS THE CASE MAY BE) OF THE EXTRAORDINARY GENERAL MEETING OF THE COMPANY FOR THE FOLLOWING PURPOSES:

#### **AGENDA**

#### AS ORDINARY BUSINESS

#### **RESOLUTION 1**

To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2008 together with the Reports of the Directors and Auditors thereon.

#### **Explanatory Note:-**

Pursuant to Section 169 (1) of the Companies Act, 1965, it is the duty of the Board to present to the shareholders the Audited Financial Statements for the financial year ended 31 December 2008 together with the Reports of the Directors and Auditors for your information.

#### **RESOLUTION 2**

To declare and approve the payment of a final dividend of 14.55 sen per share less 25% income tax in respect of the financial year ended 31 December 2008 as recommended by the Directors.

#### **Explanatory Note:-**

In accordance with Article 154 of the Company's Articles of Association, the Board is recommending that the shareholders approve the payment of the final dividend. Should the above resolution be passed, the final dividend of 14.55 sen per share less 25% income tax in respect of the financial year ended 31 December 2008, will be paid on 29 June 2009 to the respective ordinary shareholders who are registered in the Records of Depositors on 15 June 2009.

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Malaysia	Airports	Holdings	Rerhad

#### **RESOLUTION 3**

To approve the payment of Directors' Fee for the financial year ended 31 December 2008.

#### **Explanatory Note:-**

In accordance with Article 112 of the Company's Articles of Association, the Board is recommending that the shareholders approve the payment of Directors' Fee for the financial year ended 31 December 2008 at a total amount of RM238,500.00.

#### **RESOLUTION 4**

To re-elect Mohd Nadziruddin bin Mohd Basri who shall retire in accordance with Article 129 of the Company's Articles of Association and who, being eligible, offers himself for reelection.

#### **RESOLUTION 5**

To re-elect Dato' Long See Wool who shall retire in accordance with Article 129 of the Company's Articles of Association and who, being eligible, offers himself for re-election.

#### **RESOLUTION 6**

To re-elect Dyg Sadiah binti Abg Bohan who shall retire in accordance with Article 129 of the Company's Articles of Association and who, being eligible, offers herself for re-election.

#### Explanatory Note for Resolutions 4 to 6:-

Article 129 stipulates that any new Director who has been appointed as a member of the Board of Directors of MAHB during the year, may only be permitted to hold office until the next Annual General Meeting ("AGM"), and at that juncture he/she shall be compulsorily due for retirement and re-election at the said AGM thereof.

#### **RESOLUTION 7**

To re-elect Dato' Seri Bashir Ahmad bin Abdul Majid who shall retire in accordance with Article 131 of the Company's Articles of Association and who, being eligible, offers himself for re-election

#### **RESOLUTION 8**

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

#### Explanatory Note for Resolutions 7 and 8:-

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

#### **RESOLUTION 9**

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

#### **Explanatory Note:-**

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

# 010 Applied Percett 2008

#### NOTICE OF 10TH ANNUAL GENERAL MEETING

#### AS SPECIAL BUSINESS

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

#### **RESOLUTION 10**

#### **Ordinary Resolution**

#### - Authority to Issue and Allot Shares

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

#### **Explanatory Note:-**

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

To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

### NOTICE OF ENTITLEMENT AND PAYMENT OF FINAL DIVIDEND

FURTHER NOTICE IS HEREBY GIVEN THAT subject to the approval of shareholders at the 10th Annual General Meeting to be held on 28 May 2009, a final dividend of 14.55 sen per share less 25% income tax in respect of the financial year ended 31 December 2008, will be paid on 29 June 2009 to Depositors whose names registered in the Records of Depositors on 15 June 2009. A Depositor shall qualify for entitlement to the dividend only in respect of:

- a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 15 June 2009, in respect of ordinary transfers; and
- Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

#### SABARINA LAILA BINTI MOHD HASHIM

LS 0004324

Company Secretary

Subang Selangor Darul Ehsan 6 May 2009

#### Notes to the Notice of Annual General Meeting

- All resolutions at the Meeting will be decided on a show of hands, unless otherwise instructed.
- A member of the Company entitled to attend and vote at the Meeting, but who is unable to attend the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
- The instrument appointing a proxy shall be in print or writing under the hand of the appointer or his duly constituted attorney, or if such appointer is a corporation, under its common seal or the hand seal of its attorney.
- 4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Head Office of MAB, Sultan Abdul Aziz Shah Airport, 47200 Subang, Selangor Darul Ehsan not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.
- 5. Please note that in order to attend and vote at the Meeting, a member must be registered in the Record of Depositors at 4.00 p.m. on 22 May 2009 in accordance with Article 48(2) of the Company's Articles of Association. Any changes in the entries on the Record of Depositors after the abovementioned date and time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

- 6. Please be reminded that the AGM is a private meeting between the directors, shareholders, proxies, duly authorised representatives and the auditors. As such, non-shareholders are barred from entering the Meeting. However, any disabled shareholder may be allowed to enter the Meeting accompanied by a person who is not a shareholder.
- 7. Shareholders' attention is hereby drawn to the Listing Requirements of the Bursa Malaysia Securities Berhad, which allows a member of the Company which is an authorised nominee, as defined under the Securities Industry (Central Depositories) Act, 1991, to appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.



# AGM VENUE

#### LOCATION OF THE AGM VENUE

Gateway Ballroom, Level 1
The Pan Pacific Kuala Lumpur International Airport
Kuala Lumpur International Airport
Jalan CTA 4B, 64000 KLIA, Sepang
Selangor Darul Ehsan

Tel: 03-8787 3333 Fax: 03-8787 5555

Website: www.panpacific.com/KLairport/Overview.html

#### **HOW TO GET THERE?**

#### By Car

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

#### By Express Rail Link

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

#### ADDITIONAL INFORMATION

#### **Mobile Phones**

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

#### Registration

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

#### STATEMENT ACCOMPANYING NOTICE OF

## 10TH ANNUAL GENERAL MEETING

Statement Accompanying Notice of 10th Annual General Meeting Made Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad.

Details of Directors who are standing for re-election/re-appointment at the 10th Annual General Meeting as per Resolutions 4, 5, 6, 7 and 8 of the Notice of 10th Annual General Meeting, respectively:

Name	Mohd Nadziruddin bin Mohd Basri
Age	41
Nationality	Malaysian
Qualification	<ul> <li>Bachelor of Sc (Econ), London School of Economics</li> <li>Fellow Member of the Association of Chartered Certified Accountants</li> <li>Member of the Malaysian Institute of Accountants</li> </ul>
Position on the MAHB Board	Non-Independent Non-Executive
Date first appointed to the MAHB Board	21 October 2008
Membership of MAHB Board Committees	Board Finance and Investment Committee     Board Risk Management Committee
Working Experience	<ul> <li>Chief Financial Officer, Khazanah Nasional Berhad (June 2007 - present)</li> <li>Senior General Manager, Airport Operations, Malaysian Airline System Berhad (April 2005 - May 2007)</li> <li>General Manager, Project Management and Assurance, Malaysian Airline System Berhad (April 2003 to March 2005)</li> <li>Secondment to the Program Management Office of Malaysia Airlines System Berhad, Arthur Andersen &amp; Co (subsequently known as Ernst &amp; Young in 2002) (August 2001 - March 2003)</li> <li>Senior Manager, Assurance and Business Advisory Division, Ernst &amp; Young (September 1994 - July 2001)</li> </ul>
Occupation	Company Director
Any other directorships in public companies	Penerbangan Malaysia Berhad
Securities holdings in MAHB and subsidiaries	Nil
Any family relationship with Director and/or Major Shareholder of MAHB or any companies that have entered into any transactions with MAHB or its subsidiaries	Nil
List of convictions for offences within the past 10 years other than traffic offences, if any	Nil
Number of MAHB Board Meetings attended in the financial year	1 out of 2

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#### LOCATION OF THE AGM VENUE

Name	Dato' Long See Wool
Age	54
Nationality	Malaysian
Qualification	Bachelor of Arts (Honours), University of Malaya     Diploma in Public Administration, Nasional Institute of Public Administration (INTAN)
Position on the MAHB Board	Non-Independent Non-Executive
Date first appointed to the MAHB Board	9 September 2008
Membership of MAHB Board Committees	Board Risk Management Committee     Board Procurement Committee
Working Experience	<ul> <li>Deputy Secretary-General (Planning), Ministry of Transport ("MOT") (November 2006 - Present)</li> <li>Under Secretary (Aviation), Aviation Division, MOT (May 2002 - November 2006)</li> <li>Principal Assistant Secretary (Airport Development), Aviation Division, MOT</li> <li>Assistant Secretary (Air Transport), Aviation Division, MOT</li> </ul>
Occupation	Deputy Secretary-General (Planning), Ministry of Transport
Any other directorships in public companies	Nil
Securities holdings in MAHB and subsidiaries	Nil
Any family relationship with Director and/or Major Shareholder of MAHB or any companies that have entered into any transactions with MAHB or its subsidiaries	Nil
List of convictions for offences within the past 10 years other than traffic offences, if any	Nil
Number of MAHB Board Meetings attended in the financial year	1 out of 3

Name	Dyg Sadiah binti Abg Bohan
Age	47
Nationality	Malaysian
Qualification	<ul> <li>Master in Business Administration, Universiti Kebangsaan Malaysia</li> <li>Diploma in Public Administration, Nasional Institute of Public Administration (INTAN), Bukit Kiara</li> <li>Bachelor of Science (Honours), University of Malaya</li> </ul>
Position on the MAHB Board	Non-Independent Non-Executive
Date first appointed to the MAHB Board	25 February 2009
Membership of MAHB Board Committees	<ul> <li>Board Procurement Committee</li> <li>Board Finance and Investment Committee</li> <li>Board Nomination and Remuneration Committee</li> </ul>
Working Experience	<ul> <li>Head of Special Unit, Minister of Finance II Office, Ministry of Finance ("MOF")</li> <li>Deputy Under Secretary, Investment, Minister of Finance (Incorporated) and Privatisation Division, MOF (1999)</li> <li>Assistant Secretary, Malaysia Civil Service, Ministry of Agriculture (1989)</li> </ul>
Occupation	Head of Special Unit, Minister of Finance II Office, Ministry of Finance
Any other directorships in public companies	Penang Port Holdings Berhad
Securities holdings in MAHB and subsidiaries	Nil
Any family relationship with Director and/or Major Shareholder of MAHB or any companies that have entered into any transactions with MAHB or its subsidiaries	Nil
List of convictions for offences within the past 10 years other than traffic offences, if any	Nil
Number of MAHB Board Meetings attended in the financial year	Nil (appointed w.e.f. 25 February 2009)

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#### LOCATION OF THE AGM VENUE

Name	Dato' Seri Bashir Ahmad bin Abdul Majid
Age	59
Nationality	Malaysian
Qualification	Bachelor of Arts Degree (Honours) majoring in International Relations, University of Malaya
Position on the MAHB Board	Managing Director (Non-Independent Executive)
Date first appointed to the MAHB Board	7 June 2003
Membership of MAHB Board Committees	Board Finance and Investment Committee     Board Risk Management Committee
Working Experience	Position Held In MAS  Management Trainee (June 1972 - November 1973)  Marketing Coordinator (December 1973 - December 1974)  Sales Manager Singapore (January 1975 - October 1975)  Manager Penang (November 1975 - May 1978)  Marketing Manager (June 1978 - May 1982)  International Relations Manager (June 1982 - December 1991)  Deputy Director-International Relations (December 1991 - December 1992)  Director of Corporate Planning (December 1992 - August 1994)  Commercial Director (August 1994 - August 1996)  Senior Vice-President Commercial (August 1996 - July 1997)  Executive Vice-President, Airline (July 1997 - November 2001)  Aviation Advisor to the Ministry of Transport (November 2001 - June 2003)
Occupation	Managing Director
Any other directorships in public companies	Nil
Securities holdings in MAHB and subsidiaries	Nil
Any family relationship with Director and/or Major Shareholder of MAHB or any companies that have entered into any transactions with MAHB or its subsidiaries	Nil
List of convictions for offences within the past 10 years other than traffic offences, if any	Nil
Number of MAHB Board Meetings attended in the financial year	12 out of 12

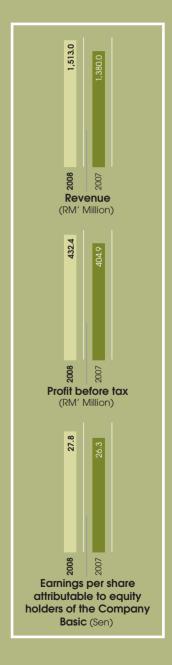
Malaysia Airports Holdings Berhad

Name	Datuk Alias bin Haji Ahmad
Age	61
Nationality	Malaysian
Qualification	Bachelor of Arts (Honours) Degree majoring in (Economics and Sociology),     University of Malaya     Diploma of Education, University of Malaya
Position on the MAHB Board	Independent Non-Executive
Date first appointed to the MAHB Board	1 December 2003
Membership of MAHB Board Committees	<ul> <li>Board Nomination and Remuneration Committee (Chairman)</li> <li>Board Procurement Committee</li> <li>Board Audit Committee</li> <li>Board Risk Management Committee</li> </ul>
Working Experience	<ul> <li>Assistant Secretary (Finance) (1972 - 1975)</li> <li>Special Officer, Minister of Finance (1976 - 1984)</li> <li>Special Officer, Minister of Trade &amp; Industry (1984 - 1987)</li> <li>Director of Vocational Training, Manpower Department, Ministry of Labour (1987 - 1988)</li> <li>Deputy Secretary (Supply), Secretary for Defences Industries, Secretary of Development Division, Secretary to the Main Coordinating Committee, Secretary to the Cabinet Committee (1988 - 1998)</li> <li>Federal Secretary General for Sabah (1999 - 2001)</li> <li>Deputy Secretary General (Finance), Ministry of Health (April 2001 - July 2003)</li> </ul>
Occupation	Company Director
Any other directorships in public companies	Nil
Securities holdings in MAHB and subsidiaries	Nii
Any family relationship with Director and/or Major Shareholder of MAHB or any companies that have entered into any transactions with MAHB or its subsidiaries	Nil
List of convictions for offences within the past 10 years other than traffic offences, if any	Nil
Number of MAHB Board Meetings attended in the financial year	10 out of 12

#### KEY

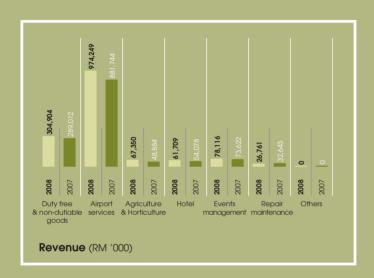
# FINANCIAL HIGHLIGHTS

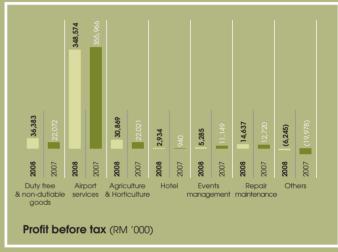
CONSOLIDATED INCOME STATEMENT Year ended 31 December Revenue Operating profit Financing costs Share of results of associates Profit before tax Income tax expense Profit for the year from continuing operations Loss for the year from discountinued operation Profit for the year Attributable to: Equity holders of the Company Minority interests	2008 RM Million 1,513.0 430.3 (0.3) 2.4 432.4 (123.4) 309.0 (3.2) 305.8	2007 RM Million 1,380.0 404.6 (3.3) 3.6 404.9 (114.3) 290.6 (1.3) 289.3	% Change 9.6 6.4 90.9 (33.3) 6.8 (8.0) 6.3 (146.2) 5.7
*Earnings per share attributable to equity holders of the Company (sen) Basic	27.8	26.3	5.7
Basic, for continuing operations	28.0	26.4	6.3
CONSOLIDATED BALANCE SHEET As at 31 December	2008 RM Million	2007 RM Million	% Change
ASSETS Property, plant and equipment Investments Non-current assets Current assets Asset of disposal group classified as held for disposal	1,977.2 364.2 1,243.4 1,403.2 4.3	1,849.5 132.2 1,233.8 1,239.5	6.9 175.5 0.8 13.2
Total assets	4,992.3	4,455.0	12.1
Share capital Share premium Retained earnings Foreign exchange reserve	1,100.0 822.7 1,257.0 (1.2) 3,178.5	1,100.0 822.7 1,096.7 — 3,019.4	14.6 — — — — 5.3
Minority interests	4.1	3.6	13.9
TOTAL EQUITY	3,182.6	3,023.0	5.3
Non-current liabilities Current liabilities Liabilities of disposal group classified as held for disposal TOTAL LIABILITIES	434.7 1,372.3 2.7 1,809.7	112.0 1,320.0 —	288.5 4.0 —
TOTAL EQUITY & LIABILITIES	4,992.3	4,455.0	12.1
Net assets per share (RM)	2.9	2.7	7.4

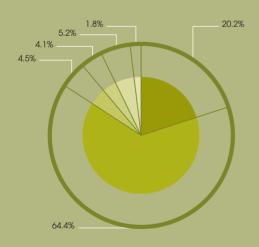


#### **GROUP**

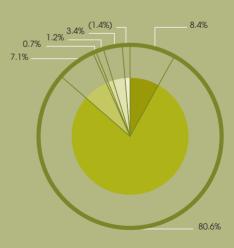
## SEGMENTAL ANALYSIS











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Annual	Report	2008	

## GROUP FINANCIAL

#### PERFORMANCE REVIEW

#### 2008 HEADLINE KPIs

	Financial Year 2007	Headline KPI Financial Year 2008	Achievement Financial Year 2008
EBITDA	RM548 million	RM577 million	RM587 million
ROE (%)	9.94	9.75	9.86

#### **GROUP REVENUE**

For the financial year ended 31 December 2008 (FY2008), revenue grew 9.65% to RM1.513.1 million in comparison with RM1,380.0 million reported in FY2007. The increase in financial year-to-date revenue was attributed to 9.26% growth in revenue generated from airport operations and 11.81% growth in revenue generated from non-airport operations. The growth in revenue generated from airport operations were mainly due to 16.58% increase in non-aeronautical revenue coming from higher rental for advertising and rental royalty derived by retail activities resulting from the increased in passenger volume. The geronautical revenue increased by 3.0% due to higher passenger movements. Total passenger volume at all airports grew 5.01% totaling 47.45 million for the 12 months ended 31 December 2008. This was supported by 5.12% growth in domestic passenger volume to 26.40 million and 4.87% growth in international passenger volume to 21.06 million. Total aircraft movements at our domestic and international airports also registered a growth of 9.96% with 496,271 movements.

The non-airport operations saw revenue increases in almost every segments, led by the agriculture segment which improved by 37.8% mainly due to higher total crop harvested and higher average FFB price in the financial year under review.

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

The Group's revenue base is divided into aeronautical revenue and non-aeronautical revenue. Aeronautical revenue is mainly from passenger service charges, passenger security service charges, landing and parking fees, and other ancillary charges to the airlines. MAHB's non aeronautical revenue comprises revenue generated from commercial activities including operation of duty free and non-duty free outlets, management of food and beverage outlets, management and operation of parking facilities, the Airside Transit Hotel, the Free Commercial Zone at KLIA and the lease of commercial spaces.

Non-aeronautical revenue also derives from hotel operation, agriculture and horticulture activities, events management and other activities as described in the financial statements of the Group.

The non-aeronautical business continued to outperform the aeronautical business by contributing 56.9%, or RM860.6 million, to the Group's revenue and this is in line with the Group's long term plan to further grow this branch of business.

#### **BUSINESS SEGMENTS**

The Group's business segment is divided into 2 sub-groups i.e. Airport Operations and Non-Airport Operations. Airport Operations comprise of Airport Services and Duty free and Non-dutiable goods business segments. Airport Services income consists of aeronautical revenue and non-aeronautical revenue. The Non-Airport Operations comprises of Agriculture, Hotel, Event Management, Project Repair Maintenance and Auction. All Non-Airport Operations income is Non-Aeronautical revenue.

	Actual 2008 RM'000	Actual 2007 RM'000	Var %
I. Airport Operations	1,279,153	1,170,756	9.26
Airport Services:     Aeronautical     Non-aeronautical:     (Rental and others)	652,498 321,751	633,239 248,505	3.04
2. Retail and F&B	304,904	289,012	5.5
II. Non airport operations	233,936	209,227	11.81
Non-Aeronautical:  - Agriculture and horticulture	67,350	48,884	37.78
- Hotel	61,709	54,078	14.11
- Event management	78,116	73,622	6.1
- Project and repair maintenance	26,761	32,643	(18.02)
Total Revenue	1,513,089	1,379,983	9.65

#### **SEGMENTAL REVENUE**

#### 1. AIRPORT OPERATION

a) Airport services: This business segment is tasked with operating, managing and maintaining designated airports in Malaysia and providing airport related activities. The Airport Services segment's revenue increased by RM92.51 million or 10.49% mainly due to the increase in non-aeronautical revenue by 29.47% coming from higher rental for advertising and rental royalty derived by retail activities resulting from the increase in passenger volume. b) Duty free & non-dutiable goods: The duty free and non-dutiable goods business operates duty free and non-dutiable goods outlets as well as manages food and beverage outlets at designated airports. This business segment recorded an increase in revenue by RM15.9 million or 5.5% mainly contributed from outlets operating at LCCT and higher passenger numbers.

#### 2. NON AIRPORT OPERATIONS

- a) Agriculture: Agriculture business segment activities include the cultivation and sale of oil palm and other agriculture products. The agriculture segment recorded RM18.5 million or 37.8% increase in revenue mainly due to the increase in the average Fresh Fruit Bunch (FFB) price and total crop harvested.
- b) Hotel: The Hotel segment manages and operates the Pan Pacific Hotel KLIA. This segment registered an increase in revenue of RM7.6 million or 14.1% as a result of higher room and occupancy rates in 2008 and new engagement of airport catering business.
- c) Event management: The events management business manages and operates the Sepang F1 Circuit and organises and promotes motor sports and entertainment events. FY2008 saw an increase in revenue due to higher revenue from Motorcycle Grand Prix as well as higher track and facilities rental.

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#### GROUP FINANCIAL PERFORMANCE REVIEW

#### **GROUP PROFITABILITY**

The Group registered a consolidated profit before tax (PBT) of RM432.4 million in FY2008 which is the highest level of pre tax profits posted since the Group was listed on Bursa Malaysia in 1999. The Group performance improved by RM27.5 million or 6.8% from RM404.9 million reported in FY2007. The improvement was mainly due to the overall higher revenue.

Earnings before tax, interest, depreciation and amortisation (EBITDA) improved by 7.18% or RM39.3 million compared to FY2007.

#### **SEGMENTAL PROFITABILITY**

#### AIRPORT OPERATIONS

- a) Airport services: PBT for Airport Services segment is lower by RM7.4 million or 2.1% despite the increase in revenue. This was due to the one off write back in the provision for pension fund amounting to RM34.4 million in FY2007 which have resulted in higher PBT for the FY2007 as compared to FY2008.
- b) Duty free & non- dutiable goods: PBT for Duty Free and non-dutiable goods segment is higher by RM14.3 million in FY2008 or 64.8% as compared to FY2007 mainly due to improvement in the profit margin (after direct labor, materials and overheads).

#### 2. NON AIRPORT OPERATIONS

Major Contributors are:

- a) Agriculture: The agriculture business recorded PBT of RM30.9 million in FY2008 as compared to RM22.0 million in FY2007. The increase is due to the higher revenue resulting from higher total crop harvested and higher average FFB price.
- b) Hotel: The hotel business recorded PBT of RM2.9 million in FY2008 as compared to loss of RM940 thousand in FY2007 due to higher room and occupancy rates in 2008 and higher revenue coming from new airport catering business.
- c) Event management: PBT for event management segment decreased from RM11.1 million to RM5.3 million or 52.6% as compared to FY2007. Prior to FY2008, the event management company has been receiving contributions from the Government to fund the F1 Promoters Rights Fee and Broadcast Rights fee as well as F1 event operating expenses. However, effective FY2008 onwards, the Government contributions in relation to F1 rights fees were granted to a third party as the new rights holder of F1 event. As such, the event management company had to absorb higher F1 operating costs during the vear in the absence of the said contributions.

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#### **ECONOMIC PROFIT**

**Economic Profit (EP)** is used as a yardstick to measure shareholder value. EP is a measure of value created by a business during a single period reflecting how much return a business makes over its cost of capital, that is, the difference between the Company's rate of return and cost of capital.

The Group recorded an economic profit of RM115.0 million for FY2008 as compared to RM70.5 million in FY2007. The increase was attributed to the higher Net Operating Profit Less Adjusted Taxes (NOPLAT) mainly due to overall higher revenue coming from activities undertaken by the Group.

#### **DIVIDENDS**

Following the Group's improved financial performance; MAHB had declared and paid an interim dividend of 4.0% less 26% taxation per ordinary share in December 2008 amounting to RM32.6 million. The Board of Directors also proposed a final dividend of 14.55% less 25% taxation on RM1.1 billion ordinary shares, amounting to a dividend payable of RM120.0 million subject to shareholders approval.

The total dividend payment of RM152.6 million corresponds to the Group dividend policy of at least 50% of MAHB's after tax profit and minority interest, subject to availability of distributable reserves.

### EARNINGS PER SHARE AND RETURN ON SHAREHOLDERS' EQUITY

The earnings per share (EPS) stood at 27.8 sen for FY2008, a 5.7% higher than 26.3 sen in FY2007. The return on shareholders' equity (ROE) however decreased from 9.94% in 2007 to 9.86% in 2008 due to higher equity attributable to shareholder's equity in 2008.

#### 2009 HEADLINE KPIs

Target 1: Flat passenger traffic growth

	Financial Year 2008	Financial Year 2009		
EBITDA	RM587 million	RM612 million		
ROE (%)	9.86	10.2		

Target 2: 5% contraction in passenger traffic

	Financial Year 2008	Financial Year 2009			
EBITDA	RM587 million	RM590 million			
ROE (%)	9.71	9.7			

Malaysia Airports has also set a target for the Kuala Lumpur International Airport (KLIA) to be among the world's top five airports in terms of airport service quality.

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## AIRPORT PERFORMANCE

#### **BENCHMARK**

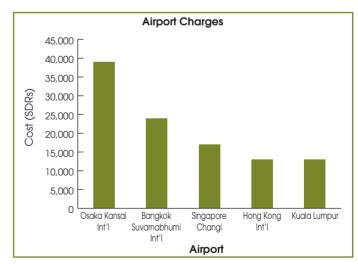
The use of performance measures in the airport industry is important because of the specific characteristics of airports. Under the Malaysia Airports' Group, Malaysia Airports (Sepang) Sdn. Bhd. manages the KL International Airport (KLIA) in Sepang which include the main terminal & Low Cost Carrier Terminal while Malaysia Airports Sdn. Bhd. manages 4 international airports, 16 domestic airports and 18 Short Take-Off Landing ports.

Performance indicators generally involve a comparison between some measure of input and output. The relationship between output and the amount of input required to be utilised will be useful when incorporated into performance ratios. Performance indicators are more practical to be used to monitor the performance of airports over time or in relation to budget and to compare their performance with other airports. Inter-airport comparisons tend to be more difficult because of comparability problems. There are difficulties in making such comparisons on a level playing field. Among others, this is due to:

- Differences in activities performed, especially with respect to aeronautical and commercial services:
- Level of government involvement in relation to economic and social objectives;
- Traffic mix with respect to international, domestic and general aviation operations;
- Airports cost structure with respect to fixed and variable cost;
- Accounting practices;
- Forms of ownership and management;
- Difference in development financing.

The International Civil Aviation Organisation (ICAO) produces annual airport financial statistics but the number of airports providing such information is incomplete while the financial information on airports is not current and limited. In addition, airport operators which are listed, the available data from published accounts is for the whole Group, for example, operator Malaysia Airports Holdings Berhad, and not just Kuala Lumpur International Airport on its own but inclusive of other airports managed and subsidiaries undertaking airport related activities.

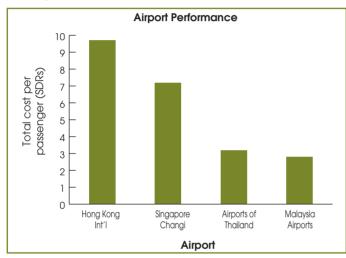
Other organisations and publications which have done airport benchmarking include Jacobs Consulting, Airports Council International, Skytrax and Air Transport Research Society. Figures from Jacobs Consulting suggest that Kuala Lumpur International Airport and Malaysia Airports compare favourably in terms of both charges and efficiency when compared to their peers. Kuala Lumpur International Airport had lower charges in 2008 than Bangkok, Hong Kong, Singapore and Japan's Osaka Kansai.

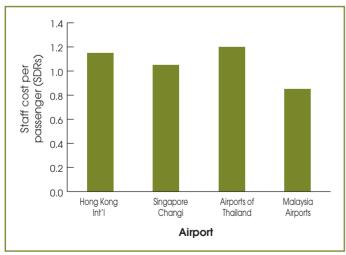


Source: Jacobs Consultina

**Note:** Cost measured for a turnaround by eight different aircraft types. SDR = special drawing rights. SDRs are used to account for currency differences

On a cost per passenger basis, MAHB was the lowest despite the disadvantage where Malaysia Airports also operates small domestic airports. MAHB also scored well on a staff cost per passenger.





Source: Jacobs Consulting

On the passenger traffic side, preliminary traffic data released by Airports Council International provides optimism for KLIA, which registered one of the highest growth in the region in 2008. KLIA grew by 4.1% year-on-year while most of the larger competing airports in the region grew at a lower rate. The traffic performance of the related airports is as follows:

Airport	2008	% Change
Hong Kong International Airport (HKG)	47.9 million	1.8
Suvarnabhumi Airport Bangkok (BKK)	38.6 million	↓6.3
Changi Airport Singapore (SIN)	37.69 million	<b>^</b> 2.7
Ninoy Aquino International Airport Manila (MNL)	21.95 million	<b>1</b> 7.3
Soekarno Hatta International Airport Jakarta (CGK)	32.17 million	10.6
Incheon International Airport Seoul (ICN)	30.17 million	J <sub>4.0</sub>
KL International Airport (KUL)	27.53 million	<u></u>

Source: ACI (preliminary)

### DIVIDEND POLICY

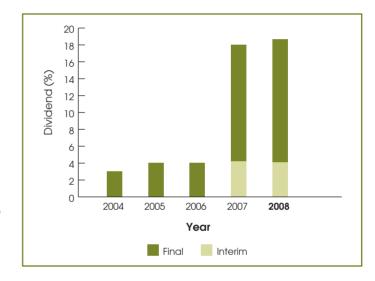
Malaysia Airports Holdings Berhad ("MAHB") adopts a dividend policy with a dividend payout ratio of at least 50% of the consolidated annual net profit after taxation and minority interest annually commencing from the financial year 31 December 2007 subject to availability of distributable reserves.

The rationale of the dividend policy:

- (i) to return excess cash of MAHB to shareholders
- (ii) improves the return on equity of the Group
- (iii) consistent with other government linked companies' best practices in respect to dividend payout.

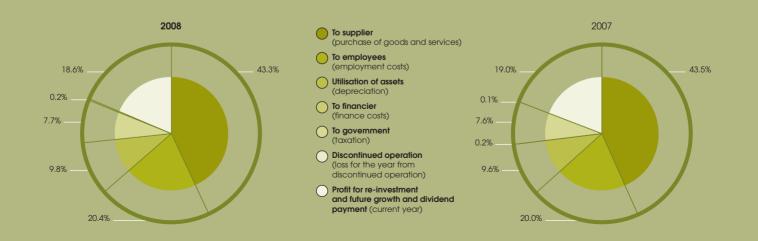
The dividend policy will enable MAHB to provide sustainable dividends to shareholders consistent with the company's earnings growth while maintaining an efficient capital structure and ensuring sufficiency of funds for future growth.

The summary of dividends declared and paid to the shareholders of MAHB for the financial year ended 31 December 2004 to 2008 are tabulated below:



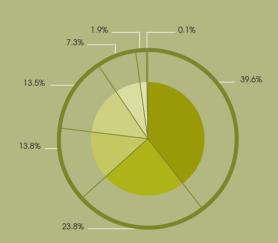
# STATEMENT OF DISTRIBUTION

	2008 RM'000	%	2007 RM'000	%
Current income available for distribution	1,606.5		1,502.2	
To supplier Purchase of goods and services	696.6	43.3	653.8	43.5
To employees Employment costs	327.3	20.4	301.0	20.0
Utilisation of assets Depreciation	157.1	9.8	143.5	9.6
To financier Finance costs	0.3	0.0	3.3	0.2
To government Taxation	123.4	7.7	114.4	7.6
Discontinued operation Loss for the year from discontinued operation	3.2	0.2	1.2	0.1
Retained for re-investment and future growth and dividend payment Current Year	298.6	18.6	285.0	19.0
TOTAL ASSETS	1,606.5	100.0	1,502.2	100.0



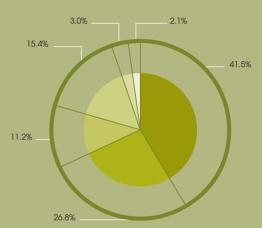
#### SIMPLIFIED GROUP

## BALANCE SHEETS



#### **ASSETS**

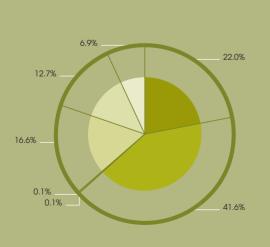




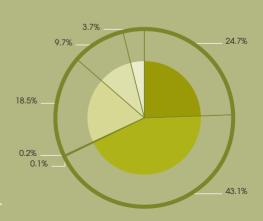
#### **EQUITY AND LIABILITIES**

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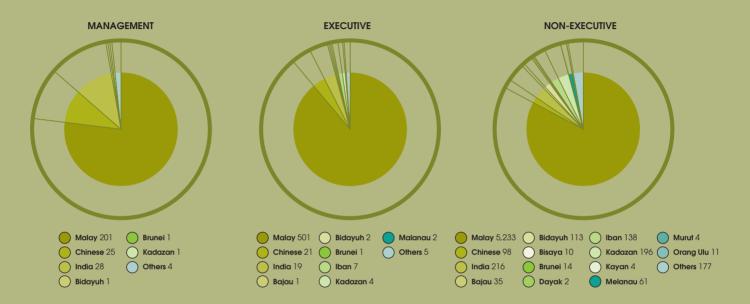
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# STATEMENT OF WORKFORCE



#### **GROUP**

# QUARTERLY PERFORMANCE

In RM Million	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2008
FINANCIAL PERFORMANCE					
Operating revenue	409.9	372.2	369.1	361.8	1,513.0
Profit before tax	122.3	88.5	128.8	92.8	432.4
Profit after tax	91.6	66.5	90.1	57.60	305.8
Earnings per share (sen)	8.3	6.0	8.2	5.27	27.8
In RM Million	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2007
FINANCIAL PERFORMANCE					
Operating revenue	332.0	341.7	351.0	355.30	1,380.0
Profit before tax	94.1	81.4	88.1	141.30	404.9
Profit after tax	71.3	56.0	55.7	106.30	289.3
Earnings per share (sen)	6.5	5.1	5.1	9.6	26.3

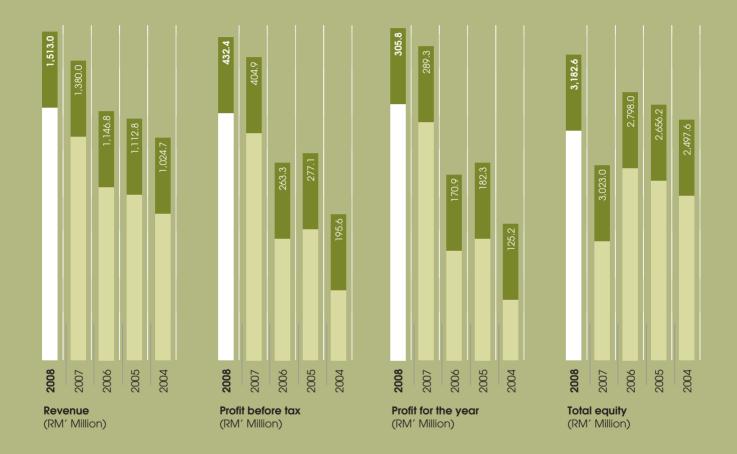
#### **GROUP**

# 5-YEAR SUMMARY

CONSOLIDATED INCOME STATEMENT Year ended 31 December	2008 RM Million	2007 RM Million	2006 RM Million	2005 RM Million	2004 RM Million
Revenue	1,513.0	1,380.0	1,146.8	1,112.8	1,024.70
Profit before tax	432.4	404.9	263.3	277.1	195.6
Income tax expense	(123.4)	(114.3)	(92.4)	(94.8)	(70.4)
Profit for the year from continuing operations	309.0	290.6	170.9	182.3	125.2
Loss for the year from discontinued operation	(3.2)	(1.3)	_	_	_
Profit for the year	305.8	289.3	170.9	182.3	125.2
Attributable to:					
Equity holders of the Company	305.2	288.9	170.3	182.3	125.2
Minority interests	0.6	0.4	0.6		
	305.8	289.3	170.9	182.3	125.2
*Earnings per share attributable to equity holders of the Company (sen)					
Basic	27.8	26.3	15.5	16.6	11.4
Basic, for continuing operations	28.0	26.4	15.5	16.6	11.4
Date, io. commany operations	20.0				
CONSOLIDATED BALANCE SHEET	2008	2007	2006	2005	2004
As at 31 December	RM Million				
ASSETS					
Non-current assets	3,584.8	3,215.5	3,143.7	3,061.0	3,078.2
Current assets	1,403.2	1,239.5	1,188.0	979.3	1,000.9
Asset of disposal group classified as held for disposal	4.3				
TOTAL ASSETS	4,992.3	4,455.0	4,331.7	4,040.3	4,079.1
EQUITY AND LIABILITIES					
Share capital	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0
Share premium	822.7	822.7	822.7	822.7	822.7
Retained earnings	1,257.0	1,096.7	872.1	733.5	574.9
Foreign exchange reserve	(1.2)				
	3,178.5	3,019.4	2,794.8	2,656.2	2,497.6
Minority interests	4.1	3.6	3.2		
TOTAL EQUITY	3,182.6	3,023.0	2,798.0	2,656.2	2,497.6
Non-current liabilities	434.7	112.0	129.2	207.1	1,076.7
Current liabilities	1,372.3	1,320.0	1,404.5	1,177.0	504.8
Liabilities of disposal group classified as held for disposal	2.7	_	_	_	_
TOTAL LIABILITIES	1,809.7	1,432.0	1,533.7	1,384.1	1,581.5
TOTAL EQUITY & LIABILITIES	4,992.3	4,455.0	4,331.7	4,040.3	4,079.1
Net assets per share (RM)	2.9	2.7	2.5	2.4	2.3

#### 5-YEAR

# FINANCIAL HIGHLIGHTS



# SHARE PRICE AND VOLUME TRADED

#### 2008 MONTHLY TRADING VOLUME & HIGHEST-LOWEST SHARE PRICE

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	ост	NOV	DEC
Volume	106,539	76,160	29,248	53,062	73,053	140,134	18,903	25,788	47,341	144,789	34,041	14,605
Highest	3.18	3.24	3.24	3.00	3.16	3.16	2.83	2.78	2.90	2.55	2.35	2.34
Lowest	2.90	3.00	2.82	2.85	2.86	2.80	2.60	2.56	2.20	2.00	1.95	2.00
Closing Price	3.18	3.06	2.96	2.99	3.16	2.90	2.80	2.68	2.61	2.16	2.14	2.21

#### SHARE PRICE MOVEMENT



#### Malaysia Airports Holdings Berhad

### FINANCIAL CALENDAR

#### **28** FEBRUARY 2008

Announcement of the unaudited consolidated 4th quarter results for the twelve months ended 31 December 2007.

#### 17 MARCH 2008

Announcement of the Headline Key Performance Indicators for the financial year ended 31 December 2008.

#### 6 MAY 2008

Issuance of Notice of the Ninth Annual General Meeting, Notice of Book Closure for payment of final dividend and Annual Report for the financial year ended 31 December 2007.

#### **29** MAY 2008

Ninth Annual General Meeting and the announcement of the unaudited consolidated 1st quarter results for the three months ended 31 March 2008.

#### **13** JUNE 2008

Book Closure for determining the entitlement of the final dividend of 13.80 sen per share less income tax of 26% on 1,100,000,000 ordinary shares for the financial year ended 31 December 2007.

#### **27** JUNE 2008

Date of payment of the final dividend for the financial year ended 31 December 2007.

#### 28 AUGUST 2008

Announcement of the unaudited consolidated 2nd quarter results for the six months ended 30 June 2008 and the announcement of the Headline Key Performance Indicators for the six months period ended 30 June 2008.

#### **27** NOVEMBER 2008

Announcement of the unaudited consolidated 3rd quarter results for the ninth months ended 30 September 2008 and issuance of Notice of Book Closure for payment of interim dividend for the financial year ended 31 December 2008.

#### **15** DECEMBER 2008

Book Closure for determining the entitlement of the interim dividend of 4 sen per share less income tax of 26% on 1,100,000,000 ordinary shares for the financial year ended 31 December 2008.

#### **23** DECEMBER 2008

Announcement of the Restructuring Plan of the Company.

#### **29** DECEMBER 2008

Date of payment of the interim dividend for the financial year ended 31 December 2008.

#### **12** FEBRUARY 2009

Announcement of the Government Approved Corporate and Financial Restructuring of the Company.

#### **25** FEBRUARY 2009

Announcement of the unaudited consolidated 4th quarter results for the twelve months ended 31 December 2008 and the announcement of the postponement of the Headline Key Performance Indicators for the financial year ending 31 December 2009.

#### 26 MARCH 2009

Announcement of the Headline Key Performance Indicators Achievement for the financial year ended 31 December 2008 and the Headline Key Performance Indicators for the financial year ended 31 December 2009.



meeting the challenge

# the challenge of going the extra mile in passenger comfort, ammenities & luxury







### CHAIRMAN'S STATEMENT

### Dear Shareholders,

For the financial year ending 31 December 2008, Malaysia Airports Holdings Berhad (MAHB) was able to meet the challenges of an increasingly difficult operating environment to register another year of record revenue growth and profitability. MAHB continued to surpass its headline financial Key Performance Indicators (KPIs) for 2008, posting earnings before interest, tax, depreciation and amortisation (EBITDA) of RM587.37 million and return on equity (ROE) of 9.86%.

The highlights of 2008 included the 10th Anniversary celebrations of KL International Airport (KLIA) and the hosting of the 14th Edition of the World

Route Development Forum by MAHB, proclaimed by many to be the most successful in the series. Our list of awards and accolades continued to grow, with Pan Pacific Kuala Lumpur International Airport (PPKLIA) being voted the World's Leading Airport Hotel 2008.

MAHB has been steadily improving its standing in corporate governance in terms of compliance, best practices and transparency. The results of the annual Corporate Governance Survey, jointly organised by the Minority Shareholder Watchdog Group and Nottingham University Business School (Malaysia Campus), were used to determine the ranking of all the companies listed on Bursa Malaysia Securities Berhad in terms of their compliance with the corporate governance principles and best practices.

The governance principles adopted by the Group have been ranked in the seventh (7th) position, based on the findings of the "Corporate Governance Survey 2008". The Board has striven hard

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### CHAIRMAN'S STATEMENT



continuously to strengthen its performance in this area, and the position secured is an improvement from the 40th and 14th positions in 2006 and 2007, respectively.

For the past several years, the themes we have selected for our annual reports are snap-shots of how far and fast the Group has come. In retrospect, it has been a remarkable journey that has seen MAHB growing from strength to strenath. At the same time, the challenges are manifold and so far, the Group has demonstrated that it has not iust coped, but prospered and become accustomed to taking challenges in its stride. Last year, the Group was dealt a double whammy. The first hit was by way of escalating oil prices, but before the industry could come to grips with this, the sub-prime mortagae crisis that had its roots in the United States began to morph into a global synchronised recession, the worst in almost 80 years. The deteriorating economic conditions have had a devastating impact on the alobal airlines industry, and by association, the business we are in. In short, the entire aviation industry is at a critical cross-road, and our theme of 'Meeting the Challenge' could not be more appropriate.

As we brace ourselves for tougher times, the consolation is that MAHB is in a far better shape today than at any time to successfully navigate the economic turbulence. Not only do we have the financial muscle, but the structures, systems and procedures laid down over the years have positioned the Group to meet the challenges ahead.

I am pleased to present this Annual Report and audited Financial Statements of Malaysia Airports Holdings Berhad at the Group and Company level for the financial year ended 31 December 2008.

#### FINANCIAL PERFORMANCE

MAHB registered a record profit before taxation (PBT) of RM432.44 million for the financial year ended 31 December 2008 (FY2008). This was an improvement of 6.80% or RM27.54 million from RM404.89 million reported in the last financial year ended 31 December 2007 (FY2007).

The Group achieved a record turnover for the sixth consecutive year. Revenue grew to RM1.51 billion, which was 9.65% or RM133.11 million higher than the RM1.38 billion recorded the previous financial year.

EBITDA for FY2008 increased by 7.18% or RM39.30 million to RM587.37 million, compared with RM548.03 million posted a year earlier. Net earnings in 2008 rose 5.71% or RM16.53 million to RM305.82 million, from RM289.29 million recorded in 2007.

MAHB's revenue base can be broadly divided into airport and non-airport operations. Under airport operations, it can be further split into aeronautical and non-aeronautical operations. The latter comprises retail, food and beverage outlets and rental services. Our non-airport operations consist of event management, project and repair maintenance, hotel and agriculture and horticulture businesses.

The Group's improved overall financial performance was attributed mainly to a higher contribution from both its airport and non-airport operations. Total revenue growth of 9.65% was almost double that of overall passenger growth of 5.01%, resulting in a PBT improvement of 6.80%. This was despite a 6.95% increase in operating expenses, mainly due to higher staff-related costs, repair and maintenance.

In terms of contribution to the bottom line, non-aeronautical revenue stood at a higher proportion against aeronautical revenue at 56.88% and 43.12% respectively. For 2007, the respective contributions were in the ratio of 54.11% and 45.89%. This trend is consistent with the Group's long-term objective to grow its non-aeronautical business, especially the commercial segment.

Following higher passenger and aircraft movements, revenue generated by our airport operations segment improved by 9.26% to RM1.28 billion, largely attributed to a 3.04% or RM19.26 million improvement in geronautical revenue.

By design, the Group's non-aeronautical segment recorded an even stronger growth of 16.58% or RM89.14 million. The significant improvement in our non-aeronautical business was contributed mainly by the retail, food and beverage (F&B) and rental services, which benefited from higher rental, royalty, increase in passenger volume and the appointment of new tenants at the Penang, Kota Kinabalu, Kuching and



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### CHAIRMAN'S STATEMENT

Miri airports. MAHB's own retail business grew by 5.50% to RM304.90 million, while revenue derived from rental of space and advertising grew by 29.47% to RM321.75 million.

During the year, revenue from MAHB's non-airports segment increased by 11.81% to RM233.94 million. This resulted from increased contributions from event management and hotel services, as well as a significant growth of 37.78% in the agriculture business.

The Group's strong performance is reflected in the movement of its counter on Bursa Malaysia. Compared with other listed regional airports, MAHB counter has displayed a strong defensive nature to hold its own amidst volatile market conditions. It has consistently performed well above the Kuala Lumpur Composite Index throughout 2008.

### **DIVIDENDS**

MAHB is committed to enhancing shareholders' value, as demonstrated in the past years with a dividend payout policy to pay at least 50% of the Group's profit after tax and minority interest, subject to the availability of distributable reserves.



The Board has already announced an interim dividend of 4 sen per share and is now proposing a gross final dividend of 14.5 sen per share, subject to the approval of shareholders at the forthcoming Annual General Meeting. If approved, the total dividend of 18.5 sen per share for FY2008 will be much higher by 0.7 sen per share as compared to the total dividend paid of 17.8 sen per share for FY2007.

### **CORPORATE DEVELOPMENTS**

On 23 December 2008, the Cabinet approved MAHB's financial restructuring plan, which will set the stage for the Group's new direction and business philosophy going forward.



In line with the restructuring plan, MAHB will emerge a leaner and more focused entity. Accordingly, MAHB will divest itself of non-core assets such as the National Exhibition & Convention Centre Sdn. Bhd. and Sepang International Circuit Sdn. Bhd., which will require the approval of shareholders. The Asia Pacific Auction Centre Sdn. Bhd. (APAC) has also ceased operations in December 2008 as part of the plan to unbundle non-core businesses from MAHB.

MAHB also proposes to grant a call option to the Minister of Finance (MoF) to require Malaysia Airports Sdn. Bhd. (MASB) to sell Sepang International Formula One Circuit to MoF. The call option is exercisable within 10 years from the date of the agreements for the proposed disposal of the non-core assets. If the call option is not exercised by the end of the 10-year period, it shall be deemed exercised on the last day of that year.

### **OPERATIONAL HIGHLIGHTS**

The first seven months of 2008 saw impressive gains in passenger traffic recorded by the airports operated by

the Group, Despite the deteriorating alobal economic conditions, the succeeding months generally remained positive, albeit with slower growth. Total passenger volume across MAHB's 39 airports grew 5.01% to reach 47.45 million for the year. This was supported by a 5.12% growth in domestic passenger volume to 26.40 million and a 4.87% growth in international passenger volume to 21.06 million. Total aircraft movements across the Group's domestic and international airports also reaistered a growth of 9.97% to 496, 271. Although cargo traffic experienced a positive growth in the early part of the year, the onset of high oil prices followed by the economic downturn have had a subsequent negative impact. For the year, it declined by 6.49% as against 2007.

As the principal aviation gateway to Malaysia, KLIA continued to lead the field in terms of performance. Total passenger traffic rose by 4.1% to 27.53 million, while aircraft movements recorded a 9.0% growth, with the international sector registering a significant 11.6% increase. Our

unrelenting marketing efforts to woo more airlines to Malaysia continued to be productive with the addition of five new airlines operating from KLIA.

In living up to our new Mission Statement and the expectations of the travelling public, we are continually upgrading our infrastructure and facilities. High on the list of priorities are the expansion of the Low Cost Carrier Terminal (LCCT-KLIA) and the final thrust in the implementation of Retail Optimisation Plan for KLIA. Upgrading works that range from a complete makeover to the renovation of existing facilities, were also carried out at various airports namely, Sultan Mahmud Airport in Terenaganu, Batu Berendam Airport in Melaka, Lahad Datu Airport and Kota Kinabalu International Airport (both in Sabah), and Labuan Airport in Wilayah Persekutuan Labuan.

Our journey towards excellence continued to be manifested in the certification of the Group's key operating units to the foremost quality assurance systems, which include Aerodrome certification and ISO 9000. To date, all key operating units have been certified to ISO 9001:2000. Efforts to obtain ISO 14000:2004 certification for

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environmental management systems and OHSAS 18001 for Occupational Safety and Health Management System have started at all five international airports. The long term plan is to have the key operating units certified to an integrated system of QMS ISO 9001, EMS ISO 14001 and OHSAS 18001. Technology permeates almost every aspect of our operations, and it has always been MAHB's objective to harness its power and potential to deliver the best in terms of efficiency and costeffectiveness. MAHB is also working closely with IATA to implement the various components of the Simplifyina the Business Programme (StB).

In the less than perfect world we live in. the safety and security of our airports remains a paramount concern. That is why we have continually reviewed our safety and security systems to ensure that what we have in place are always several steps ahead of miscreants. MAHB is one of the pioneers amongst airports in supporting the Green Movement and during the year, we strengthened our resolve in this area. Till now, KLIA remains the only airport in the world to carry the coveted Green Globe 21 Certification. The Group is currently taking steps to make all its airports environmentally friendly, starting

with the international airports. In practising corporate social responsibility, the Group's Vendor Development Programme and educational programme under the tagline Beyond Borders, have taken off.

The Group has also ventured into the huge and relatively untapped airport consultation seament in the overseas market. MAHB has currently extended its management expertise to four international airports i.e. two in India and one each in Kazakhstan and Turkey. The Group only started managing and operating the Astana International Airport in Kazakhstan in May 2007. However, just one year later, in May 2008 Astana International Airport won the Best Airport in the Commonwealth of Independent States (CIS) Countries Award 2007 for the one million passengers category. Our overseas operations have been a source of recurring revenue since 2001, and in 2008 contributed some RM17.33 million to the bottom line.

The year under review brought MAHB its share of awards and accolades. PPKLIA joined the ranks of World's Best when it was voted the World's Leading Airport Hotel by World Travel Awards 2008. It also maintained its standing as the Best

Airport Hotel in Asia 2008 by Business Asia Magazine, a title it has won for an unprecedented seven times. KLIA was ranked fourth in the Skytrax World Airports Awards. Skytrax is a UK-based aviation research specialists.

As you are no doubt aware, KLIA was accorded the title of World's Best Airport in the 15-25 million passengers per annum category for three consecutive years, from 2005 to 2007. In the 2007 ranking, KLIA was also placed second in both Overall and Best Airport in Asia-Pacific Region categories. All these results have been audited and verified by the Airport Council International (ACI), the world airports governing body. However, for 2008, although it was confirmed that KLIA has followed the standard fieldwork procedures, its scores could not be replicated during the Airport Service Quality (ASQ) results. As such, both parties gareed that it was best that KLIA's results for 2008 be excluded from the annual ranking as it would be too late to attempt to reconcile the results.

Recognition and acknowledgement that MAHB has indeed arrived comes in many forms. It is a reflection of MAHB's standing within the industry, when Malaysia won the bid to host Routes

forum, bringing the largest networking event for the aviation industry for the first time in its 14-year history. By all accounts, Routes KL was a resounding success, attended by over 2,500 delegates representing airports, airlines and related aviation companies from all over the world. At this event, MAHB won the Host Achievement Award for its pioneering route development work and for leading the way in building airportairline relationships in Asia. We are also honoured that MAHB has been elected to the ACI Asia Pacific Regional Board and appointed a Member of ACI's World Governina Body.

#### A MANIFOLD CHALLENGE

Managing the Group's system of airports to the high standards we have set ourselves is a multi-dimensional task and represents one of the biggest ongoing challenges. It is one thing to have a world-class infrastructure, but this must be matched by the other prerequisites, namely the systems, processes and people. Among the myriad of challenges that we encounter, I will draw your attention to four critical areas. I have already captured the essence of some of the other challenges we face, and these, I must emphasise, are no less important in our

efforts to strive for excellence. They will be dealt with by the Managing Director in his report.

### The LCCT Imperative

The rapid rise of LCCT-KLIA as a key player in the alobal aviation industry has considerably boosted Malaysia's competitive position as an aviation hub. Planned as a two-phase project, the first phase of LCCT-KLIA was built in 2005 on a fast-track basis at a cost of RM108.0 million. The 31,601 sam terminal was designed with a capability to handle 10 million passengers per annum (mppa), with the possibility for further expansion of up to 15 mppa. In the nine months since commencing operations in March 2006, LCCT-KLIA handled 4.6 million passengers. The phenomenal traffic growth continued in the years that followed, and by 2007, it was already handling 8 million passengers, increasing by 31.7% to 10.1 million passengers in 2008. The increase in passenger traffic volume was largely driven by the rapid growth of low-fare travel and the introduction of new routes and lonahaul operations by AirAsia Berhad.

By 2007, it was evident that LCCT-KLIA would exceed its capacity at a much faster pace than expected. One of MAHB's priorities in 2008 was the Phase

2 expansion of LCCT-KLIA to cater to the increased passenger load and to accommodate more low-cost airlines that have expressed interest to set up their bases in Malaysia. The number of budget airlines landing at LCCT-KLIA has now increased to six, namely AirAsia, Thai AirAsia, Indonesia AirAsia, AirAsia X, Tiger Airways and Cebu Pacific Airways.

Construction of the RM160.0 million new wing under Phase 2 began in 7 April 2008 and will expand the total floor area in the existing terminal by 103% to 64,067 sam. Designed to enhance passenger comfort level and overall airport experience, the additional floor space will be utilised to accommodate more retail and F&B outlets as well as other amenities, such as prayer room (surgu) and shower facilities. The new international arrival hall has commenced operations since 15 December 2008. For the convenience of passengers, six bagaage carousels have been configured to expedite baggage handling. Going through customs and immigration clearance will also be faster with the provision of additional counters. When fully operational in March 2009. the extended terminal will have the capacity to handle 15 mppa.

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Meanwhile, the National Airport Master Plan Study, after considering several locations, has identified a site for the permanent LCCT at KLIA. The project will be carried out in two phases, with an estimated cost of around RM2.0 billion. Locating the new LCCT at KLIA has the following distinct advantages:

- Ensures competitive growth of KLIA to emerge as a significant hub in the region by fully capitalising on two reasonably developed market seaments (full service and LCC)
- Promotes efficient and cost-effective terminal operations, whilst meeting the needs of passengers and the airport community at large
- Facilitates passenger convenience and connectivity between LCCT and KLIA as the two terminals are only 1.5 kilometres apart
- Offers avenues for efficient integrated ground transportation to offer the best transfer capabilities for passengers and airlines

- The KLIA Master Plan has already integrated infrastructural and land area requirements to cater for a long-term passenger traffic of 80 to 100 mppa. To date, the utilisation rate is less than 30%
- The Master Plan includes the development of a new LCCT to handle up to 45 mppa, which will be integrated with the current infrastructure and Main Terminal Building (MTB) of KLIA for seamless connectivity.

The permanent LCCT will be developed by MAHB using its own funds. When Phase 1 is completed by the third quarter of 2011, the new Terminal Building will have a total area of 150,000 sam to accommodate a traffic flow of 30 mppa. Given the large floor space, the comfort level of travellers is improved, with an allowance of some 15 to 20 sgm per person. Other key features include a third runway for operational efficiency, full parallel taxiways for runways 2 and 3 for quick turnaround and a parking apron capable of accommodating at least 60 aircrafts of various sizes and configurations. The new LCCT will also focus on efficient layout plans for concession areas set aside for retail and F&B outlets. To ease congestion, a

separate immigration area will be provided to process immigrant workers. There will also be transfer areas to facilitate ease of connections, provision for landside rail and airside transfer to existing KLIA Main Terminal. Under Phase 2 development, the capacity of the new LCCT can be further expanded to accommodate passenger traffic of 45 mppa.

### The Commercial Thrust

A long-standing challenge of the Group is to exploit the full revenue potential of its Commercial Services Division (CSD). CSD's revenue base is derived mainly from its retail and F&B operations and the provision of hospitality services and lounges, and is the major contributor to the Group's non-aeronautical revenue. MAHB has set a target of 50:50 with respect to aeronautical vs commercial revenue to be achieved by 2010. To achieve this target, a far-reaching plan to provide travellers with the ultimate shopping and dining experience at KLIA and selected airports has finally been completed in 2008.

At KLIA, this is being realised through the Retail Optimisation Project (ROP) at the Satellite Building and the Duty Free Mall at Contact Pier International (CPI).

A great deal of research, planning and preparation has been invested in the ROP to ensure optimum results. To minimise disruptions to airport operations, it was decided that the project would be undertaken in four phases, beginning with the East Zone, followed by the South, North and West Zones. The physical transformation of the East Zone began in May 2008 and during the five months of renovation works, every effort was made to ensure that travellers would not be inconvenienced. Thus, various retail and F&B outlets were temporarily relocated to other parts of the Satellite Building so that travellers would continue to enjoy the complete range of offerings at KLIA. Although temporary passage ways were constructed to allow passengers to reach their respective departure gates, they were comfortably lit and airconditioned.

The unveiling of the East Zone on 9 December was a much-anticipated event that did not disappoint. The retail facade now sports a definitive new look that is more contemporary, but still retains a distinctive Malaysian flavour. Attention has been given to maximising retail and F&B space to improve the penetration rate to raise sales opportunities. Travellers also have more

choices to tempt their wallets with the presence of new outlets such as the world-renowned Harrods, Dome Café, L'Occitane, our own Eraman Malavsia and many more. All this comes with a new level of customer service excellence stemming from CSD's conviction that 'The journey begins and ends with the customers in mind. delivering end-to-end customer experience while building capabilities and revenue'. In building a profitable and sustainable business, CSD has set its goals high, aiming not only to meet but to exceed customers' expectations. This is in line with the proposal put forward by the Cross Functional Team (CFT) set up by MAHB under the Government-Linked Companies (GLC) transformation agenda to shift towards a more customer-centric organisation. Work on the remaining zones is progressing on schedule, with full completion expected by August 2009. By then, the number of outlets at the Satellite Building would be increased to 87, of which 56 are retail, 19 F&B and the remaining 12 being service outlets.

Like ROP, other major development at CPI promises to elevate the shopping experience for travellers in terms of ambience, variety and pricing. The Duty Free Mall@CP was opened to the public

in December 2008 offering duty-free fare of cigarettes, liquor and chocolates. The CPI development will take the shape of a lifestyle mall and is targeted for completion by mid-2009. The mall is strategically located near the aero train station, where regional and international travellers converge. It will be managed by Malaysia Airports (Nigga) Sdn. Bhd., better known as ERAMAN Malaysia, a wholly owned subsidiary of MAHB. Incorporating Malaysian 'batik' as the main decorative element, a great deal of attention has gone into creating the right ambience for the ultimate shopping experience. By the time it opens its doors for business, it will feature the best ever retail mix of lifestyle apparel and accessories, such as elegant watches and time pieces, and a wide array showcasing the best of Malaysian handicrafts and souvenirs. For the young and young at heart, the 'Kidz Smart Tunnel' will be irresistible, the specialty being an exclusive selection of tovs as collectors' items.

While putting the physical structures in place, CSD has been addressing the softer elements to meet the challenges. The Division has redefined its Mission Statement and aspires to become a 'regional leader of an airport commercial model as a lifestyle

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destination and/or community hub while ensuring sustainability and improving stakeholder values'. This has imbued the Division with a new sense of purpose and urgency.

Going forward and to serve as a roadmap, five key transformation strategies have been formulated to achieve commercial excellence and ultimately, to meet MAHB's corporate aspirations:

- Customer Experience Transformation as the fundamental thrust that will strengthen customer relationship management and cultivate brand satisfaction and loyalty
- Airport Commercial Model
   Transformation as the main integrator in creating a holistic strategy for the transformation of commercial practices and activities in accordance to airport classification and customer profile. To this end, five airport commercial models and airports have been identified for pilot projects to be launched in 2009
- Product Transformation aimed at achieving optimum product categorisation to yield maximum financial performance, enhance value proposition and customer experience

- Partners Transformation to strategise developing concessionaire value while maintaining a sustainable partner relationship
- People Transformation aimed at crafting an optimal structure of a high performance organisation with a business mindset to achieve effective and profitable management of commercial activities.

All these are part of key initiatives put forward by CSD that will lead to an increase in productivity, revenue and strengthen its core business capabilities. Through these initiatives, MAHB is looking to changing the popular perception of airports as mere transportation hubs. By thinking creatively and outside the box, major airports can be a gourmets' haven, shoppers' paradise, meeting centres, or a place for relaxation and entertainment. In short, airports can become lifestyle destinations. Where viable, domestic airports can also be developed as community hub with service as the main attraction. These are all exciting possibilities that will be developed over the next several years and they represent only the tip of the iceberg. The possibilities are almost limitless and you can expect more from us. The full potential of CSD as a major revenue earner may soon be realised.

### The March of Technology

To a large extent, MAHB's success may be attributed to its ability to utilise Information Technology (IT) to meet the exacting demands of the modern aviation industry. KLIA is one of the most technologically advanced airports, being the first airport in the world to use the revolutionary Total Airport Management System (TAMS). Many aspects of an airport's operations depend upon IT efficiency. Through TAMS all the various bespoke systems in an airport are integrated and interconnected with one another to yield process efficiency.

Given the high degree of automation in MAHB's airports, one of the biggest challenges is that of availability and this can only be assured through a rigorous maintenance programme. The deliverables are measured in terms of the efficiency of services and timeliness of information to serve the needs of travellers and other airport users. In data usability, the data flow processes would involve the airlines, ground handlers, air traffic controllers, airport employees, government agencies and retailers.

Appropriate information is extracted and interchanged from and to the various bespoke systems. This provides common information leading to higher operational efficiency. The corroborative functions between systems provide the same data throughout, and based on event-driven scenarios, changes that occur are reflected through the integrated system, thus providing the right data for operations and consistency for operational information.

Since the incorporation of MAHB, the technological advancements in the airport business have been evolvina rapidly. KLIA is already 10 years old and although it is ageing gracefully, one should expect varying degrees of technological obsolescence with the passage of time. In the last year or so, the network infrastructure has been upgraded to provide high capacity throughput to the extent of having almost real time updates between two data centres as well as a high degree of availability for users. The user group includes MAHB and also airlines, agencies, retailers, cargo agents, ground handlers and others of the airport community that operate out of KLIA.

The upgrading of technology in our airports is being carried out at several levels in the interest of efficiency, cost effectiveness and to give a substantial add-on value to passenaers. In servina the needs of the airlines. MAHB has implemented SITA's CUTE (Common Use Terminal Equipment) systems at our major airports. SITA is a leading provider of information and telecommunication solutions to the aviation industry. With CUTE in place, MAHB and its airline partners have reaped the benefits of greater operational flexibility and a reduction in costs. CUTE is a common software, hardware and network solution for airports that enables airlines and handling agents to access their own systems from workstations and printers shared by all users. It also supports passenger processing applications such as departure control and boarding systems, as well as airport operations systems such as flight information displays. The CUTE system has also been implemented at Kota Kinabalu and Penang International Airports. The Flight Information Reporting Tool (FLIRT) system is another component that has been deployed at our airports. It provides passenger statistics for all flights. departures and arrivals as well as transit and transfer data. To date, 18 airlines have adopted FLIRT and this has

reduced manual processing work for passenger service charges. In addition, some 22 Common Use Self Service kiosks have been introduced at KLIA to expedite check-in and reduce aueues.

In preparation for the forthcomina new aeneration aircraft, MAHB has implemented WiFi technology at the apron in KLIA to facilitate data communication between aircraft and the back-office systems. The WiFi service has also been extended to LCCT-KLIA. In terms of services, the upgrading of the various components of TAMS is taraeted at achievina process efficiency, thereby leading to more effective cost management. The implementation of voice response technology for flight information systems is another element to create value for passengers and users at KLIA. We are also deploying technology to enhance the surveillance systems across MAHB's airports to boost security. Meanwhile, Penang International Airport is undergoing a major upgrade of its IT infrastructure and is on its way to become a fully integrated airport in the region.

Other IT components due for implementation are for the operational information system/airport operations

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database (OIS/AODB). The function of AODB will enable the collation of operational information to a single view for airport operations management. It will be implemented in KLIA first, before it is extended to other airports, to provide the same efficiency and standards. Over the next three years, the IT components of baggage handling system will be improved to allow better baggage tracking. IT has an important bearing on safety and in this regard, MAHB is upgrading the IT components for the Airfield Ground Lighting Systems (AGL). This upgrading will lead to better manage and usage and mitigate any adverse impact of technology obsolescence. On the security front, the uparadina and replacement of close circuit television (CCTV) cameras has started. The access control upgrading has been completed, while the concept of camera analytics is being incorporated into the CCTV system to provide better coverage and with recording capabilities.

Acquiring the appropriate technologies to meet our requirements is in itself a major challenge, given the various options available on the market. IT governance plays an important role in acquisition of technology. Technology sourcing is done with prior scanning of

industry best practices and proven technology, guided by the prime objective of delivering solutions that align to the Group's business needs. Other factors, such as the cost of ownership, maintainability, scalability and growth concerns are all part of the overall equation. Appropriate governance measures are taken to ensure the challenge is met.

### Leveraging on our Human Capital

MAHB's human capital plays a central and decisive role in meeting the challenge and shaping its corporate future. In 2008, MAHB invested a sum of RM7.6 million in its manpower training and development programmes. A total of 509 programmes were conducted in 2008, benefiting some 6,496 participants. As vet another manifestation of the Group's emphasis on human resource development, we have invested RM370,000 to uparade the training facility at the Engineering Complex. It is now equipped with three training rooms and two laboratories, furnished with x-ray machines, airfield ground lighting and industrial automation facilities.

In 2008, the Human Resource Division (HRD) continued to implement several strategic initiatives to prepare the

Group's human capital to meet its current and future requirements at home, and increasingly in the international marketplace. Towards this end, MAHB has adopted a two-pronged strategy focused on (1) strengthening leadership practices and (2) intensifying performance management.

### Strengthening Leadership Practices.

The Group has participated in Khazanah Nasional's Leadership Development Audit and Accelerated Leadership Programme under the Orange Book initiative to develop leadership capability. This initiative rests on four main pillars, namely leadership capability building, professional capability building, career development programmes and other programmes.

Leadership capability building is a deliberate and rigorous structured approach to identify potential leaders from within the Group. As a holistic developmental programme, it focuses on the development of identified potential talents and successors to be leaders of tomorrow, thereby ensuring leadership continuity.

This is being achieved through the following programmes:

- Developing the Leadership Within
- Leadership Challenge Programme
- 360 degrees Leaders Programme
- Leadership Excellence and Practice Programme
- Accelerated Leadership Development Programme

All five programmes took a total of 30 days to complete. It included a two-week, full-time residential stint to accelerate and intensify the leadership identification and development process. A total of 15 potential leaders for Level 1 (General Managers) and another 12 for Level 2 (Senior Managers) were identified and were assessed for their readiness to assume higher positions. From the 15 potential successors, five have been identified to be ready to move up the corporate ladder, with the rest only ready within the next one to two years. Of the 12 potential successors for the Senior Manager post, four have been categorised to be ready, with the rest only ready within the next one to two years. Through these exercises, MAHB has identified a significant pool of personnel suitably qualified to occupy the senior positions, as and when the need arises.

Professional capability building is another approach adopted by MAHB to equip its airport managers with the required knowledge, skills and capabilities to meet world standards. This is especially important now that MAHB has become an international player. Participants are hand-picked to attend three-year Airport Management Professional Programme (AMPAP) that is iointly conducted by ACI and ICAO. Upon successful completion of the programme, the participant will be accredited as an International Airport Professional, a status that is accorded to other professions such as lawvers, doctors and accountants.

AMPAP is designed to increase the knowledge and capabilities of airport management staff and promotes professional excellence in airport management. In 2008, MAHB registered five airport managers to pursue this programme.

Career Development Programmes (CDP) addresses the competency building of high-fliers with the potential to helm the Group at some future date. These high-potential candidates are identified based on the bi-annual performance assessment and are offered one of several CDP programmes, according to their respective core functions or

disciplines. The CDP is offered in collaboration with a reputable local university, and on completion of the year-long programme, successful candidates are presented with a certified Diploma.

Among the programmes offered under the CDP, the Airport Manager Development Programme has been specifically designed to develop a pool of Airport Managers to meet MAHB's present and future needs. As a result of this programme, MAHB now has an additional pool of 28 certified airport managers. Three other Specialist Development Programmes were offered in 2008. The Airport Engineering Development Programme was designed for engineering staff, with 28 staff members graduating with a Diploma in Airport Engineering, Staff from the commercial sector can attend the Airport Commercial Programme, and in 2008, a total of 21 araduated with Diplomas in Airport Commercial. 37 MAHB staff are presently attending the Certificate in Management Accounting Programme, offered by the Chartered Institute of Management Accountants (CIMA). As its name suggests, the General Management Development programme is a generic course, and a total of 23 staff araduated with a Diploma in Management last year.

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In addition to the above, MAHB's training efforts are supplemented by other programmes, such as the Employee Exchange Programme (EEP), Talent Exchange Programme (TEP) and the Management Trainee Programme (MTP).

The EEP has been designed to expose MAHB staff on an attachment basis to other high performance airports and GLCs. In 2008, two staff were sent for a 3-month stint at the award-beating Incheon International Airport in Korea. The objective is to enable our staff to agin new insights and increase their knowledge on airport operations, management and practices. In July 2008, Khazanah Nasional introduced the TEP with the objective of exposing and increasing the knowledge base of high potentials from different industries and companies among GLCs. Two high potential candidates from MAHB are currently participating in this 2-year programme. Last year, MAHB recruited four fresh graduates under the MTP, to be developed into well-rounded management personnel to serve the future needs of the Group.

While looking at collaborative efforts with external agencies, within the Group itself we have a pool of talents with an

abundance of knowledge and experience that can be passed on to the new generation of employees. In this regard, HRD has identified 39 'subject matter experts' drawn from various departments. These home-grown experts are developing the subject content ranging from airport operations to crisis management that will be used as trainina curriculum modules. Our subject matter experts have already extended their expertise to other airports with MAHB involvement, such as the ones at New Delhi and Hyderabad. MAHB has already generated RM11.0 million from these training contracts, and this only represents the beginning of what could be a lucrative business in the future.

The Group has also participated in the Human Resource (HR) Capability
Building project under the auspices of Khazanah Nasional. The aim of this project is to develop a robust and consistent HR capability process that can be used across the K-9 (the nine Khazanah shareholding companies) organisations to assess the current and required level of HR proficiency for the different staff levels and career tracks.

### Intensifying Performance Management

During the year, HRD continued with efforts to intensify performance management throughout the Group. This was achieved by ensuring the sustainability of the Balanced Scorecard KPIs, through rigourous performance setting and assessment and by establishing stretched targets.

We continue to emphasise inculcating a culture of excellence that would in turn create a high performance organisation. One of the initiatives in this area is the implementation of Consequence Management, which is combination of policy, process and procedure of managing poor performance. Again, this is a deliberate approach adopted by the Group to manage the consistently below average and poor performers through development programmes. specifically tailored to address their particular needs. This is in line with the Blue Book initiative of Intensifvina Performance Management under the Government Linked Company (GLC) Transformation Programme.

### CONSOLIDATING OUR STRENGTHS

The Group moves forward to face a more challenging operating environment from a position of relative strenath and this is reflected in the quality of its balance sheet. Our financial house is in order with strong revenue and PBT numbers, and because we have practised strict fiscal prudence to prepare for rainy days, our cash and bank balances have been consistently maintained above RM600.0 million for the past two years. At end-2008, MAHB has reserves of RM677.0 million, which is sufficiently healthy to meet operating commitments. Our gearing has been kept at a very manageable level of only 6% in 2008 due to low borrowings against the Group's net assets. This means that we can afford to take on external debts for capital expenditures. particularly the construction of the permanent LCCT.

Nevertheless, this does not mean we can afford to be complacent. This is despite the fact that MAHB is an old hand in dealing with crises, having successfully navigated through the Asian financial crisis of 1997 and the fall-out of the Severe Acute Respiratory Syndrome (SARS), 9/11, Iraqi War and the Avian Flu outbreak, to name the few. All these pale by comparison with the current financial crisis, which is far more global

than even the Great Depression of the 1930s. It calls for a new way of thinking and focused action. But with the benefit of hindsight, we have incorporated an arsenal of lessons into our strategies and management practices.

As outlined in previous reports, steps have been taken over the years to strenathen and build resilience within the Group under the GLC Transformation Programme. The goal is to create regional champions and high-performing companies among Malaysian GLCs. As one of the GLCs, MAHB has set up a Transformation Management Office (TMO) to spearhead these initiatives as well as to serve as a catalyst of change. Guided by the GLC transformation manual or better known as the colour books, TMO has implemented initiatives such as the Continuous Improvement Programme (CIP) via Cross Functional Teams (CFTs) to drive the Group forward in achievina its targets. At the same time, the seeds for a high performance culture were sown. Although the transformation process is still work in progress, we are already seeing the desired results. For instance, going by our track record and the awards won, MAHB is already a world-class entity having proven to the world it is at par with any other international organisation in its field.

Although the Group is in a stronger position to face the challenges, the transformation process under TMO continued in 2008 with the creation of 56 new initiatives to drive CIP. These initiatives covered a range of areas that included improving operational procedures, optimising manpower requirements through the use of appropriate technologies and multitasking, and developing strong Information Communication Technology (ICT), among others. In the face of the deteriorating economic conditions, the CFT also looked into cost-saving strategies and identified potential opportunities for the Group to generate additional revenue.

To complement the efforts of TMO, MAHB has adopted the value management (VM) approach to manage costs, notably the Group's capital expenditure. Incidentally, we were the first GLC to officially take on board the VM approach. In August 2008, we also embarked on the LEAN methodology to improve operational performance while reducing wastages. This was launched at KLIA but will eventually be extended to other airports. Other initiatives such as Value Engineering, Knowledge Management, One Page Strategy and Risk

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Management have been rolled out and adopted to strengthen internal capabilities. We are confident that these and other measures yet to be implemented would serve as cushion to the prevailing economic headwinds.

### A CONSERVATIVE OUTLOOK

Many corporations have already written off 2009 as a year to forget, but MAHB can still look forward to a year of growth and profitability. However, if the economic turmoil deepens and persists, it might put a dent on the record-breaking pace set in previous vears. The crux of the problem is that no one knows with any degree of certainty how deep the crisis will cut and when recovery can begin. It is further complicated by the fact that this is as much a crisis in confidence that must be won over before recovery can set in. The general consensus is that this is not likely to happen until some time in 2010.

The International Monetary Fund expects global growth to be below zero for 2009, the first time the international economy was likely to shrink since World War II. In line with global trends, the Malaysian economic growth has been revised downwards to be between 1% and -1% for 2009. This will have a

negative impact on the aviation industry, OAG (Official Airline Guide) has projected a cut in capacity across the alobe, including the Asia Pacific region where capacity is expected to fall by 1%. Passenger and cargo movements, whose performance is a function of economic growth, are likely to be dragged down further at both international and domestic levels. Risina unemployment worldwide would affect discretionary spending and this is likely to depress demand for air travel. The airline industry is already hurting, and depend on airports to provide support to cushion the impact of the downturn. MAHB has already responded with a 50% rebate on landing charges for 2009, although our rates are already amona the lowest in the region. However, we take into account the symbiotic relationship we have with the airlines and we are working on other incentives to assist them.

Amidst this slew of grim data, there are reasons to be optimistic about our future. Nations all over the world are on the same page, as they struggle to get their economies back on track. Led by the G20 (Group of 20) countries, trillions of dollars are being injected into stimulus programmes. In Malaysia, our Government has recently announced a

stimulus package of RM60.0 billion to be injected over the next two years. History has proven that economies will eventually recover. It is therefore a matter of time before the stimulus packages begin to kick-in to jump-start the economic recovery process.

We are also encouraged by the rapid growth of LCCT business, which has seen a double digit year-on-year increase in traffic growth since commencing operations in 2006. Demand from LCC sector will remain strong in 2009, and this will offset somewhat an expected decline in the full service sector, MAHB also expects an improvement in non-aeronautical revenue with the additional retail space at the Satellite Building and CPI. This will come from two principal sources rental revenue from an increase in numbers of retail shops and with more product and service offerings, it is hoped that this will encourage travellers to spend more.

The coming financial year will mark the start of a new and important chapter for MAHB Group. The financial restructuring plan approved by the Cabinet in December 2008 is expected to contribute positively to the future earnings capability of MAHB. This, perhaps, is the best reason for optimism.

#### Malaysia Airports Holdings Berhad

### **ACKNOWLEDGEMENTS**

There were several changes in the Board's composition during the financial vear 2008. Dato' Zaharaah binti Shaari resigned from the Board on 28 August 2008, and her Alternate, Dato' Long See Wool also resigned from the Board on the even date. Subsequently, Dato' Long was appointed as Director on the Board on 9 September 2009, However, Dato' Long has to vacate the office of director on 19 January 2009 due to his inability to attend the number of the Board of Directors' Meetings that would fulfill the 50% requirements of the total Board of Directors' Meetings held during the financial year 2008 in accordance to Para 15.05(3)(c) of the Listing Requirements of BMSB. The inability was due to his tight schedule as he had to represent the Government at several meetings overseas organised by ICAO. Notwithstanding thereto, Dato' Long was re-appointed as the Director on the Board on 20 January 2009.

In addition, Eshah binti Meor Suleiman resigned from the Board on 1 September 2008, and Siti Zauyah binti Md Desa resigned as her Alternate on the even date. Datuk Latifah binti Datuk Abu Mansor was appointed on the Board on 1 September 2008, to replace Eshah binti Meor Suleiman, whilst Siti Zauyah binti Md Desa was re-appointed

as her Alternate. Subsequently, Datuk Latifah had tendered her resignation on 13 January 2009 and Siti Zauyah also resigned from the Board on the even date. Thereafter, Dyg Sadiah binti Abg Bohan was appointed on the Board, and her Alternate, Anis Rizana binti Mohd Zainudin @ Mohd Zainuddin was appointed on 25 February 2009.

Further, Dato' Ahmad Fuaad bin Mohd Dahalan resigned from the Board on 24 September 2008. In his place, Mohd Nadziruddin bin Mohd Basri was appointed on the Board on 21 October 2008.

The Board expressed its appreciation to Dato' Zaharaah binti Shaari, Eshah binti Meor Suleiman, Dato' Ahmad Fuaad bin Mohd Dahalan, Datuk Latifah binti Datuk Abu Mansor and Siti Zauyah binti Md Desa for their contribution and guidance to the Company and the Board, and wished them every success in all their undertakings.

The management and staff of MAHB work as a team and has proven its mettle in clearing past hurdles. Meeting today's challenges will not be easy, but when the challenge is toughest, our team has always risen to the occasion and delivered. A lot more is expected of our people, and there is no room for

laggards. However, I am confident they have what it takes to see the Group through this difficult period and bring it to a new phase of growth and profitability.

At times like these, we need the support, understanding and forbearance of our shareholders, customers, business partners, airlines and other members of the airport community. They have never failed us, and we will continue to depend on their cooperation. MAHB enjoys a good working relationship with the Ministry of Transport, Ministry of Finance, Khazanah Nasional Malaysia, Tourism Malaysia, Immigration, Customs & Quarantine Department, Fire and Police Department. This has made all the difference in a challenging year.

As we move into a more unsettling year, I call upon all of you to continue with your contribution, commitment and support so that together we can again meet the challenge.

Thank you.

n Dren

TAN SRI DATUK DR. ARIS BIN OTHMAN
Chairman



meeting the challenge

# the challenge of our services geared in keeping customers pointed in the right direction





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### MANAGING DIRECTOR'S

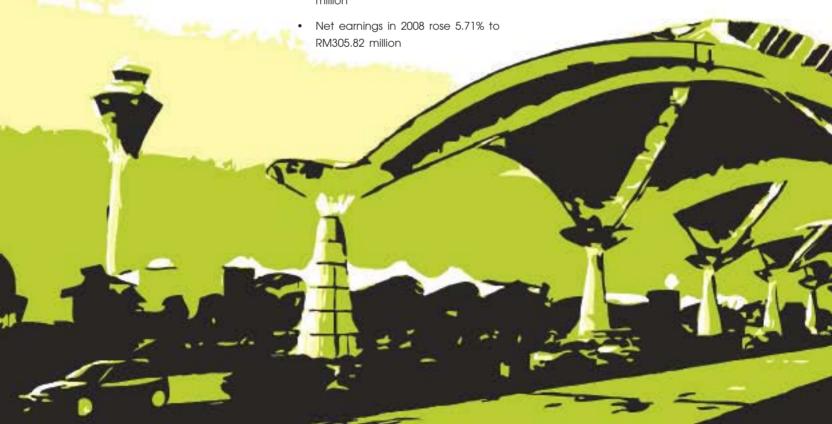
**REVIEW OF OPERATIONS** 

The commendable financial performance of Malaysia Airports
Holdings Berhad (MAHB) for the year ended 31 December 2008 (FY2008) brought some welcome relief amidst an almost daily dose of dismal financial results. The Group's financial performance was matched on the operational front with satisfactory results turned in by both the aeronautical and non-aeronautical sectors.

The highlights of the year are summarised as follows:

- MAHB has surpassed its headline financial Key Performance Indicators (KPIs) for the year under review ended 31 December 2008 (FY 2008)
- Revenue rose by 9.65% to RM1.51 billion for FY 2008
- Earnings before interest, tax, depreciation and amortisation (EBITDA) grew by 7.18% to RM587.37 million

- KL International Airport (KLIA) celebrated its 10th Anniversary on 28 June
- MAHB successfully hosted the 14th World Route Development Forum in October
- MAHB ranked 7th in terms of corporate governance in a survey by the Minority Shareholder Watchdog Group (MSWG), an improvement from the 14th position in 2007





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### MANAGING DIRECTOR'S REVIEW OF OPERATIONS

- Pan Pacific Kuala Lumpur International Airport (PPKLIA) was voted World's Leading Airport Hotel in 2008 World Travel Awards, four months after being voted Asia's Leading Airport Hotel
- PPKLIA maintained its status as Best Airport Hotel in Asia by Business Asia Magazine for a total of eight years
- KLIA was voted fourth among the top airports in the world in Skytrax World Airport Survey
- KLIA recertified to Green Globe 21 for fifth successive year
- New Terminal 1 facility at Kota Kinabalu International Airport (KKIA) commenced operations
- KKIA named Malaysian Society for Occupational Health & Safety Bronze Award Winner for 2007
- Astana International Airport in Kazakhstan managed by MAHB won Best Airport in the Commonwealth of Independent States (CIS) Award 2007 for the one million passengers category

- MAHB unveiled the first phase of KLIA Satellite Retail Optimisation Project
- Low Cost Carrier Terminal (LCCT-KLIA) new international arrival hall commenced operations
- On 23 December 2008, the Cabinet approved MAHB's financial restructuring plan

At MAHB, we are fully cognizant of the challenges facing the industry, and the challenges that the Group itself must face and overcome. Dark clouds have cast a shadow on the global financial landscape and this presents a whole new set of challenges. Tough times notwithstanding, MAHB is determined to stay the course and fulfil the promise of its Mission Statement, and in doing so meet our ultimate objective of increasing shareholder value.

# OPERATING ENVIRONMENT

Two major developments dominated the operating environment in 2008. During the first half of the year, global airports generally recorded robust growth, but by June the unprecedented hike in oil prices and subsequent rising air fares resulted in air traffic growth beginning its downward spiral. Higher fuel prices forced airlines to cut down on capacity and air routes to contain rising operating costs. By September, the cause of the traffic decline was no longer tied to oil, but to a financial market crisis that had its beginning in the United States and quickly spread to the rest of the world. According to the Airports Council International (ACI), worldwide passenger traffic was down by 6.0% in December 2008 compared with the previous year. Freight traffic, a leading economic barometer, declined even more steeply with a 25.0% drop in international freight for the month.

From the preliminary ACI statistics, world passenger traffic is expected to record a negative growth of 0.6% in 2008, which is a drastic decline from the 7.4% recorded in 2007. Capacity grew by 3.5% resulting in a full year average

load factor of 75.9%, down from the 77.3% recorded in 2007. The regions hit hardest by the downturn were Asia Pacific, Europe and North America, Asia Pacific was badly affected by a fall in international traffic, although domestic travel held up relatively well. The downward slide in cargo traffic was even more precipitous. After a volatile first half of 2008 due to the steadily rising cost of fuel, cargo volume dropped significantly by the last quarter. Total freight traffic for the year is projected to fall by 4.3%, a decline led by Asia Pacific which experienced a 24.0% drop in cargo traffic for the month of December alone. In the face of the economic downturn, airlines are expected to register losses amounting to USD5 billion in 2008.

ACI forecasts that the downturn will continue to be played out during 2009, with the first signs of recovery in late 2009 and early 2010. Airports know, from many years of experience, that once the economic down cycle has run its course, we can anticipate a rapid upsurge in demand for aviation services. That is why MAHB must maintain a long term focus in spite of these uncertain times and be ready to capture the upside of the economic recovery.

### AERONAUTICAL OPERATIONS

### TRAFFIC GROWTH

Given the dismal global picture, MAHB's system of airports has performed relatively well by comparison. Total passenger movements rose 5.0% to 47.45 mppa in 2008. International traffic grew by 4.9%, while the domestic sector recorded growth of 5.1%. Cargo movements experienced positive growth in the early part of the year, mainly due to the very low base in 2007. However, it was subsequently affected negatively in turn by high oil prices and the economic downturn. For the year, cargo traffic contracted by 6.5%, with the international and domestic sectors registering negative growth of 7.0% and 3.5% respectively. Total aircraft movements grew by 10.0%, with 496,271 aircraft flying in and out of Malaysian airports. The international sector recorded a 9.1% growth, while the domestic sector registered a higher growth of 10.4%. The increase in aircraft movements was mainly contributed by the operations of new airlines such as Tiger Airways, Jetstar Asia, Silk Air, Air Niugini, Best Air, Sriwijaya Air, MASwings and Cebu Pacific. Another contributina factor was the introduction of new

international routes and additional frequencies by Air Asia and by community airlines such as Firefly (Peninsular Malaysia) and MASwings (Sabah and Sarawak) and other airlines.

The country's main aviation gateway, KL International Airport (KLIA), saw a 4.1% increase in passenger traffic to 27.5 mppa. International passenger traffic experienced a 4.6% growth, while domestic traffic grew by 3.0%. Total cargo freight increased marginally by only 0.8%, with international freight registering a 1.2% growth. However, cargo movements in the domestic sector shrank by 3.3%. The Low Cost Terminal Carrier-KLIA (LCCT-KLIA) accounted for 10.1 mppa in 2008, a year-on-year increase of 31.7%.

In terms of sectoral performance, the Middle East and the Central Asia segments continued to remain buoyant, both growing by 17.6% from the previous year. Passenger movements from Southeast Asia and Northeast Asia grew by 9.3% and 5.6% respectively. The biggest contraction was the North American segment, which declined by 28.2%. Other double digit declines were the South American and European markets.

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### MANAGING DIRECTOR'S REVIEW OF OPERATIONS

The national carrier, Malaysia Airlines (MAS) accounted for 18.3 million pax or 38.7% of the passenger traffic at MAHB's airports. AirAsia Berhad is catching up fast, accounting for 18.3 million passengers or a 38.7% share, up from 34.7% in 2007.

Capacity provision in 2008 was at an all-time high at airports operated by the Group. Based on the Official Airline Guide (OAG) analysis, global seat capacity offered in 2008 increased by a mere 0.3% compared with 2007. It was otherwise in Malaysia, with both domestic and international capacity increasing in the range of 10.0%. There was also a significant increase in low cost capacity. In furtherance to the open skies initiative among ASEAN nations, the Singapore-Kuala Lumpur sector was significantly opened up, paving the way for a large number of flights by AirAsia Berhad, Tiger Airways and Jetstar Asia. The open skies arrangement has also brought MAHB's regional hubs into sharper focus. In 2008, over 60 new frequencies to Malaysian airports were opened up, adding more than 200 flights per week. During the vear, new routes were opened to Penang, Kota Kinabalu, Kuching and Langkawi.

### MARKETING ACTIVITIES

With the support from the Government and our unrelenting marketing drive, we succeeded in bringing in five new airlines to start servicing the Malaysian route, namely Tiger Airways, Jetstar Asia, SilkAir, Air Niuaini and Best Air, Tiaer Airways is Singapore's first low fare service and since 20 November, has commenced its low fare service to Kuching. This is in addition to the five daily flights it operates between Singapore and Kuala Lumpur, Jetstar Asia, another Singapore-based low-cost carrier, has announced 21 weekly flights to KLIA. SilkAir has arrangements with Singapore Airlines to offer up to 30 flights a weekly between Singapore and Kuala Lumpur. Air Niugini, the national carrier of Papua New Guinea, made its inaugural flight from Port Moresby to KLIA on 29 October. The latest international airline to land at KLIA is Best Air, a private airline from Banaladesh, Since 6 November, it began operating five flights weekly into KHA.

At the financial year end, there were some 56 airlines operating at KLIA, offering connectivity to some 111 destinations worldwide. Incidentally,

Quantas Airways and Singapore Airlines have nominated KLIA as their alternate A380 aerodrome in case of traffic diversion.

### INFRASTRUCTURE UPGRADING

MAHB already has one of the best airport systems in the region and it is a constant challenge to ensure the facilities and services provided are world class and meet the growing needs of the 21st Century. Over the past 15 years, MAHB has spent over RM1.0 billion of its own cash reserves for the building and upgrading of airports.

Several upgrading projects were completed in 2008. They included the Sultan Mahmud Airport at Kuala Terengganu, where the scope of work called for the construction of a terminal building, central utility building, control tower and other related works. The terminal building was officially handed over to MAHB on 26 June and can now accommodate a peak traffic flow of 1.5 mppa. At Lahad Datu Airport in Sabah, the newly renovated building was officially opened by the Deputy Transport Minister on 26 November, The floor area of the terminal building has been doubled at a cost of RM1.6

million. The international airport at Kota Kinabalu also has a new terminal building, which was commissioned on 19 August. The floor area has been increased to 112,350 sq m and has a design capacity to accommodate 9.0 mppa.

Upgrading works at Batu Berendam Airport in Melaka are still underway. The scope of work involves redevelopment of new terminal building to 5,110 sq m, increasing the length of the runway and apron parking facility to accommodate larger aircraft. Other facilities in the terminal building will be improved at a total cost of RM131.5 million. At other airports, the rehabilitation of the runway and taxiway at Subana Airport has started for targeted completion in 2009. Penang International Airport is undergoing a series of upgrading works carried out in various packages that includes rehabilitation of the taxiway and toilet uparadina (which were completed in January 2009), and rehabilitation of parking apron that is expected to be completed by August 2009. Other projects set for take-off include the proposed design. construction and rehabilitation of the parking apron at Kuching International Airport, rehabilitation of airfield pavement at Bario and Long Banga

short take-off and landing port (STOLport) and the upgrading of infrastructure and building facilities at the Alor Setar Airport, which started in January 2009 and expected to complete in July 2009.

### **LCCT EXPANSION**

It has always been MAHB's intentions for the existing LCCT-KLIA to be a temporary terminal, and AirAsia Berhad. having been involved in its design process, was fully aware that should its business grow, a new terminal would be built. Phase 1 was intended to handle up to 10 mppa, a figure that was expected to be breached only around 2010. However, the growth of LCC business has been nothing short of phenomenal and passenger traffic as at end-2008 was already close to capacity numbers. MAHB therefore decided to embark on Phase 2 on a fast track basis, with construction works initiated in April 2008. The expansion of LCCT-KLIA will also cater to the operations of AirAsia X which has started long-haul flights using wide body aircraft such as A330 or A340. Based on the combined projected passenger volume of AirAsia Berhad and AirAsia X, MAHB has decided to expand the LCCT to cater

for a growth of up to 15 mppa until the year 2015. The expansion of the LCCT apron calls for an additional six A320 bays and the conversion of an existing bay to accommodate A330 aircraft safely.

Meanwhile, MAHB is going ahead with the building of a new permanent LCCT to be located at KLIA. The location of the new LCCT was determined by the National Airport Master Plan in a study jointly conducted by Netherlands Airport Consultancy BV and KLIA Consultancy Services. Relevant Government agencies and airlines were also consulted for the study.

The planning and design of the permanent LCCT presents major challenges, because it has to suit the business model of the low cost carrier that requires only basic terminal amenities. It is not easy striking a fine balance between cost-effectiveness and service excellence, but our primary goal is to ensure that passengers are comfortable and that the new terminal will provide excellent operational efficiency. In building the new LCCT, MAHB will take into account inputs not only from AirAsia Berhad but all potential airlines using the terminal.

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### MANAGING DIRECTOR'S REVIEW OF OPERATIONS

When Phase 1 is completed by the third quarter of 2011, the present LCCT will then be reverted to its original intended role as a cargo handling terminal.

#### SIMPLIFYING THE BUSINESS

MAHB is implementing the International Air Transport Association's (IATA) Simplifying the Business (StB) initiative. IATA is the global trade organisation whose mission is to represent, lead and serve the air transportation industry. The StB programme aims to change the way the industry operates, resulting in better services for passengers and lower costs for the industry. This is particularly relevant in today's economic climate, which has adversely affected airlines and airports alike.

The StB programme comprises various components such as Common Use Self-Service (CUSS) ticketing kiosks, Bar-Coded Boarding Passes (BCBP), Baggage Improvement Programme (BIP) for baggage handling improvement and IATA e-freight, a project that aims to eliminate the use of paper documents for air cargo shipments. MAHB's plan is to implement the StB programme at KLIA first before extending it to our other airports.

CUSS was rolled out in 2007 at KLIA, and as a shared kiosk facilitates convenient passenger check-in whilst allowing multiple airlines to maintain brandina and functionality. As an airport operator, MAHB benefits by way of improved capacity utilisation, limiting the need for expensive infrastructure development whilst improving the process flow for both airlines and passenaers. Implemented in 2007, BCBP takes advantage of the efficiencies offered by the industry's conversion to 100% electronic ticketing. By reducing the need for check-in counters, the use of airport space can be improved as throughput is increased in a capacityconstrained environment. Launched in 2008, the BIP programme ensures that passengers and their baggage are reunited at their final destination by improving the baggage handling processes by integrating systems, improving read rates through better bar code labels and ensuring that messages needed to keep baggage flowing are available at the right time. The IATA e-freight project aims to foster an industry-wide electronic, paper-free environment.

Apart from IATA, MAHB is also collaborating with Societe Internationale de Telecommunications Aeronautiques

(SITA), an aviation Information Technology (IT) specialist. AirportConnect Open is SITA's latest generation of IATA CUTE-compliant common use passenger processing system. Its introduction at KLIA and Penang International Airport will significantly boost our customer service levels, whilst enabling us to realise cost efficiencies over a period of time. The other activity which SITA is introducing is making KLIA a 'SITA Hub', allowing airlines back offices to be connected to KLIA infrastructure and be connected to their host system through SITA communication services. Other programmes that have been adopted include FLIRT, a system to facilitate faster billing and better statistics. It is designed to help consolidate an airline's operational data with an airport's information system.

### MANAGEMENT SYSTEM CERTIFICATION AND AERODROME CERTIFICATION

In striving to be world-class, MAHB subscribes to a certification programme for its airports and key operating units. To date, all key operating units have been certified to the ISO 9001:2000 quality management system, as well as four international and 15 domestic airports. The certification programme at

KLIA has been carried out by divisions. namely Aviation Security (AVSEC) and Airport Fire and Rescue Services (AFRS) from 1999, Engineering from 2000; Operations from 2003 and Free Commercial Zone (FCZ) from 2005. Other subsidiaries and units that have been certified are Urusan Teknologi Wawasan Sdn. Bhd. (UTW) since 2000, Malavsia Airports Management & Technical Services Sdn. Bhd. (MAMTS) since 2001, Malaysia Airports Technologies Sdn. Bhd. (MA Technologies) since 2001, Malaysia Airports Training Centre (MATC), Penana since 2003 and Malaysia Airports (Niaga) Sdn. Bhd. (better known as ERAMAN Malaysia) since 2004. A total of 28 operating units and subsidiaries have been certified as at the end of 2008.

More than 35 annual surveillance and re-certification audits were conducted by SIRIM in the course of 2008, with no reports of any major non-conformances. Under the stewardship of the Group's Corporate Quality Management (CQM) Division, MAHB has conducted its own internal corporate quality audits. Refresher courses were also organised to ensure the system in place conforms to the standards by ISO 9001:2000. There is also an ongoing process by the certified subsidiaries and units to implement the

latest version of quality management system, ISO 9001:2008. MAHB aims to achieve group-wide certification by the end of 2009, and efforts are already underway to certify the remaining identified operating units, namely MAHB Corporate Headquarters, MAB Agriculture-Horticulture Sdn. Bhd. (MAAH), K.L.Airport Hotel Sdn. Bhd. (KLAH) and Malaysia Airports Properties Sdn. Bhd. (MA(P)).

In addition to ISO certification, all five international airports have been awarded Aerodrome Certification by the Department of Civil Aviation. This is mandatory under the Airport Standard Directive as issued by the Director General as well as Annex 14 of the International Civil Aviation Organisation. MAHB aims to have all its domestic airports certified as well and with the Limbang Airport certified in March 2008, the number of domestic airports that have received Aerodrome Certification now stands at eight.

The long-term plan is to have all key operating units certified to an integrated system of QMS ISO 9001, EMS ISO 14001 and OHSAS 18001; and MAHB is already working towards this objective.

Additionally, we are striving for industry-specific Management System

Certification such as the Roundtable for Sustainable Palm Oil (RSPO) for MAAH and ISO 22000 Food Safety Management System (FSMS) for ERAMAN Malaysia.

#### **DRILL AND SIMULATION EXERCISES**

MAHB regularly conducts emergency exercises involving an aircraft crash or a fire just like the one conducted at KLIA on 25 August. However, we are always challenging ourselves to anticipate and deal with various emergency scenarios. Having experienced the outbreak of Severe Acute Respiratory Syndrome (SARS) and Avian flu, MAHB in collaboration with the agencies operating at KLIA conducted a simulation exercise in early 2008 to test the response plan in the eventuality of an outbreak of pandemic influenza. The exercise tested the emergency communication procedures, response of agencies, screening procedures, suspect handling procedures and the aircraft management process (cleaning, disinfection and baggage handling).

The other exercise that was conducted in October aimed to test the business resilience strategy of KLIA in the event of a catastrophe. This Business Continuity Management (BCM) simulation exercise

### MANAGING DIRECTOR'S REVIEW OF OPERATIONS







Airport (AIA) in Kazakhstan.

MAHB has an 11% stake in GMR Hyderabad International Airport Ltd (GHIAL), the company appointed to operate and develop RGIA. On 23 March 2008, RGIA in Hyderabad officially commenced operations. MAHB holds a 10% shareholding interest in Delhi International Airport Ltd (DIAL), the company appointed to operate and develop IGIA. MAHB's scope of work in the restructuring and modernisation of IGIA involved expansion of the Domestic Terminal, refurbishment of the International Terminal and the construction of a new runway and Integrated Terminal with a handling capacity of 30 mppa. On 24 February

2008, MAHB provided training in airport operations related areas to 188 staff from IGIA.

On 4 February 2008, MAHB won a bid together with Limak and GMR to develop SGIA on a build-operate-transfer basis. MAHB holds a 20% equity stake in the consortium, which will develop, manage and operate the airport over the concession period of 20 years. The ground breaking ceremony for the new terminal was held on 3 May 2008. When completed in 2010, the new terminal building will cater passenger flow up to 15 mppa.

is believed to be the first and largest of its kind for an airport in this region and focused on the recovery activities should the main passenger terminal become inoperative. The exercise tested the capabilities and coordination of 600 participants, representing six major airlines and eight airport agencies, transferring operations from the main terminal to an alternative terminal. Although the BCM exercise is not mandatory under any civil aviation requirements, MAHB will continue to organise exercises like these simulating different scenarios to enhance the airport's contingency plans.

### **OVERSEAS VENTURES**

MAHB's overseas ventures are already yielding results by way of generating a steady revenue stream for the Group. We have extended our management expertise to four international airports,





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### MANAGING DIRECTOR'S REVIEW OF OPERATIONS

Middle East, Africa and China. We are carefully evaluating these proposals and weighing our options before making a decision.

# COMMERCIAL OPERATIONS

MAHB's Commercial Services Division (CSD) has been charged with two important responsibilities. First, to transform KLIA into a preferred shopping hub in the region and second, to increase the contribution of its commercial activities to Group revenue. The near completion of Retail Optimisation Project (ROP) at Satellite Building and Lifestyle Mall at Contact Pier International (CPI) during the year under review brings CSD a step closer towards achieving these major objectives. The scope of CSD's operations cover the management of commercial space for retail outlets, food and beverage (F&B) facilities, lounges, offices and storage areas, private sector packages, hotels and car park facilities. All marketing and promotional activities across MAHB's airports are also handled by the division.

### RETAIL OPTIMISATION PROJECT

A lot of hard work and resources that have been invested in ROP have finally come to fruition in 2008. And the results will not disappoint even the most jaded or discerning world traveller. The unveiling of new East Zone under the first phase on 9 December has lifted shopping and dining experience at KLIA to an elevated plane. In a departure from the stereotype concept of airport shopping, a refreshing and appealing lifestyle environment has been created, and this is complemented by a wide array of new product offerings along with superior customer service.

By spreading the retail and F&B outlets, travellers are encouraged to explore all four wings of the Satellite Building. The mezzanine level is undergoing a major makeover to allow for more F&B space. Travellers will soon be spoilt for choice, with a tantalising array of Japanese, Italian, Mediterranean and Malaysian cuisine to choose from. Floor space has also been set aside for the introduction of new services, such as a cigar lounge, hair salon and many more.

With ROP, MAHB also aims to give travellers a lasting impression of KLIA. We have created a jungle trail at the natural landscaping area of the Satellite Building to give visitors an opportunity to get a unique first-hand experience of what it is like to be in the midst of a natural rain forest.

The entire ROP is targeted for completion by mid-2009. By offering more retail space for rental and with more product offerings at competitive prices, the plan is for CSD to boost its revenue earnings from 2009. However, given the current fragile economic conditions, we are aware that this will depend to a large extent on passenger numbers.

#### CONTACT PIER INTERNATIONAL

The transformation of CPI has been no less impressive and provides travellers with an additional avenue for shopping and dining. International passengers departing and arriving at KLIA can now enjoy an open concept shopping mall that spans the entire central area of the CPI. The Duty Free Mall@CP commenced operations in December 2008 and is operated by ERAMAN Malaysia. Strategically positioned to tap the traffic flow, the mall combines a

contemporary design tastefully accentuated with a touch of local flavour using the Malaysian batik as the main decorative element. The result is arresting, and with a tempting array of duty-free items, the mall is an irresistible draw to passing passengers. Come March 2009, the mall would be enlivened by a 'Kidz Smart Tunnel', a place that the vouna can call their verv own. The vouna at heart would no doubt be drawn to an exclusive selection of tovs as collectors' items. By mid-March 2009, the mall will also feature the best ever retail mix of lifestyle fashion apparel and accessories. elegant timepieces and the best of Malaysian handicrafts and souvenirs.

TERMINAL 1, KOTA KINABALU INTERNATIONAL AIRPORT (KKIA)

KKIA is one of the busiest airports within MAHB stable. Until now, the revenue potential of commercial operations at this airport has not been fully exploited despite the growing passenger numbers. To tap into this flow, Terminal 1 of KKIA, which caters to mainstream airlines, has undergone major renovation works carried out in two phases.

Phase 1 has been completed with operations commencing on 19 August 2008. Besides the duty-free offerings one expects of an international aateway, new shopping outlets have been introduced tempting travelers with chocolates and confectionaries, perfumes and cosmetics, accessories, books and magazines, gifts and souvenirs and even dried and frozen seafood, one of the specialities of Sabah. On the F&B front, travellers can choose from Asian Deliahts, Starbucks, McDonalds or Kopitiam. The present numbers of 21 retail and nine F&B outlets will be doubled when Phase 2 is completed in 2009.

#### STRATEGIC PACKAGE DEALS

To expand its revenue base, CSD is continually striving to diversify and develop its F&B offerings in the interest of traveling public. This is being achieved through strategic package deals with various business partners. Through this initiative, the fast-food chain McDonald's has commenced operations at three airports, namely Penang International Airport, Kuching International Airport and the Labuan Airport. In the small Federal Territory of Labuan, the opening of the first

McDonald's outlet at the airport was a cause for much excitement among the local community, drawing large crowds that created traffic jams within the airport compound.

### SHOPPING CAMPAIGNS & PROMOTIONAL ACTIVITIES

CSD's advertising and promotional activities are an integral part of the shopping and dining experience in MAHB's airports, lending an air of excitement and creating a fiesta-like ambience. The 5th installation of KLIA Shopping Campaign was launched on 26 August, with 'Three Contests within an Ultimate Contest' offering prizes totaling some RM2.7 million in cash and kind. Meanwhile, the magic continued with the aptly themed 'Magic 10 Celebration' in conjunction with KLIA's 10th Anniversary. This campaign featured a series of contests, rewarding big spenders with a range of attractive prizes.

CSD has also initiated promotional campaigns at other international airports, such as KKIA. The 'KKIA Spend & Win Shopping Campaign' launched on 20 January 2009, follows in the

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### MANAGING DIRECTOR'S REVIEW OF OPERATIONS

footsteps of the many successful campaigns conducted at KLIA. More campaigns are set to follow and these will be extended to other international airports as well.

#### **KEY INITIATIVES**

Guided by a new Mission Statement that provides a clear direction of where the Division is heading in support of MAHB's corporate directives, CSD is still a work in progress. With the structures now in place, CSD has rolled out new strategies to achieve commercial excellence.

Through the transformation strategy covered by the Chairman, CSD has charted three distinct phases of development. Over the next two years, Phase 1 will focus on driving a customer-centric approach in strengthening internal capabilities and generating revenue, ultimately leading to improved efficiencies and revenue generation.

The key initiatives to be implemented under Phase 1 are as follows:

- Manage five key processes, namely tender process, package deals formulation, Point of Sales (POS) and System Analysis and Program Development (SAP) systems, product benchmarking and customer service index to achieve total customer experience
- Build and strengthen business intelligence and customer experience management capabilities through system reengineering and loyalty programmes
- Strengthen service elements in coupling of product and service offerings
- Focus on core products and airside retail development to further enhance revenue generation
- Build relationship and contact management capabilities for a more efficient and effective relationship with strategic business partners
- Establish clear segregation of functions between business and operations to optimise workforce expertise and experience

 Establish airport commercial model at selected airport as a pilot study to assess its viability

The effective implementation of these key initiatives under Phase 1 will ultimately lead to an increase in productivity, revenue and also strengthen CSD's core business capabilities. MAHB believes that this is the best approach given the present economic landscape, which is expected to bottom up some time within 2009 or early 2010.

### AN EVENTFUL YEAR

Two events stood out in what was a busy and memorable corporate calendar, MAHB marked the KLIA's 10th Anniversary with a year-long celebration. It was kicked-off in early January with the launch of the KLIA 10th Anniversary Campaign by the Minister of Transport. As befitting an airport of world-class stature, the KLIA was given its own identity and brand image with a special 10th Anniversary logo and its own theme song appropriately titled 'Soaring High'. Throughout the campaign, KLIA was transformed into a carnival-like ambience highlighted by shopping campaigns, give-aways, strolling musicians and surprise gifts for the 191 millionth international and 65 millionth domestic passengers. The celebrations reached its zenith on 28 June, when 15 KLIA Awards were presented to outstanding service providers and operators in various award categories. These awards are meant to serve both as an incentive and reward to all KLIA business associates and partners to strive for excellence. As mementos of KLIA's milestone, special commemorative stamps and medallions were issued. At the awards ceremony, MAHB also

launched two coffee-table books. The first, entitled 'The Malaysian Aviation Saga' traces the nation's history of aviation to its present day. The other, called 'Colours of KLIA - Imagine, Explore, Discover' features water-colour sketches by six Malaysian artists.

The other event of the year was the World Route Development Forum (Routes) held in Asia for the first time in its 14-year history. The Routes forum is the world's largest and most important annual airline and airport networking event. Routes facilitates and encourages the role of airports in the development of air services by organising global and region-specific airline-airport networking forums. In the long preparation leading to Routes KL in October 2008, MAHB has been working closely with Tourism Malaysia to ensure that all delegates have an authentic experience of Malaysia. This was the ideal opportunity for route planners from all over the world to evaluate for themselves the tremendous potential Malaysia has to offer and the importance of Kuala Lumpur as a tourist destination. It is at this forum that many airlines make decisions whether to fly to a particular country or city. Airlines also have the opportunity to review the performance of existing routes and discuss the levels

of capacity offered, together with any marketing support opportunities that may be available.

By all accounts, Routes KL was a resounding success. Even before the event was brought to Malaysia, almost all exhibition booth spaces were sold out as early as September 2007. More than 2,500 delegates, representing airports, airlines and related aviation companies from all over the world were at the event. As the host showcasina Malaysia's aviation community, MAHB put up a visually stunning exhibition booth that drew tremendous crowds. Heads of industry and experts of the aviation world took time to browse through the exhibits and information panels at our booth. Behind the scene, MAHB's marketing team met with hundreds of airline delegates in prescheduled, face-to-face table-top meetings. These meetings were in addition to the intensive networking at the Welcome Reception and other specially planned networking events.

Routes KL may be over, but now the hard work begins. The vital follow-up work to the contacts made at the event is just beginning. This is when the rubber meets the road, the true measure of the success of the event.

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The results will be seen in the number of new airlines we can win over to fly to Malaysia.

Apart from Routes, MAHB was also the first Asian host for the third Airport SAP User Group (SUG), a worldwide conference for airports and airport authorities. The annual SUG conference held on 13 May, constitutes a platform for networking and information exchange among participating airports and to focus on software development for the airport business using SAP (systems, applications and products) in data processing. The SUG community comprises a record number of 65 airports and authorities from around the world.

The year under review continued to bring MAHB its share of awards and accolades from the aviation and related travel and hospitality industries. Pan Pacific Kuala Lumpur International Airport (PPKLIA) was voted the World's Leading Airport Hotel in a survey conducted by 2008 World Travel Awards. This award came barely four months after PPKLIA was named Asia's Leading Airport Hotel by this influential awards programme. The World Travel Awards is one of the most prestigious and comprehensive awards programme

for the travel industry, PPKLIA also maintained its ranking as the Best Airport Hotel in Asia for the eight consecutive year. In the World Airport Survey conducted by UK-based aviation research organisation, Skytrax, KLIA was placed 4th amona the top airports in the world. The results were compiled by Skytrax after more than 8.2 million auestionnaires were completed by passengers across the world during the 10-month survey period. Other awards won by the Group include Certificates of Merit from the Chartered Institute of Management Accounting and the National Annual Corporate Report Awards. The Group's efforts in the occupational health and safety arena won recognition from the Malaysian Society for Occupational Safety & Health (MSOSH) when Kota Kinabalu International Airport was selected by a panel of auditors as the MSOSH OSH Bronze Award Winner for 2007.

The Chairman has already explained why KLIA's ranking was excluded in the ACI-ASQ airport customer satisfaction benchmark programme. We are of course disappointed because all of us have tried very hard to maintain our standing. However, we are not going to be discouraged. If anything, it has only strengthened our resolve to try even harder the next time around.

### PUTTING OUR BEST FOOT FORWARD

The challenges the Group is confronted with are manifold and multi-dimensional and it stems from the fact that we wear several hats. As custodian of the country's system of airports, we need to serve the nation's interest and those of its people. As a public-listed company, MAHB has to look after the interests of its many stakeholders and this includes its business partners, financiers, associates, customers and of course our shareholders to whom we are committed to increasing shareholder value over the long-term. This has to be balanced with the hat we wear as a corporate citizen, where our objective is to play a meaningful role in paying our dues to society. As a citizen of the world, we need to play our part in helping the global efforts in combating one of the greatest planetary challenges of all times - saving the earth from continued environmental degradation. Last but not least, as a corporate entity, we owe it to ourselves to reach the heights that the Group is capable of achieving. This is a moving target and is perhaps the biggest challenge of them all.

#### **SAFETY & SECURITY**

Some of the Group's most pressing challenges have already been discussed in the Chairman's Statement. On the operational front, I have already highlighted some of the challenges we face and how we are responding to them. Taking up from where I left off, the safety and security of MAHB's airports remains one of our biggest challenges. Our record so far has been commendable, but this is because we are constantly viailant, investing money and resources to keep abreast of new technology and innovations in the airport security industry. KLIA has already been audited under the International Civil Aviation Organisation (ICAO) Universal Security Audit Programme and certified to be in full compliance with ICAO Standards and Recommended Practices, In 2008, KLIA Airside passed the ICAO/Department of Civil Aviation (DCA) audit for the second time with no non-compliances. On our own initiative, we have also employed the services of an independent security consultant, Airlock Aviation Pte Ltd from the United Kingdom, to carry out a comprehensive audit of the security system in KLIA. The report was duly submitted to the Ministry of Transport and DCA to certify that KLIA has met all international civil aviation security requirements. For the

past several years, KLIA has also consistently maintained a top five ranking in the ACI-ASQ survey, where security is one of the important parameters.

When the stakes are so high, MAHB relies heavily on technology to stay ahead of the game. But as the Chairman noted, keeping abreast with technology is itself a significant challenge. As the modus operandi of terrorists become more sophisticated and unpredictable, the airport security business has grown tremendously. At the same time, we are also building bigger airports and this has broadened the scope and areas of security control, necessitating additional investments in procuring security equipment and increasing security personnel. In the post 9/11 era, new rulinas and procedures imposed by ICAO have caused further constraints on the available security resources. Incidentally, MAHB's airports were among the first in the world to effectively implement ICAO's ruling on liquids, aerosols and aels.

KLIA is among one of the pioneering airports to introduce the inline baggage screening system, complemented by the latest in x-ray screening equipment.

MAHB is also upgrading the closed

circuit television (CCTV) system at KLIA to provide adequate coverage of all key areas. The new CCTV system will incorporate analytics technology that allows images to be systematically reviewed in real time. With analytics. anv untoward incident will be highlighted to operators manning the screens, triggering a security alert. In addition, MAHB has invested in other technologies such as explosive detection equipment, video badging system, Card Application Life Cycle Management System (CALMs), Access Control & Alarm Monitoring System and Biometric technology.

#### THE ENVIRONMENTAL IMPERATIVE

As a key player in this unique industry, MAHB has a longstanding green commitment that is shown evidently in both KLIA's construction as well as the management of KLIA. KLIA continues to be the only airport in the world that is officially awarded the Green Globe 21 Certification. KLIA has earned this certification four times in a row, setting a global benchmark which shall be continually raised.

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In 2008, as an extension to Project Green Planet (PGP) that was launched in 2007, KLIA continues with its quest towards being the world environmental friendly airport by organising 'Walk the Environment' (WtE) campaign. One of the activities that was organised, participants were to pledge a tree for RM10 and plant it anywhere within KLIA's boundary. The tree was then labeled with its scientific name and the pledger's name. The pledger was also given a certificate to commemorate them with the pledge.

In addition to that, in commemorating World Environment Day, MAHB has named a patch of forest area within the airport perimeter, KLIA Green Park. The park houses about 400 unique trees and is occasionally used for educational and recreational purposes.

In line with the four-pillar strategy that was endorsed during ICAO Assembly 2007, MAHB was committed to take measures in reducing its carbon footprints. Steps are being taken to make all 39 airports environmentally sustainable, starting with the international airports. Penang International Airport will be the second airport after KLIA to go green. KLIA has also embarked on initiatives to be

carbon-neutral although no target date has been set. As a first step, we have already engaged a consultant to ascertain the airport's carbon emission level, a study that will take at least six months to complete.

#### PAYING OUR DUES TO SOCIETY

Like the green movement, corporate social responsibility (CSR) is the latest catch-phrase. MAHB has long acknowledged its tangible value and it has been an integral part of our operations and identity since the early days. CSR extends beyond any legal duty to comply with legislation. We feel honour-bound to practice CSR on a routine basis to improve the life for our employees and their families, as well as for the local community and society at large. The Group supports various charitable causes such as the floodrelief efforts in Johor and Kelantan, or to some charity organisations, where a sizeable sum is donated each year from small change collected from travellers at boxes strategically placed at KLIA. The longer-term projects, however, are the true test of our commitment to CSR.

You may recall that MAHB is participatina in Khazanah Nasional Berhad's CSR initiative launched as 'Projek PINTAR' (Promoting Intelligence, Nurturing Talent, Advocating Responsibility). We have since given it our own identity and rebranded it to 'Beyond Borders', which was launched at our nine adopted schools in July 2008. During the year, MAHB organised an English language workshop aimed at elevating English proficiency for Mathematics and Science teachers in our adopted schools. In October, the inaugural Beyond Borders Awards was held to honour the schools which participated in Beyond Borders' interschool competition. Beyond Borders' 2008 ended with a motivational talk "Crossing the Border' for Year 6 students focusing on their preparation for secondary school.



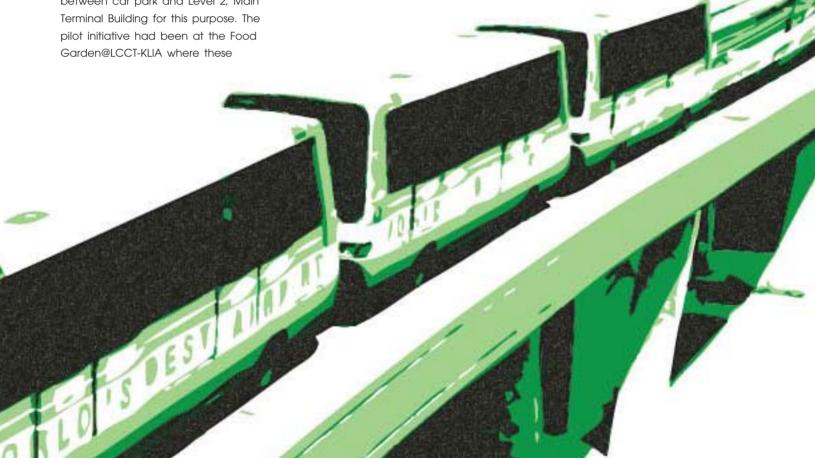
Malaysia Airports Holdings Berhad

Another CSR effort that has longer-term implications is our Entrepreneur Vendor Development Programme (EDP) launched in 2007. Under the EDP, MAHB will help Bumiputera entrepreneurs develop their businesses at KLIA and LCCT. We have allocated five F&B kiosks at Food Garden@LCCT-KLIA, two F&B outlets at KLIA Domestic Contact Pier and one retail outlet at the link bridge between car park and Level 2, Main Terminal Building for this purpose. The pilot initiative had been at the Food Garden@LCCT-KLIA where these









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entrepreneurs are closely monitored and evaluated regularly to bring them up to par with other operators at KLIA.

By mid-2009, the F&B outlet for the EDP at the Contact Pier Domestic will commence operations. Also, expected to begin business during the same period is an open concept retail outlet at the link bridge between the car park and the Main Terminal Building, offering local products such as dried foods, apparels, cosmetics and chocolates.

# OCCUPATIONAL HEALTH & SAFETY (OHS)

In its holistic approach to CSR, the Group has implemented an occupational health and management system to address changing legislation and to protect its workforce. To provide a framework that would allow the Group to consistently identify and control its health and safety hazards, we are certifying key operating units to OHSAS 18001:2007. This is an internationally recognised assessment specification for occupational health and safety management standards. Although our subsidiary, Malaysia Airports Technologies Sdn. Bhd. have obtained their certification for OHSAS 18001:1999 since 2003 and to upgrade it to OHSAS 18001:2007 this year, Malaysia Airports Sepang Sdn. Bhd. is currently leading our airports towards the certification process by having themselves certified to OHSAS 18001:2007 in June 2008.

MAHB has also collaborated with the National Institute of Occupational Safety and Health (NIOSH) to implement Malaysia Airports Safety Passport System Programme (MASPS). This is an occupational safety and health induction training programme designed and customised for the airport industry. It provides the appropriate training and assessment to ensure that MAHB contractors acquire the appropriate occupational health and safety knowledge required for their jobs as well as to fulfil legislative requirements and the Company's OHS policies. The primary objective of the MASPS is to reduce accidents and operational downtime, and hence, increase productivity.

# MEETING THE CHALLENGE

Learning to cope with the economically tough times may yet be the hardest challenge of all. The global credit

crunch has humbled many an organisation. Venerable old names have collapsed or been taken over by others. Yet, time and again, it has been proven that corporations that do survive the challenge will come out all the much stronger. This is a wake-up call for those of us who took economic growth for granted and that the good times would go on forever. Still, it is not all bad news. Tough times also create opportunities. Now is the chance to insist on performance and results. It is a chance to test new ideas, to be creative and think outside the box to see where savinas can be made, which in normal times would probably be overlooked. The auestion we need to ask ourselves is, 'How best can we make the most of the current situation?' MAHB is definitely not short on opportunities or the talents to identify them.

MAHB is fortunate in that we are going into the economic downturn from a position of relative strength and this is best reflected in the quality of our balance sheet. We have a business model that has proven resilient, but it might require some recalibration should the recession cut deeper or is prolonged. Thanks to the transformation programme launched in May 2004 as a series of coloured books, Government-

Linked Companies (GLCs) are significantly more resilient now than five years ago. Nonetheless, we are not taking anything for granted and across the Group, every effort is being made to see where we can further strengthen the solid foundations that have already been laid.

#### **GLC TRANSFORMATION JOURNEY**

One of the most important avenues is through our ongoing GLC transformation journey. Integral to the Yellow Book initiative is the implementation of MAHB's Continuous Improvement Programme (CIP) driven by eight Cross Functional Teams to develop comprehensive action plans for areas that require improvement. As a result, some 56 new initiatives were introduced in the course of 2008.

The Spend Management CFT has identified several compressible reduction opportunities that contributed towards RM87 million savings in 2008. Areas that the team focused on were materials, maintenance, administrative and utility costs, doubtful tax, depreciation, tax planning, capital expenditures and fixed assets. CFT members also formed a Budget Challenge Committee (BCC) to challenge the operating expenditure

(OPEX) budget of the various divisions and subsidiaries. After 10 budget challenge sessions, the BCC was able to deliver a total of RM117.0 million in savings. A Value Management team was also set up to look into the budget for capital expenditure (CAPEX) and was able to secure CAPEX savings of more than RM60.0 million for 2008.

The CFTs also identified potential opportunities that MAHB can explore to generate a new revenue stream of RM3.0 billion by 2012. The key revenue drivers would be from both aeronautical and non-aeronautical streams which include, higher margin retail products, land development, retail optimisation and rental of advertising space. To prove that this is achievable, the team has already succeeded in delivering RM19.9 million in PBT for 2008, exceeding the original target of RM11.0 million PBT.

The CFTs have also introduced initiatives that will enhance operational procedures, optimise manpower requirements through the adoption of appropriate technologies and multitasking. CIP has also resulted in the inculcation of new cultures within the organisation, namely the culture of openness, high performance and cross functional working relationships.

#### LEAN MANAGEMENT

As part of our effort in our transformation journey to promote organisational effectiveness, Lean Steering Committee was formed in 2008 to discuss and review the implementation of Lean programme at MAHB. Twenty appointed Lean practitioners from various divisions and subsidiaries attended a Lean development programme to equip them in facilitating the inculcation of Lean Management culture across the Company.

#### PROCUREMENT CONTRACTS

Guided by Khazanah's Red Book, MAHB is striving to take the lead in procurement best practices by shifting away from traditional procurement approach and procedures to one that emphasises a strategic business partner relationship. To achieve this objective, MAHB is developing a comprehensive procurement strategy, focusing on dynamic contract management and sustained supplier relationship.

Taking the cue from CFTs, MAHB has already achieved savings close to 10% from the operation and maintenance and supplies contracts negotiated

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during the year. This is in addition to the RM62.0 million achieved through value management introduced in 2008.

The Group has also adopted a more analytical approach in its procurement strategies. A high level spend data and Pareto analysis was conducted in 2008 to derive the top five spend data in respect of product categories, business units and suppliers. This was further analysed to give a spending pattern of the Group. Some of the Red Book key levers were substantiated with measurable results. Our achievements include the incorporation of a code of ethics in the conduct of procurement contained in the newly revised procurement policies and procedures.

Moving into 2009, the Group will focus its attention on:

- Negotiations and reverse auction (e-bid) for cost savings
- Implementation of a VDP through a centralised single vendor and panel vendors sourcing
- Enhance strategic relationships with top spend vendors

#### **ENGINEERING BEST PRACTICES**

Airport infrastructures, specialised systems and facilities are huge and with cost effective management, we can achieve substantial cost savings. The Airport Engineering Division (AED) is focusing on three main areas in moving towards engineering best practices, namely inculcating a maintenance culture, ensuring system reliability and enhancing competency levels.

AED is inculcating a maintenance culture by adopting the 5S programme. Loosely translated from the Japanese language, the 5S is in reference to Sort, Set in order, Shine, Standardise and Sustain. The results one can expect from a 5S programme are improved profitability, efficiency, service and safety. The engineering divisions of KLIA, Kuching and Penang International Airports have all embarked on this programme, which will be extended to the other airports in stages.

To ensure system reliability, MAHB has adopted preventive approaches to lower recurring repair costs in the long-run. Our focus was on system operational availability, with a success rate of 99%. A plant maintenance optimisation programme was introduced for the baggage handling system and tracked transit system. The parts replacement programme is an ongoing activity for the specialised airport systems and equipment to ensure systems availability and serviceability, taking into consideration the obsolescence of spare parts and technology advancements. Lean Six Sigma methodology was used as one of the analytical techniques for the systems and process improvement programme in addition to root cause analysis, failure mode effect analysis and quality control circles. Eight projects were undertaken in 2008, resulting in cost savings of RM2.0 million.

A School of Engineering was set up with explicit targets to enhance the technical knowledge and skills of engineering personnel. Renovation works for the classes and workshops were completed in December 2008, with the first intake of students in January 2009.

#### **VALUE MANAGEMENT**

Other tools at our disposal include the implementation of value management (VM), which is a proven management technique that deploys a systematic and multi-disciplinary approach to gain optimum value in products, systems and services without compromising on quality and reliability. VM covers value planning, value engineering and value analysis in line with the Institute of Value Management Malaysia's rules and regulations. At MAHB, VM is applied at the Procurement Activities, Systems and Procedures (PASP) stage prior to the commitment of any budget. The Group's VM methodology uses a systematic job plan to analyse the PASP and hence, develop a number of alternatives to achieve the desired objectives. By practicing VM principles, MAHB has achieved a 27% savina in CAPEX amounting to RM62.0 million.

#### **VALUE ENGINEERING**

An offshoot of VM, Value Engineering (VE) is a systematic method to improve the value of goods, products and services by using an examination of function. VE is concerned with optimising the conceptual, technological and operational aspects of a project's deliverables. It utilises a series of proven techniques during the implementation phase of a project to identify and select the lowest lifestyle cost options in design, materials and procedures to achieve the desired level of performance, reliability and customer satisfaction.

#### KNOWLEDGE MANAGEMENT

This is another management tool that can be used to improve business efficiency. MAHB's knowledge management efforts are focused on achieving corporate objectives such as improved performance, comparative advantage, innovation, sharing of lessons learnt and the continual improvement of the organisation.

## OFF THE Drawing Board

Even though we are watching costs and practising financial prudence, MAHB will continue to expand capital expenditure on mission-critical and committed projects in the coming year. FY2009 will see the completion of the ROP and the extension of the existing LCCT-KLIA. Other priorities include the ongoing upgrading of the Penang International Airport and for work to begin on the permanent LCCT at KLIA.

Recently upgraded into a Code F airport, KLIA's spur line project is set to take off with the recent award of a contract to begin construction. The present aero trains operating between the Main Terminal Buildina and Satellite A are fast approaching the 1.6 millionkilometre milestone, when the trains need to be overhauled. The spur line project consists of the construction of an elevated spur guide-way leading from Satellite A to a new Operation, Maintenance & Storage Facility and thereon towards the future Satellite B building. The project also necessitates the purchase of three new aero trains to cater for current and future requirements.

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Unlike many other airports, KLIA is blessed with a huge land bank and this presents a unique opportunity for the airport to reach its full potential. A total of 2,730 acres have been identified to be developed into an Air City dubbed as KLIA Aeropolis. This is set to transform KLIA into a multi-modal, multi-functional enterprise that will eventually become a diversified city providing significant opportunities for employment, shopping, trading, exhibitions, business meetings, leisure and tourism.

The land use proposal for KLIA Aeropolis consists of the following components:

- Commercial components, which includes office parks, retail/ commercial centres, exposition/ convention centres, hotels, service apartments, theme park, medical centre and training centre
- KLIC Multimedia Super Corridor (MSC) Free Zone, which will house time-sensitive manufacturing activities, a logistics centre and commercial units
- Agro-tourism components, which will consist of land lots to be developed for agro-tourism to complement existing plantation and related retail activities

Approval for KLIA Aeropolis layout master plan has been obtained from the relevant authorities and we are currently developing the main infrastructure master plan to support the proposed development.

The anticipated development time-frame for Aeropolis is between 10 to 15 years, depending on the national and global economic situation. The focus during the immediate term is to provide main infrastructure facilities to cater for the initial phase of the development proposal which includes purpose-built corporate offices, training institutions, specialty retail outlets, golf courses, hotels, an International Exposition Centre and the MSC Free Zone.

A Request For Proposal (RFP) have been issued in the last quarter of 2008 for developers/investors to participate in the various development components and discussions are on going with several parties in moving forward with the proposals.

Revenue from these land development activities will be from recurring land lease, real estate rental income and royalty from selected business activities. During the medium term, this income will be required for the provision of main infrastructure costs but for the long term, this real estate income will be a source of sustainable recurring income.

### DEVELOPMENT OF MIAC AT LAPANGAN TERBANG SULTAN ABDUL AZIZ SHAH

The development of Malaysian International Aerospace Centre (MIAC) at Lapangan Terbang Sultan Abdul Aziz Shah, Subang is taking shape as scheduled with various completed and development of on going projects. In December 2008, the construction of an aero structure component assembly facility for Spirit AeroSystems was completed. Spirit AeroSystems is the world's largest supplier of commercial airplane assemblies and components and this Subang facility is their first in Asia. They offer a diverse line of products and services for aerospace design, build, support and spares/repair needs.

The transformation of Subang Terminal 3 into a modern general and corporate aviation hub is progressing as scheduled and is targeted to be fully completed by mid June 2009. The transformed Terminal will be known as Subang Skypark. The component of the terminal is made up of:-

- Fixed Based Operation (FBO) facilities
- Corporate aviation facilities
- Community airline facilities

Additional space for retail and F&B outlets together with new banking facilities and commercial offices have been incorporated over and above the check in and departure facilities.

Next in the pipeline to be developed in the second half of 2009 is Regional Aircraft Centre (RAC) consisting of hangarage and maintenance repair and overhaul (MRO) facilities for corporate and private jets. A 30 acres site has been earmarked at the southern end of the runway at LTSAAS. Once developed, this RAC will cater for maintenance and warranty issues as well as a maintenance base for various private aircrafts makes located within or visiting the region.

Malaysia Airports is also in discussion with helicopter companies for the setting up of integrated helicopter facilities within MIAC development in accordance with the MIAC master plan. All existing helicopter operations will be relocated to this proposed new helicopter centre once completed.

# OUTLOOK & PROSPECTS

The performance of the national and alobal economies has a significant bearing on passenger and cargo traffic. The International Monetary Fund has projected that world arowth in 2009 will fall to its lowest rate in more than 60 years. Despite wide-ranging policy actions taken by Governments across the globe, financial strains remain acute, pulling down the real economy. Although the OAG predicts continuous cuts in capacity, MAHB is expected to remain in positive territory with respect to aircraft movements. However, this may not be so if as airlines continue to accumulate losses due to lack of demand. The airlines industry expects airports to provide support to cushion the effects of the economic crisis, and MAHB has already responded with a 50% rebate on landing charges for 2009. This scenario will have an impact on MAHB's revenue for 2009 as passenger traffic is the determining factor for aeronautical and a portion of the non-aeronautical revenue. We also expect the price of crude palm oil (CPO) to be volatile, hovering within the range of RM1,600 to RM2,000 per tonne, which is lower than the price fetched in 2008. The lower price of CPO is attributed to a combination of shrinking demand and higher output from other oil palm growing countries.

MAHB is therefore banking on its commercial initiatives programme under the ROP to help make up the revenue short-fall. By offering more retail floor space for rental, and with more outlets offering a bigger spread of goods and services, we hope to increase spending per passenger.

Throughout 2009, the Group's strategy will be to continue to emphasise on cost control initiatives, non-aeronautical revenue enhancement at all airports, optimisation of manpower by multitasking and maintaining a lean workforce, continuous improvement programmes to ensure business sustainability, exceed customer expectations in service levels, enhance competency of staff, improve the





efficiency of maintenance activities by practicing predictive and preventive maintenance of facilities and equipment.

Looking beyond the gloom, we must also recognise that aviation is a resilient industry. It is true that it is now hurting and badly at that. Even in bad times, people still want to fly and the advent of the LCC has made that possible even in this economic climate. Time and again, it has been proven that economies will recover, and with that, the aviation industry will pick up rapidly.

It is still early days for the ASEAN open skies programme. But there are already signs that the new increasingly deregulated environment will provide the platform for more important changes and new opportunities still to come. There has been an uptick in passenger numbers, though it has not been large. The number of services is still limited, but the frequency will improve over time. Passengers have certainly benefited with far more choices and lower fares. But if you look at the bigger picture, there is as yet a largely untapped market in terms of intra-ASEAN travel. The proportion of air travel is still very small when compared to the size of the ASEAN population. This means there is a lot of room for growth.

FY 2008 was a challenging one and the fact that MAHB was still able to perform commendably was because we had the help and support of several quarters. The management and staff of MAHB performed admirably, proving they have what it takes to see the Group through an even more

challenging year ahead. I also wish to express my gratitude to our business partners, airlines, members of the airport community, various government agencies, customers and of course, our shareholders.

I thank all of you. We face the future with confidence, because we know we can continue to rely on your understanding of all we are trying to achieve and thereby gain your support and cooperation.

DATO' SERI BASHIR AHMAD BIN ABDUL MAJID

Managing Director

Malaysia Airports Holdings Berhad



# MA TECHNOLOGIES

MALAYSIA AIRPORTS TECHNOLOGIES SDN. BHD.

MA Technologies provides Information Technology (IT) solutions for the Group and manages the infrastructure for all tenants and government agencies operating at KLIA. In discharging its responsibility, the company's goal is to cost-effectively manage the quality of its service delivery, leveraging on innovation to transform and continually improve its client's processes through IT to allow for greater efficiency and easier access to information.

One of the contributing factors to the success of KLIA is that it is one of the most technologically advanced airports in the world. State-of-the-art technology ensures that the airport is managed and operated in the most efficient manner. especially at this time and age when both passengers and airlines are demanding better services. Through IT. MAHB is meeting this challenge, while achieving greater cost effectiveness through increased operational efficiency and productivity, among others. MAHB continues to expand IT competencies not only at KLIA but at all the other airports to ensure their relevance well into the 21st Century.







In preparation for the advent of new generation aircraft, MA Technologies has implemented the Wireless Fidelity (WiFi) Mesh Network at the KLIA Apron. This will make the airport ready for 'Gatelink Services', which is a terrestrial data communication solution via wireless connectivity between the aircraft at the gate and its remote ground application server(s). The infrastructure also enables mobility solutions for other airport users to support their business processes.

In meeting the technological challenge, MA Technologies is looking beyond the operational needs of airports. As an example, the 'e-FCZ' system has been rolled-out and is now deployed by freight forwarders operating at the Free Commercial Zone (FCZ) at KLIA and Penang International Airport. The system facilitates online 'ZB' declaration, billing generation and preparation of manifest balancing of in/out cargo from and to the FCZ, thereby improving service delivery.

The introduction of a Fliaht Information Speech System has enhanced the now available round the clock directly to users through voice-enabled information-on-demand services. In the key area of airport security, MA Technologies has incorporated the use of analytics in the camera surveillance system. Analytics allow for images to be systematically reviewed in real time in the event of suspicious behaviour patterns or incidents. With more than 1,000 cameras installed at strategic locations at KLIA alone, alarms can be triggered to highlight any untoward incidents captured on 40 screens randomly showing to operators.

MA Technologies continues to expand its business portfolio and revenue base. The company is already providing IT solutions to the Department of Civil Aviation (DCA), Meteorological Department, National Heart Institute (IJN), Public Works Department (JKR)

and Lembaga Tabung Haji among others. By banking on the knowledge and experience of its staff, MA Technologies has steadily enhanced the range of products and services it can offer. This has strengthened its competitive edge across targeted vertical and horizontal markets.

During the year, MA Technologies earned re-certification to the ISO 9001:2000 internationally recognised auality management system. It is also one of the few organisations within Malaysia that has embraced the Integrated Management System (IMS) as a means to achieve business consistency in terms of quality deliverables and to systematically manage an organisation's risks. The IMS combines ISO 9001 (Quality Management System), ISO/IEC 27001 (Information Security Management System) and OHSAS 18001 (Occupational Health and Safety Management System) into one management system and is part of a continuous improvement programme to streamline various controls and facilitate

To further differentiate itself in a Technologies is establishing an MSCstatus company through KLIA.com. MSC certification will confirm our status as a company undertaking research and development activities. Through this initiative, MA Technologies is moving away from just being another system integrator to become a developer of core airport products through a dedicated company. The MSC company will produce a range of airport-centric products such as operational information systems, airport operations databases and Fliaht Information Display systems. At present, MAHB is relying on third parties to provide these systems. With our own in-house capabilities, we can extend these systems to airports not only within the Group but to export them to other

Malaysia Airports Holdings Berhad

DEPARTU

## **MAMTS**

MALAYSIA AIRPORTS MANAGEMENT & TECHNICAL SERVICES SDN. BHD.

An ISO-certified company, MAMTS is MAHB's consulting arm for all airport development projects undertaken by the Group at home and in its overseas ventures. An ongoing challenge for MAMTS is to ensure that all these projects are managed efficiently and effectively.

Over the years, MAMTS has built up its expertise and experience through strategic partnerships with leading names in the business. As a strategic partner to ADB Siemens, a world leader in aeronautical ground lighting (AGL) systems and Rapiscan Systems for X-Ray machines, MAMTS has expanded the breadth and depth of its services to provide the following:

- Latest technological advancements in the ADB AGL and Rapiscan Systems.
- Standardised training and maintenance programmes for both systems
- Ensure that the ADB AGL system will be fully audited and certified in line with aerodrome certification requirements

- Ensure more efficient operation and maintenance of the ADB AGL system and Rapiscan X-Ray system, resulting in lower overall operation and maintenance costs
- Train MAHB personnel in the operation and maintenance of the two systems

With the technology and the know-how, a major project implemented during the year was the supply, delivery, installation, testing and commissioning of the Rapiscan RAP 628XR X-Ray machine for the LCCT expansion project at KLIA. The RAP628XR is the latest model of baggage X-Ray machines supplied to airports in Malaysia.

MAMTS continued to play an important role in providing cleaning consultancy services for KLIA and LCCT. This has enabled KLIA and LCCT to achieve a very creditable performance level of 97% and 92% respectively for cleaning services. In recognition of its expertise, the company has been retained as a consultant for cleaning and waste disposal services for RGIA. This also

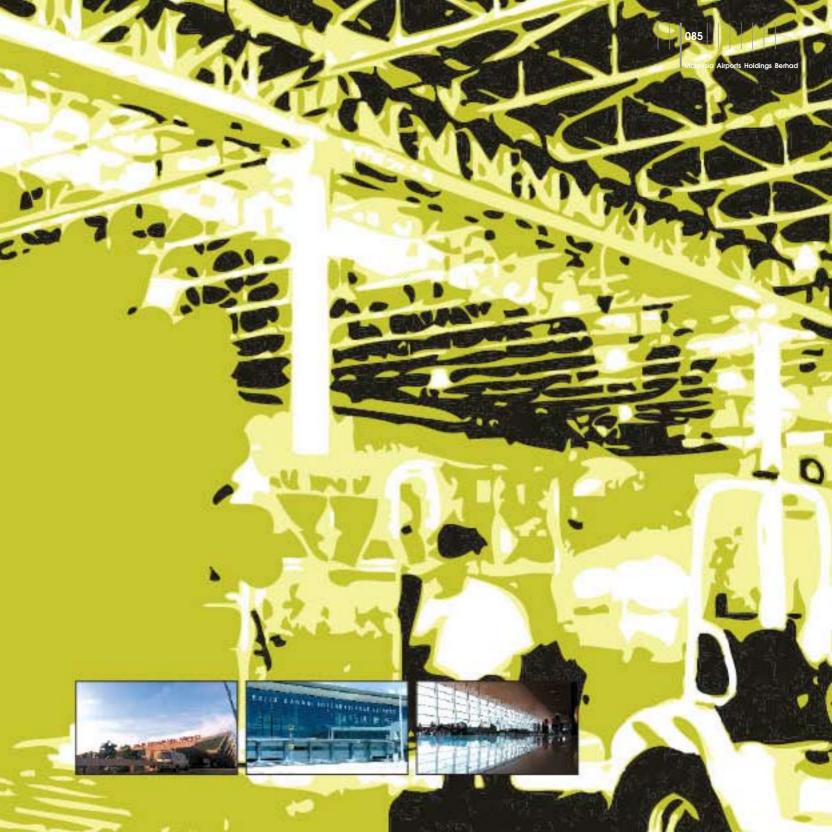
involved providing specialised training programmes in these two areas for the staff of GMR Hyderabad International Airport Ltd.

MAMTS is also providing consultancy services to monitor the service level standards at four other international airports at Penang, Kuching, Kota Kinabalu and Langkawi. Under the Airport Customer Satisfaction Performance Programme, service levels at these airports are benchmarked against the best in the world. By knowing our strengths and weaknesses, remedial action can be taken wherever necessary.

As MAHB takes to the world stage, it depends on MAMTS to take the lead in providing its management expertise for various airport development projects around the globe. These include Rajiv Gandhi International Airport (RGIA) in Hyderabad and Indira Gandhi International Airport (IGIA) in New Delhi, both in India, Istanbul's Sabiha Gokcen International Airport (SGIA) in Turkey and the Astana International Airport (AIA) in Kazakhstan.







## **UTW**

### URUSAN TEKNOLOGI WAWASAN SDN. BHD.

UTW is a certified ISO 9001:2001 operation and maintenance (O&M) company with a proven track record in providing Total Facility Management services. The company has provided O&M services to some of the country's biggest projects, including KLIA, Sepang International Circuit (SIC), Kuala Lumpur City Centre (KLCC), Port of Tanjung Pelepas and Perbadanan Putrajaya.

UTW's customer base has expanded over the years. In its dealings with its clients, UTW subscribes to the language of partnership, establishing strong and lasting business ties based on meeting and indeed, exceeding customers' expectations. By ensuring customer satisfaction, UTW has achieved an excellent record of repeat businesses.

Despite an increasingly competitive environment, the year under review has been a successful one for UTW. The company has added yet another feather to its cap when it secured a new contract to provide facility maintenance for Bursa Malaysia Sdn. Bhd.'s stock exchange, one of the city's most iconic landmarks. A strategy to diversify the scope of its services has

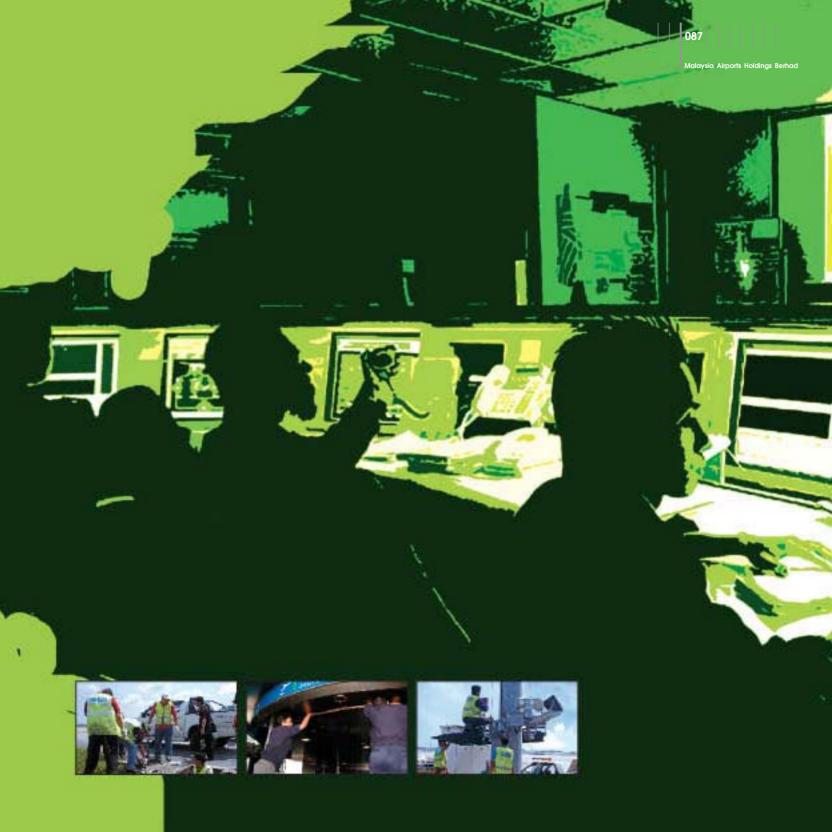
also paid off, with the company now engaged by the Malaysian government to provide building auditing for government offices in the peninsula's central region.

Backed by its track record and experience, it also secured a contract to provide testing and commissioning services for all M&E equipment at the Malaysia International Aerospace Centre (MIAC). Behind the scenes, UTW also plays an important role in helpina ensure that the KLIA remains one of the best airports in the world by ensuring service availability of 99.99% throughout the year. To gain an edge over the competition, UTW has designed a specialised predictive maintenance programme that includes vibration analysis and thermography inspection. This programme is a value-added service aimed at prolonging an asset's life span.

Meanwhile, UTW's subsidiary, Airport Automotive Workshop (AAW) has carved out its niche in the market, positioning itself on the strength of service, competitive pricing and promotional activities. AAW provides maintenance services for light, commercial and specialised vehicles such as runway sweeper and maintenance cradle. By getting it right the first time, the company hopes to retain customers' loyalty and ensure repeat businesses.

Moving forward, UTW will continue to rely on its systems in place and experienced workforce as a strong foundation to build upon. Like all the other companies within the MAHB stable, UTW has taken on the challenge of increasing revenue and profitability. UTW will explore the possibility of venturing into new revenue streams not only from the Government and GLCs, but also hospitals and other establishments in the private sector.







# ERAMAN MALAYSIA

MALAYSIA AIRPORTS (NIAGA) SDN. BHD.

ERAMAN Malaysia is a pioneer in the Malaysian airport retail business, blazing a trail by introducing avant-garde lines and innovative retail concepts. It is also the first airport retailer in the country to be certified to the MS ISO 9001:2000 quality management system, the scope of registration covering the provision of Frontline Services for Airport Retail Operations.

With more than 10 years of experience, ERAMAN Malaysia is the largest airport retailer in Malaysia. Operating more man 30 outlets, consisting of emporiums, open concept lifestyle malls, high fashion & accessories boutiques, kiosks and airport shops, under its wing occupying a total retail space of around 84,761 sq m spread across MAHB's system of airports at KLIA, LCCT-KLIA Penang International Airport, Kuching International Airport, Kota Kinabalu International Airport (Terminal 2) and Labuan Airport.

In line with other airports around the world, MAHB's objective is to increase the contribution of its commercial businesses to the Group's bottom-line. Revenue from commercial businesses is mainly generated from operating duty-free shops and rental of space. To this end, MAHB aims to increase KLIA's revenue contribution from its commercial activities from the present 35% to 50% by the year 2010. MAHB is also trying to promote KLIA as the region's preferred aviation shopping hub. Playing its part in meeting these objectives has been the major challenge for ERAMAN Malaysia.

The upgrading of the Contact Pier at the Main Terminal Building is an important part of MAHB's overall plan to enhance the shopping experience at the KLIA in terms of ambience, variety and pricing. Undertaken in phases to minimise disruptions to airport operations, the first phase of the project was completed in December 2008. This phase covers a total area of 6,398 sq f and encompasses two Duty Free Emporiums located at the H and G wings of the Contact Pier. Embellished with a new look more in sync with the 21st Century, and with aisles sufficiently wide to accommodate carts and

trolleys bags, the newly-opened emporiums will ensure that duty free shopping will never be the same again. Covering a total area of approximately 19,000 sq f (when it completed), the mall will bring the shopping experience at KLIA to a new level, second to none in the Asia Pacific region. While it will carry the usual duty free items such as liquor, cigarettes, chocolates and the like, these have been attractively displayed to tap the tourist dollar. The emporiums also offer premium luxury items such as cigars and top-of-therange liquor and wines.

Shopping campaigns, such as the one launched to mark KLIA's 10th Anniversary, have always been an integral part of the airport shopping experience lending an air of festivity and colour. At the Kota Kinabalu International Airport, the 'KLKIA Spend & Win' campaign was organised to coincide with Chinese New Year and Valentine's Day. The opening of the new emporiums at the Contact Pier coincided with the second round of the KLIA Shopping Campaign launched on 9 December, with the theme, 'The Magic Continues'.

The Lifestyle Mall will be contemporary and yet distinctively Malaysian, with local batik as the main decorative







element. Wood-paneled platforms, garden chairs and tables, and the mall's walkthrough concept accentuated by wooden pergolas and open frontages reinforce the lifestyle concept. Not only has it been designed to be a feast for jaded eyes but it will also provide retail therapy for a hitherto, largely untapped market at the Contact Pier.

Retailers have also not been short of ideas to take full advantage of the mall's choice location. Both Cadbury's and Hershey's promise eye-catching displays, tracing their respective product's history and pedigree. For travellers who are unable to see the real thing, M&M has plans for a chocolate replica of the iconic Petronas Twin Towers.

The new mall promises something for everyone, including the younger travellers. A 5,000 sq f 'Kidz Smart Tunnel' will cater to the needs of these travellers with a choice array of toys,

games and sweets. Toy collectors and aficionados will no doubt be drawn by the prospects of owning one-of-a-kind collectors' items, available nowhere else. ERAMAN Malaysia has partnered with giants in the toy industry such as Mattel and Hasbro to offer their latest and best.

Given its vast knowledge and experience in the business, ERAMAN Malaysia was also involved in KLIA Satellite Retail Optimisation Project, another ambitious plan undertaken by MAHB to enhance the shopping experience at KLIA and increase the yield from its commercial activities. In a move to broaden its revenue base and capitalise on its experience of having successfully managed F&B outlets at KLIA and LCCT-KLIA, ERMAN Malaysia is planning to expand its F&B business to other international airports in the country.



# MA(P)

### MALAYSIA AIRPORTS (PROPERTIES) SDN. BHD.

The principal sources of revenue during the vear in review were from parking and hotel charges and also the rental of commercial space for retail, office, advertising and promotions. Total revenue generated for 2008 amounted to RM24.45 million, a 21% decline from M30.82 million posted the previous year. The decline was mainly attributed to a 44% reduction in parking collections. which nonetheless, continued to be the main contributor (62%) to the company's total revenue. Other sources of revenue were derived from the rental of commercial space (26%) and hotel charges from ATH (12%). For the year, Malaysia Airports (Properties) registered a profit before tax of RM15.10 million. which is 2% higher than RM14.85 reported in 2007.

For the year, the company achieved an occupancy rate of 87% for the commercial area in the Terminal Building. At SCAF, the occupancy rate for retail premises and offices was 70%. ATH recorded a respectable occupancy rate of 68% in 2008. The 80-room hotel has proven convenient for passengers with awkward layover times.

Malaysia Airports (Properties) continued to play its role in helping achieve the corporate goals of increasing nonaeronautical revenue and improving the Airport Service Quality (ASQ) rating for KLIA. To this end, the company has launched several initiatives to enhance the facilities and services provided at KLIA:

- Rectification works of a piping system at the short term car park (STCP) at a cost of almost RM0.5 million
- Introduction of a long term parking system at the STCP and LCCT-KLIA for travellers who wish to park their cars for more than three days
- Expansion of the parking area at the LCCT-KLIA to accommodate 400 parking bays
- Introduction of Touch 'n Go facility at KLIA and LCCT-KLIA

Like other operating units within the Group, Malaysia Airports (Properties) has taken on the challenge to achieve performance excellence. This has already paid dividends in one area, when in a survey conducted by ASQ recently, it was accorded third place for the Best Car Park Airport facilities Worldwide. The company is now going for ISO 9001 certification in a bid to achieve continual overall improvements.



established under MAHB's Commercial Division to manage and operate the Airside Transit Hotel (ATH), car park facilities and the Southern Common Amenities and Facilities (SCAF) at KLIA. A more recent function added to its portfolio is the management of the Genting Permai Resort located in Genting Highlands, where MAHB has reserved four apartments for the use of its staff. With effect from 1 September 2008, the management of ATH and carpark facilities has been transferred to MA (Sepang) Sdn. Bhd.. Malaysia Airports (Properties) will focus on the non-passenger related activities to maximise revenue generation.





## **KLAH**

K.L. AIRPORT HOTEL SDN. BHD.

KLAH's Pan Pacific Kuala Lumpur International Airport (PPKLIA) celebrated its tenth year of operation in June 2008 and it could not ask for a better birthday present than the slew of awards bestowed upon the 5-star international hotel. Having been crowned Asia's Leading Airport Hotel, the icing on the cake came four months later when it was voted World's Leading Airport Hotel by World Travel Awards 2008.

PPKLIA has also maintained its status as the Best Airport Hotel in Asia 2008 by Business Asia Magazine, a title it has won for an unprecedented eight times, of which seven were awarded consecutively since 2002. This award was established by the Australian-based Business Asia magazine in 1998 and encompasses some 95 hotels across 14 countries in the Asia Pacific region. Winners are picked by popular votes in a poll published in the magazine as well as online.

The World Travel Awards (WTA) has been hailed as the Oscar-equivalent of the travel industry. They are without doubt, the most prestigious and comprehensive awards programme for the travel, tourism and hospitality industry. Now in its fifteenth year, the awards are regarded as the very highest achievement that a travel product could ever receive. For the 2008 awards, votes were cast by 167,000 travel professionals in over 160 countries, with winning categories covering all sectors of the industry.

These awards say a lot about PPKLIA's unwavering commitment and continual quest to give its best to its guests. This has translated into a generally better performance in 2008 in terms of hotel occupancy, hotel revenue and operating profit. Hotel occupancy rate grew marginally in 2008 to 66.6% against 65.5% achieved previously. Total hotel revenue rose by 14.1%, while gross operating profit improved by 4.2%. For the year, PPKLIA achieved an average room rate of RM355.34, an increase of 3.7% from the previously recorded rate of RM342.53.

The coming financial year is already shaping up to be a challenging one against the backdrop of a global economic slowdown, which is having repercussions on the global travel and hospitality industry. This will impact on the occupancy rate, which is expected to level out in 2009, moderating the increase in the company's projected revenue and gross operating profit. However, by maintaining the same high standards of excellence it has become synonymous with, PPKLIA is confident it can weather a more difficult operating environment and hold its own against the competition. The hotel is presently upgrading its web booking system and has invested in a new and more efficient energy system that would reduce its electricity bill by about RM0.5 million per annum.

## MAAH

#### MAB AGRICULTURE-HORTICULTURE SDN. BHD.

MAHB has an ample land bank, a luxury not enjoyed by many other airport operators. Some of the land bank has been earmarked for future airport-related development. However, about 7,888.52 hectares located around KLIA, Subang Airport and the Kota Bharu Airport are presently utilised for agriculture and horticulture activities. Besides generating a steady revenue stream for the Group, the planting of oil palms on approximately 7039.68 hectares of land around KLIA helps reduce noise pollution, in line with the Group's green initiatives.

MAAH's principal activity is the cultivation and management of the Group's oil palm and coconut plantations. To get the most out of its plantation crops, MAAH has instituted a systematic replanting programme over the years. As at end-2008, the total immature areas planted with oil palm was 566.96 hectares.

2008 was another good year for this sector of MAHB's non-airport operations. Higher palm oil prices, better yields and improved estate management have all had a positive impact on revenue. For the year in review, MAAH achieved a turnover of RM72.8 million, a 33.3% increase from RM54.6 million posted in 2007. The sale of oil palm fruit bunches accounted for 92.5% of turnover, while the remaining 7.5% was contributed by horticulture activities, notably the provision of landscaping services within MAHB Group.

Given our huge land bank, MAHB has plans to commercially utilise its reserved land, especially areas around KLIA with a view to increasing its income. The company is looking into the viability of developing the idle land into oil palm and coconut plantations at other airports, among other options.

As part of its continual improvement process, MAAH is in the process of certifying the organisation to ISO 9001:2008 (Quality Management System).



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# SIC SEPANG INTERNATIONAL CIRCUIT SDN. BHD.

Befitting its world-class standing, the Sepang International Circuit (SIC) has proven to be popular venue for all motor sports events, local and international. As one of the world's first purpose-built 'designer race tracks', SIC has served as the model for subsequent facilities in China, Bahrain and Turkey.

Topping the 2008 calendar of events was the 10th edition of the Formula One (F1) Petronas Malaysian Grand Prix.
F1 racing is the world's third most watched sporting spectacle, and it is no different in Malaysia. The bulk of SIC's revenue comes from F1-related events and the 10th Anniversary F1 race held in March attracted a record 126,690 enthusiasts on race day. A survey conducted in 2008 showed that 81% of international visitors arriving in Malaysia during the month of March came solely for the F1 event. After F1, the most

popular events staged at the circuit were the MotoGP and the Super GT, which brought in crowds of 50,152 and 31,016 respectively.

Other notable events held at the circuit included the 9th edition of the Merdeka Millennium Endurance Race, Polini Malaysian Motorcycle Grand Prix and the A1 GP World Cup of Motorsports. On top of these, SIC was also the venue for the multiple rounds of the MSS, Drag Race and Motocross, all of which attracted sizeable crowds of spectators.

Apart from being a conventional racetrack, the Sepang circuit has become a popular venue for testing, track days, product launches and gatherings in between races. SIC's long-term goal is to turn the circuit into a multi-faced venue for concerts, exhibitions and conventions.



# APAC

### ASIA PACIFIC AUCTION CENTRE SDN. BHD.

In line with MAHB's intentions to streamline its business activities, a decision was made to cease the operations of APAC from December 2008. Since beginning operations in 2000, APAC has to date conducted over 480 auctions with a total sales value of RM760.0 million.

APAC has established itself as the premier integrated auction centre in the region, with dedicated facilities to cater for a variety of goods ranging from heavy equipment, industrial machinery, trucks, motor vehicles, office equipment to household items. It was also appointed the official auctioneer by the government to dispose of redundant and surplus assets. The facilities also served as a venue for major international exhibitions, among which included the highly successful Defence Services Asia Exhibition & Conference held bi-annually.







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The safety and security of MAHB's system of airports remains an ongoing challenge. While our performance and record in these two areas have always been good, we see a tremendous challenge in maintaining the high standards we have set ourselves.

Although aviation is one of the safest means of transportation, it has been demonstrated that the risk factor increases as a square of traffic. In other words, when traffic doubles, risk increases by a factor of four. Air traffic across MAHB's airports has grown rapidly over the years with increased affluence and as disposable incomes continue to grow. With the advent of low-cost carriers, even more people are taking to the skies as never before.

Notwithstanding the global economic downturn, Asia, with 50% of the world's population will remain the fastest growing market. Statistics published in 2008 suggest that the region will account for 27% of all air travel by 2010, with nearly 300 million more travellers than today. All this is putting a strain on the safety and security systems of our airports, increasing pressure on infrastructure, human and technical resources.

To meet this challenge, we will need to keep developing and implementing new strategies to make a safe system even safer, in line with the targets set by the International Civil Aviation Organisation (ICAO) and the Malaysian Department of Civil Aviation (DCA).

Throughout 2008, MAHB's Airport Fire Rescue Service (AFRS) continued to introduce measures to strengthen and enhance the safety system across the Group's system of airports. Standard operating procedures were reviewed and improved to comply with current regulatory requirements. As a basis of comparison and to determine areas that require attention, the AFRS Standard Rating exercise was carried out towards the year-end. Fire-fighting vehicles more than 15 years of age have been gradually phased-out, while a recruitment exercise was carried out to maintain the manpower strength of AFRS.







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### MANAGING DIRECTOR'S REVIEW OF OPERATIONS

Airport emergency exercises and drills have played an important role to ensure the preparedness of AFRS and relevant agencies to cope with all sorts of situations. In compliance with ICAO and DCA, all airports in Malaysia are required to conduct a full-scale exercise simulating an air crash once every two years. Airports are also required to conduct an annual emergency evacuation exercise at the terminal building. These drills are supplemented by regular table-top exercises simulating different emergency scenarios.

Two exercises simulating an aircraft crash were carried out at Kota Kinabalu International Airport and KLIA in July and August 2008 respectively. The objective was to test and evaluate the effectiveness of the airport emergency procedures to deal with such a situation and to gauge the response of other support agencies such as Medical Service, Fire Services, Department of Civil Aviation, Royal Malaysian Police (PDRM), Immigration & Customs Departments, Civil Defence Department, airlines and other related agencies. As an emergency can occur at any time,

the KLIA drill was made even more challenging as it was conducted at night.

MAHB's strive for excellence is an all encompassing journey and includes the twin challenges of ensuring the security of all its airports. Terror alerts and acts of terrorism have had a profound and far-reaching impact on the aviation industry, and will undoubtedly continue to do so in the future. In today's operating environment, airport operators need to stay that vital one step ahead of subversive elements, and this means the introduction of new and predominantly landside security measures proactively.

While acknowledging the growing importance of technology, the people factor is another key component of ensuring airport security. MAHB's security personnel are continually updated and trained on the latest security developments at the Malaysia Airports Training Centre (MATC) in Penang, an authorised ICAO training facility providing aviation security training since 1993. A total of 242 new recruits also underwent basic aviation training

programme at MATC and the Police Training Centre, followed by a stint of on-the-job training at KLIA.

MAHB also organises safety awareness programmes for all its airports, targeted at both the airport community and the travelling public. One such programme was organised at the Marudi STOLport, the objective being to educate passengers from the rural areas on the security requirements and procedures prior to boarding as required under the National Civil Aviation Security Programme.

Ever since the events of 9/11, the security environment in airports around the world has never been the same again. Terrorism continues to present a very real and current threat to civil aviation and airports present a high-profile target for terrorists.

The watchword in airport security is constant vigilance and never letting your guard down. Aviation security personnel are accorded auxiliary police powers and are trained to conduct searches and operate x-ray machines to detect prohibited or dangerous

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weapons carried by passengers. During the year, security personnel detected 15 cases of attempts to smuggle prohibited items during the regular screening process. In all these cases, a report has been filed with the police for further action. Pursuant to the successful arrest of a courier agent, all airports have been alerted to conduct tighter checks on departing passengers and also packages carried by courier agents.

Nonetheless, in spite of all the security measures in place, there was an armed robbery at the KLIA. Following this incident, immediate measures were taken by to enhance security with the cooperation of PDRM. Of the 1328 security cameras then deployed at KLIA, 30% were continuously recording at identified high security risk areas in the terminal and at the airside, where the planes are parked. The remaining cameras at other public areas were on a random surveillance mode. Since the incident, additional surveillance cameras at public areas have been programmed for continuous recordina. PDRM has also stationed personnel from its Ground Operation Force to secure the landside

areas of all five international airports, a move that will eventually be extended to cover all domestic airports as well.

In 2008, MAHB's Aviation Security Division was also involved in planning aviation security systems at the Terengganu and Melaka Airports and for the Skypark Fixed Base Operation at Subang. The Division is also giving its inputs on security-related matters for the National Airport Master Plan.

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### MANAGING DIRECTOR'S REVIEW OF OPERATIONS

## **OUR OCCUPATIONAL**

#### **SAFETY & HEALTH AGENDA**

As MAHB's system of airports continues to expand in terms of infrastructure and traffic arowth, meeting the challenge of ensuring a safe and healthy work environment must necessarily be high on the Group's agenda, MAHB's holistic approach to corporate social responsibility (CSR) means that due 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 airports a source of pride to the nation. This is also fully in line with MAHB's commitment to sustainable development, which aims at ensuring there is a balance of social, economic and environmental benefits from the Company's activities.

Since its establishment, the OSH Department has been focused on communicating MAHB's OSH Policy across the Group's system of airports. An OSH corner has been established to provide updates on latest OSH-related activities in the Group, and also update employees on the latest regulatory and policy developments. The Safety and Health Committee (SHC) is the catalyst to inculcate an OSH-conscious culture groupwide. Meeting once every three months to discuss matters connected with OSH management, such as accident statistics, the SHC 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 14 safety awareness campaigns were conducted this year at both international and domestic airports. These campaigns, some of which were conducted twice at the same airport, served to inform and remind employees and third party contractors on the importance of safety at the workplace. Much can be learnt from the experience of others and study tours were organised to other airports as well as PETRONAS' refinery at Melaka and its methanol plant at Labuan. A series of training programmes were conducted throughout 2008. These included a Train the Trainer programme, OHSAS awareness training, confined space entry and chemical training, internal audit training and first aid advanced training. The OSH Department also played an important role in implementing a safety management system for Malaysian airports, as a prerequisite for aerodrome certification by DCA and ICAO.

In continuation to fulfil the requirements of the Factories and Machinery Act, 1967, and from the last year hearing conservation programme, an additional audiometric hearing test was administered at another four airports, while additional noise exposure monitoring programme was carried out to cover another two airports. Having completed all the monitoring and testing, we are able to collect an audiometric test baseline record and analyse the measurement data of the noise levels at all airports for an action plan to be established to minimise employees' exposure to unhealthy noise levels.

In MAHB's strive for excellence and to ensure its facilities are world-class, it has sought certification to internationally recognised specifications. In June 2008, KLIA was the first of MAHB's airports to be certified to OHSAS 18001:2007. This is an international occupational health and safety management system specification aligned to ISO 9001:2000 and ISO 14001:2004 and comprises two parts - 18001 and 18002. The OHSAS specification promotes a safe and healthy working environment by providing a framework that allows organisations to consistently identify and control its health and safety risks, reduce the potential for accidents and ensures legislative compliance to improve overall performance of the existing OSH system. The next to be certified is the Kuching International Airport, where the process of implementation is well underway.

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During the year, MAHB signed a Memorandum of Understanding with the National Institute of Occupational Safety and Health (NIOSH) to establish a safety passport system (SPS). This system has been around for some time and is designed to demonstrate an acceptable level of health and safety knowledge among the workforce. Many companies also insist that all contractors employed on site, including their employees, must hold a relevant safety passport. The programme is aimed at improving safety practices and standards amona workers, ultimately reducing unnecessary suffering and costs to both employee and employer. For a start, the safety passport system will be implemented at KLIA. A steering and a working committee have already been established to spearhead the programme.

Despite MAHB's OSH Department being less than three years old, it is gratifying that the Kota Kinabalu International Airport was declared the 'MSOSH OSH Bronze Award Winner for 2007', under

the category of the services sector. This marked the first time MAHB has participated in the competition organised by the Malaysian Society for Occupational Safety & Health. Winning the bronze is an encouraging start, but as a group that strives for excellence, the challenge now is to be nothing but the best.



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Annual	Donor	+ 2000	,	

### **GREEN GLOBE 21:**

# A LEAGUE OF OUR OWN

KLIA remains the only airport in the world to carry the coveted Green Globe 21 (GG21) certification, an award it has earned in 2008 for the fourth successive year, setting a global benchmark for the industry. GG21 is an international benchmarking and certification programme based on principles affirmed in Agenda 21 of the United Nations (UN) Earth Summit held in Rio de Janeiro in 1992. The programme involves annual audits to verify continuing compliance to green guidelines.

From the very outset, a great deal of planning went into the design of KLIA to minimise its impact on the surrounding environment. Its infrastructure is designed within a framework of seven key green considerations, namely the natural environment, waste management, energy efficiency, resource management, noise control, water resource management and storm water management.

For its energy conservation efforts, KLIA has received commendations from the National Energy Centre and GG21. It was also the first runner-up in the ASEAN Energy Efficiency and Conservation Best Practices Competition for Energy Efficient Buildings. At the ACI World/

North America Conference and Exhibition held in Boston, USA in September 2008, MAHB was invited to share KLIA's green experience before an audience of 2,500 senior airport managers.

As Planet Earth faces its greatest environmental challenges, the global aviation industry has come under increasing scrutiny from all quarters. Air travel has been blamed for almost all of the environmental problems besetting the world. This is despite the fact that aviation only accounts for just 2% of global carbon dioxide emissions, according to the UN's Intergovernmental Panel on Climate Change. However, for an industry under fire, a carbon footprint no matter how small is still not acceptable.

The challenge for MAHB and the aviation industry is to educate the general public on the environmental issues of our times, the role played by the industry in ensuring environmental

sustainability and our generally good track record. This was the raison d'être for Project Green Planet launched at KLIA in conjunction with World Environment Day. Other green initiatives included KLIA Green Park, a tract of forest near the airport designated for plant research and recreational activities.







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MAHB will continue to press ahead with initiatives to minimise the impact of its operations on the environment. It has already taken initiatives to reduce reliance on CFCs by using chilled water as a cooling agent in the airconditioning system. There are also concerted efforts to use recycled paper and biodegradable materials in day-to-day activities.

Several other projects to improve our environmental track record are in the pipeline. An energy saving project is being implemented at KLIA, which is expected to reduce costs by at least 25%. In address carbon emissions, the industry is looking into programmes such as carbon offsetting and carbon neutral growth. MAHB has also engaged the services of consultants to determine the carbon emission levels at KLIA and to identify the options and investments needed to arrive at a challenging but achievable timeline. With technology permeating almost every sphere of

airport operations, MAHB will monitor developments with a view to adopting technologies that will foster greener solutions.

MAHB's green efforts are not just confined to KLIA. Steps are being taken to ensure that all the airports under its wing are environmentally friendly, beginning with the international gateways.



### **BUILDING CAMARADERIE**

Business gurus and corporate honchos hype networking as one of the most important means of corporate success. For MAHB, networking is all about cultivating, retaining and growing profitable relationships with the many parties with whom we do business. As part of our networking strategy, our goal is to reach out to four major target groups: key players in the aviation industry; members of the media; government ministries and agencies; and the tenants and agencies operating at our airports.

One of the most useful platforms for effective networking is through our participation at major international aviation forums. During the year, MAHB participated at the Third Airports Council International (ACI) Asia-Pacific Regional Assembly, Conference and Exhibition held at Cairns, Australia. With more than 250 delegates from the Asia Pacific region in attendance, it provided an opportunity for MAHB to get fresh ideas and insights on key issues such as sustainability and growth in the airport business.

MAHB was also the first Asian host for the Airport SAP User Group (SUG), a worldwide conference for airport and airport authorities. The annual SUG conference, held in May, constituted a platform for networking and information exchange among 65 participating airports within a unique airport specific environment.

MAHB enjoys a special relationship with members of the media, carefully nurtured and strengthened over the years. One of the most useful initiatives we have launched is the Airports Literacy for Journalists Programme. The objective of this programme is to inform the media of developments within MAHB and the industry. More than just a familiarisation programme, it presented an opportunity for the media to put a face behind a name and to obtain information and seek clarification from the senior management of

the Media Explorehunt, which in 2008 took 250 media representatives in 56 cars all the way to Awana Kijal in the east coast state of Terengganu. The year's event was the sixth in the series, testing the brains, brawn, persistence and team spirit of participants.

Nor have we forgotten members of the KLIA community. About 500 people representing tenants, agencies and the various authorities participated at the KLIA Telematch, organised in conjunction with KLIA's 10th Anniversary. Participants from MAHB joined in the fun, pitting brains and brawn to compete in a convivial setting.



Malaysia Airports Holdings Berhad

### **CORPORATE SOCIAL RESPONSIBILITY:**

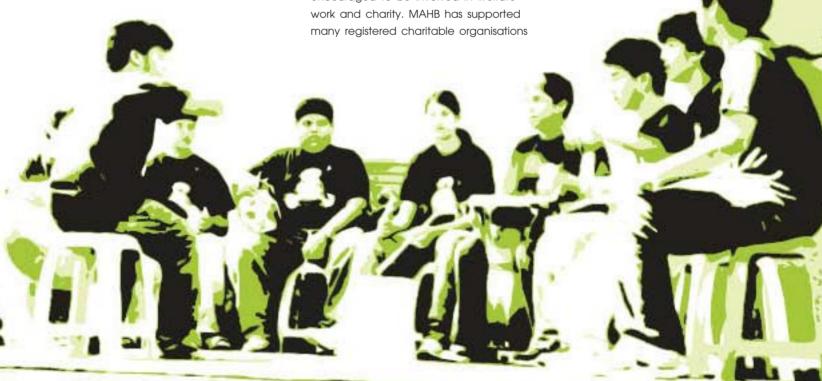
### A HOLISTIC APPROACH

Corporate social responsibility (CSR) is more than just a catch-phrase in MAHB. All over the world, CSR has now become an important part of organisational norms. Governments all over the world including our Malaysian Government, have embraced CSR, while social commentators, public relations consultants, pressure groups and bloggers are calling for its integration into corporate and business activities. No longer left on the back burner as an unheralded and often

neglected part of operations, organisations have now come to fully realise the tangible benefits of an effective CSR programme in paying their dues to society.

Caring comes naturally at MAHB. Since the early days, before CSR became a buzzword, it has formed an important cornerstone of MAHB's operating philosophy and an integral part of its operations. It is something that we practise on a daily basis and management and staff are actively encouraged to be involved in welfare work and charity. MAHB has supported many registered charitable organisations

and worthy projects over the years.
Bringing festive cheer to orphans and the less privileged and donations to various causes have long been mainstays of our annual corporate calendar. Corporate involvement can also take the form of one-off efforts to meet specific needs as when we contributed food supplies and other necessities to ease the burden of flood victims in Johor and Kelantan.



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### MANAGING DIRECTOR'S REVIEW OF OPERATIONS

All our subsidiaries and major operating units are also actively involved in running their own CSR programmes. PPKLIA for example, has a comprehensive community outreach programme that in 2008 included specially conducted tours for orphans and less privileged children from various homes to visit areas of interest in KLIA. At KLIA, we have placed donation boxes strategically placed at high-traffic areas, so that passengers and travellers can contribute small change in any currency towards charity causes. A sizeable sum is collected each year, from which KLIA Fund (Tabuna KLIA) was able to contribute RM30,000 towards the National Heart Institute Foundation's efforts to enhance the quality of medical care for heart patients in Malaysia.

Longer-term projects, however, are the true test of the Group's commitment to ensure that its success is inclusive. One of our more enduring CSR legacies is being realised through our participation 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 and brand with the theme,

Beyond Borders, and its tagline 'Give Them Wings, Let Them Fly'. As an integral part of the programme, MAHB adopted nine schools in seven states throughout the country. These schools were selected because of their proximity to MAHB's system of airports. Following the success of the pilot project initiated in 2007, involving two schools in Penang, Beyond Borders was officially launched at the seven remaining schools in July 2008.

As a company taking to the world stage, MAHB recognises the importance of the Enalish language as the lingua franca in the global village. Therefore, we have designed series of Englishbased programmes for the teachers and the students. Kicking off the programme for 2008, MAHB organised an Enalish language workshop gimed at increasing proficiency levels among science and mathematics teachers. The 'Better Enalish for Science & Mathematics Teachers' workshop or BESMaT was attended by 82 teachers from all nine schools adopted by MAHB. The BESMat module encompassed an intensive 5-day training programme that incorporated arammar reviews as well as presentations by schools. Teachers who attended the programme subsequently applied what they have

learnt from the workshop to develop math or science-based projects for their respective schools, to compete in 'Beyond Borders Interschool Competition'.

Another programme, the 'Golden Pen Awards' Essay Writing Competition' was held further encourage students in its adopted schools to improve their English proficiency. As a prerequisite, these students, mainly Year 4, attended a creative writing workshops to learn basic sentence structure construction. Their final entries were then judge on the Golden Pen Awards day. For all three competitions, attractive cash prizes were awarded to the winning entries.

MAHB remains committed to helping Bumiputera entrepreneurs further develop their businesses at KLIA and LCCT. To achieve this goal, Bumiputera entrepreneurs have been allocated five F&B kiosks at Food Garden@LCCT, two F&B outlets at KLIA domestic contact pier and one retail outlet at Block C, of the KLIA Main Terminal Building. The involvement of Bumiputeras in the total retail and F&B outlets at KLIA now stands 66%.

Malaysia Airports Holdings Berhad

In our holistic approach to CSR, we are aware that one of the most significant ways companies like MAHB can help make Malaysia greener is to use their organisational strengths and resources to conduct community education and public action campaigns. Environmental commitment amongst the Malaysian general public is still in the early stages and with Planet Earth faced with a wide array of planetary challenges, this is where we believe we can make a difference.

The most visible manifestation of MAHB's commitment to preserve the environment is KLIA itself, where the highest standards of environmental sustainability were integrated into the development of the Group's flagship facility. In 2008, KLIA continued its quest for environmental excellence with its 'Walk the Environment' (WtE) campaign in conjunction with World Environment Day, celebrated on 5 June, Amona a variety of activities organised for the occasion, one of the most meaningful is the 'Pledae a Plant' drive, whereby participants can buy a plant for RM10 to be planted in within the KLIA. Each plant is labeled with its scientific and botanic name and name of the sponsor, who will also receive a

certificate. Sponsors can visit the plant to chart its progress whenever they are in KLIA.

As part of the WtE campaign, a forested area near KLIA has been set aside and called KLIA Green Park. With its 300 to 400 unique plant and tree specimens, the Green Park is suitable as an educational research area for students and other forestry bodies. It also serves a dual purpose as a recreational around for joaging, trekking, cycling and camping activities. To commemorate the park's opening, MAHB organised the 'Walk the Environment Race', where about 150 participants within the airport community competed in a treasure hunt-style run through the park with clues based on environmental issues.

MAHB takes pride in its inclusion in GLCs 'Big 8' group for CSR programmes and activities. Because caring comes naturally at MAHB, a sentiment shared across the Group by management and staff alike, we will continue to explore avenues to see how we can contribute in even more innovative ways towards the betterment of the community.

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### MANAGING DIRECTOR'S REVIEW OF OPERATIONS

### NATIONAL INTEREST

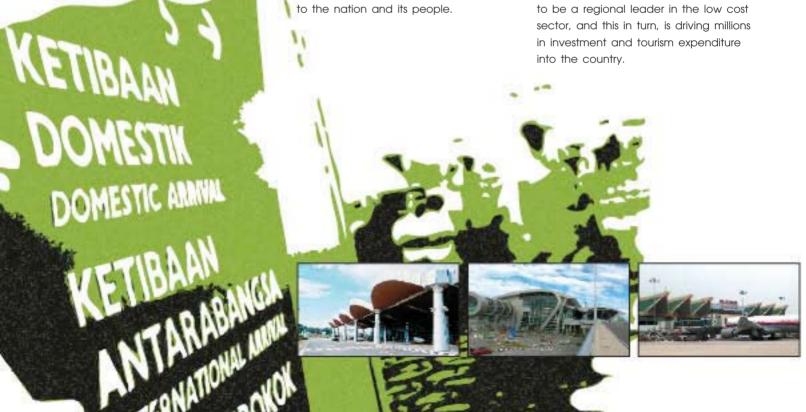
**COME FIRST** 

From the day MAHB was incorporated, it has never been in doubt that its duty to the nation and people has always been a prime consideration. The growing importance of air travel in promoting trade, tourism and fostering closer economic and political ties between two geographical regions is well known. With a total of 39 facilities listed in our airport portfolio, MAHB's system of airports is unmatched in the region, both in terms of quality and distribution.

Included in our portfolio are 18 short take-off and landing ports (STOLports). Located mainly in Sabah and Sarawak, these are vital lifelines for the rural communities located in mountainous or densely forested regions. Although small and fairly basic, STOLports have never been an economically viable proposition, and indeed require considerable investment and commitment to set up and to maintain. But we see them as a vital part of our operation, and an integral part of our CSR programme to contribute positively to the nation and its people.

Airports are major gateways to a country's economic development.

MAHB's flagship facility, KLIA, is more than just an airport. As an aviation hub, it acts as an important catalyst for the growth of trade, tourism and investment for Malaysia and the region. Here are also direct benefits, providing job opportunities for more than 25,000 people living in the surrounding areas such as the Klang Valley, Putrajaya, Cyberjaya, Dengkil and Nilai. The establishment of a separate terminal for low-cost carriers has propelled LCCT-KLIA to be a regional leader in the low cost sector, and this in turn, is driving millions in investment and tourism expenditure into the country.



Malaysia Airports Holdings Berhad

The many awards bestowed on KLIA and PPKLIA have captured the world's attention. It has taken KLIA less than ten vears to become the world's best, an honour that was also conferred in 2008 on PPKLIA. Such accolades from respected bodies have contributed in no small measure towards the country's ascendant influence on the Asian aviation industry. Even before the movement began to gain momentum, KLIA has taken the lead in clearing the green path. It continues to be the only airport in the world that is officially classified as being environmentallyfriendly with the award of the GG 21 certification. In recognition of this distinction, MAHB was invited to share KLIA's green experience with 2,500 participants at the Airports Council International (ACI) World/North America Conference and Exhibition held in September 2008 in Boston, USA.

Through KLIA and now PPKLIA, we have proven that Malaysia Boleh (Malaysia Can Do) is not merely a catch-phrase. Malaysians have risen to the challenge and have proven they are capable of holding their own in competing with the world's best. MAHB's success in managing and operating airports is reprised on the international front. On 27 May 2008, the Astana International Airport in Kazakhstan won the Best Airport in the Commonwealth of Independent States (CIS) Countries

Award 2007 for the one million passengers category. MAHB officially started managing and operating the airport from May 2007.

In all our marketing activities and in our attendance at major overseas conferences, MAHB has worked very closely with Tourism Malaysia to showcase Malavsia and the multi-faced attractions it has to offer. A total of 22.5 million tourists visited Malaysia in 2008 spending some RM48.0 billion, but there is still potential for the tourism industry to arow further. In 2008, Malaysia hosted one of the biggest aviation marketing events in commercial aviation history -Routes KL - which by all accounts, was a resounding success. More than any other platform, it provided the ideal opportunity for route planners from all over the world to experience first-hand the tourism attractions of Malaysia, With almost every significant airline in world and route planners present at the event, we are confident that our hard work to sell Malaysia to the world will pay off by way of new airlines operating from KLIA. And when foreign airlines fly to a new destination, tourism can flourish with eventual financial spin-offs.

MAHB is moving into higher-value added businesses and activities to broaden its revenue base. Plans are on the drawing board to transform part of

the non-aeronautical land bank around KLIA into a full-fledged airport city. As a key economic generator, the multiplier effect of this long-term project will be significant, and will benefit a wide spectrum of Malaysians in one way or another.

As the world grapples with a deepening economic malaise, the contagion effects have begun to spillover into Malaysia. Coming out on top of this challenge will require the concerted efforts of Government, corporations and all Malaysians working on the same page. It calls for sacrifice, each doing their bit to stave off the effects of the economic crunch.

MAHB is aware of the plight of the airlines in weathering what is one of the toughest periods ever for the aviation industry. To support the airline industry, we made a recommendation to the Government for all airlines operating from Malaysia to be given a 50% rebate on landing charges. This is despite the fact that landing and parking charges at Malaysian airports have remained unchanged for the last 25 years and are among the lowest in the region. By making this concession, we hope that the savings accrued by airlines will eventually cascade down to all Malaysians, lessening their burden by making air travel affordable to all.



meeting the challenge

# the challenge of increasing passengers & leaving a lasting impression





(From Right to Left):

TAN SRI DATUK DR. ARIS BIN OTHMAN (Chairman)

(Non-Independent Non-Executive)

Tan Sri Datuk Dr. Aris bin Othman, Malaysian, aged 64, was appointed to the Board of Directors of MAHB as a Non-Independent Non-Executive Director and Chairman of MAHB on 7 June 2003. He chairs the Board Procurement Committee, Board Finance & Investment Committee & Board Risk Management Committee of MAHB. He is also the Chairman of Malaysia Airports Management & Technical Services Sdn. Bhd., K.L. Airport Hotel Sdn. Bhd. and also Malaysia Airports Agriculture-Horticulture Sdn. Bhd., wholly-owned subsidiaries of MAHB.

Prior to joining the Company, he has held several senior positions at the Prime Minister's Department and the Ministry of Finance ("MOF"), amonast others, as Assistant Secretary (Macro-Economics) EPU, Principal Assistant Director (Racial Balance, National Development Planning Committee Secretariat and Administration) EPU, Director (Distribution and Macro-Economics) EPU, Senior Director (Macro-Economics) EPU, Deputy Director-General (Macro) EPU, Deputy Secretary General II, MOF, Deputy Secretary General (Policy) MOF and thereafter was elevated to the position of Secretary General of MOF. His varied career also includes having served as the Chief General Manager (Corporate Plannina, Financial Subsidiaries, Treasury, Human Resource) Bank Bumiputra Malaysia Berhad (now known as "CIMB Bank Berhad"), Executive Director (South-East Asia Group), The World Bank, Washington DC, and was formerly the Executive Chairman and Managing Director/Chief Executive Officer of Bank Pembanaunan dan Infrastruktur Malavsia Berhad.

He attained a Bachelor (Hons) in Analytical Economics from University of Malaya, Master in Development Economics from Williams College, Williamstown, Massachusetts and Master in Political Economy from Boston University, Boston. He also holds a PhD. in Development Economics from Boston University. Boston. USA.

He currently holds directorship positions at AMMB Holdings Berhad, AmInvestment Bank Berhad and YTL Power International Berhad. He is also the Chairman of Malaysia Design and Innovation Centre, Cyberiaya and the Chairman of Joint Stock Company International Airport Astana, Kazakstan,

He has attended 12 out of 12 Board Meetings held during the financial year.

### DATO' LONG SEE WOOL

(Non-Independent Non-Executive)

Dato' Long See Wool, Malaysian, aged 54, was appointed to the Board of Directors of MAHB on 9 September 2008. He also sits on the Board Procurement Committee and Board Risk Management Committee of MAHB. He is a member on the Board of Malaysia Airports (Sepang) Sdn. Bhd. and Malaysia Airports Sdn. Bhd., both wholly-owned subsidiaries of MAHB, 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. He is currently the Deputy Secretary-General (Planning), MOT.

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

He has attended 1 out of 3 of the Board Meetings held during the financial year, since his appointment on the Board of MAHB.

### DATUK ALIAS BIN HAJI AHMAD (Independent Non-Executive)

Datuk Alias bin Haji Ahmad, Malaysian, aged 61, was appointed to the Board of Directors of MAHB as an Independent Non-Executive Director on 1 December 2003. He also chairs the Board Nomination & Remuneration Committee and is a member of Board Procurement Committee, Board Audit Committee and Board Risk Management Committee of MAHB

Prior to this, he had a long and distinguished career with the Government which began soon after his graduation from the University of Malaya in 1972 with an Honours Degree in Arts and Economics. He held various senior positions in several Ministries and Department including as an Assistant Secretary (Finance) at the Ministry of Finance ("MOF"), Special Officer to the

Minister of Finance and then Minister of Trade and Industry, Director of Vocational Training at the Manpower Department, Ministry of Labour. He held various senior positions in the Ministry of Defence before moving on as Federal Secretary for Sabah. He was the Deputy Secretary General of the Ministry of Health, a post he held until his retirement in July 2003.

He has attended 10 out of 12 Board Meetings held during the financial year.

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

Datuk Siti Maslamah binti Osman,
Malaysian, aged 61, was appointed as
an Independent Non-Executive Director of
MAHB on 1 December 2003. She chairs
the Board Audit Committee and sits on
the Board Nomination & Remuneration
Committee and Board Finance &
Investment Committee of MAHB.

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

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

She has attended 11 out of 12 Board Meetings held during the financial year.

### DYG SADIAH BINTI ABG BOHAN (Non-Independent Non-Executive)

Dyg Sadiah binti Abg Bohan, Malaysian, aged 47, was recently appointed to the Board of Directors of MAHB on 25 February 2009. She is a member of the Board Nomination & Remuneration Committee, Board Finance & Investment Committee and Board Procurement Committee of MAHB.

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 Head of Special Unit attached to Minister Finance II Office.

Dyg Sadiah is a Director of Penang Port Holdings Berhad.

### MOHD NADZIRUDDIN BIN MOHD BASRI (Non-Independent Non-Executive)

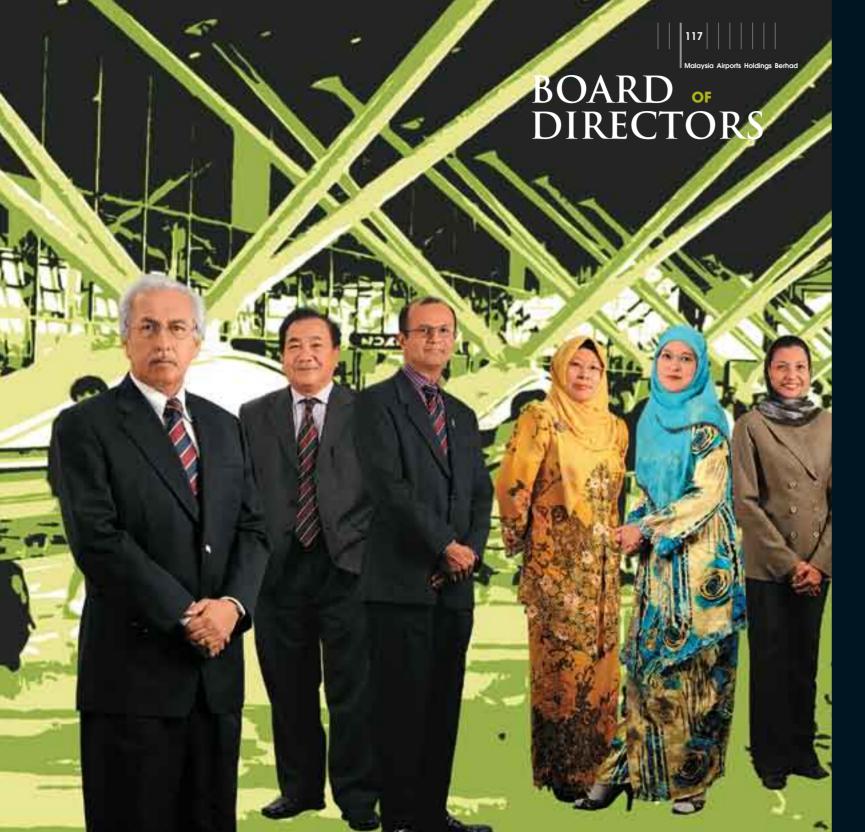
Mohd Nadziruddin bin Mohd Basri, aged 41, was recently appointed to the Board of Directors of MAHB as a Non-Independent Non-Executive Director on 21 October 2008. He is also a member of the Board Finance & Investment Committee and Board Risk Management Committee of MAHB.

He started his career with Ernst & Yong 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 Nasional Berhad as its Chief Financial Officer in June 2007.

He graduated from the London School of Economics with a Bachelor of Sc (Econ). He is a Fellow Member of the Association of Chartered Certified Accountants. He is also a member of the Malaysian Institute of Accountants. Currently, Mohd Nadziruddin is also a director on the Board of Penerbangan Malaysia Berhad.

He has attended 1 out of 2 Board Meetings held during the financial year since his appointment on the Board of MALIR





(From Left to Right):

### DATO' SERI BASHIR AHMAD BIN

(Managing Director) (Non-Independent Executive)

Dato' Seri Bashir Ahmad bin Abdul Majid, Malaysian, aged 59, was appointed as Managing Director of MAHB on 7 June 2003. He is a member of the Board Finance & Investment Committee and Board Risk Management Committee of MAHB. 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 MAHB.

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.

Dato' Seri Bashir currently sits on the Board of GMR Hyderabad International Airport Limited, Delhi International Airport Private Limited and Joint Stock Company International Airport Astana, Kazakstan.

He has attended 12 out of 12 Board Meetings held during the financial year.

#### IZLAN BIN IZHAB

(Non-Independent Non-Executive)

Izlan bin Izhab, Malaysian, aged 63, was appointed to the Board of Directors of MAHB on 1 June 2005 as a Non-Independent Non-Executive Director. He sits on the Board Audit Committee of MAHB. He is also a member on the Board of Malaysia Airports Management & Technical Services Sdn. Bhd., a wholly-owned subsidiary of MAHB.

During his working career, he has 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-UOB Unit Trust Management Berhad, CIMB Aviva Assurance Berhad (formerly known as Commerce Life Assurance Berhad), Box-Pak (Malaysia) Berhad, O&G Equities Berhad, CIMB Aviva Takaful Berhad (formerly known as Commerce Takaful Berhad), Kenanga Investment Bank Berhad and Bank Perusahaan Kecil & Sederhana Malaysia Berhad and Group. He is also a member of Bursa Malaysia Berhad's Apoeals 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 10 out of 12 Board Meetings held during the financial year.

### JEREMY BIN NASRULHAQ

(Independent Non-Executive)

Jeremy bin Nasrulhaq, Malaysian, aged 56, was appointed to the Board of Directors of MAHB 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 MAHB.

He had held several key financial and commercial 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 is currently a Director 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 and a registered chartered accountant of the Malaysian Institute of Accountants. He also holds a Bachelor of Science Degree in Agribusiness from Universiti Putra Malaysia.

He has attended 12 out of 12 Board Meetings held during the financial year.

### HAJAH JAMILAH BINTI DATO' HJ HASHIM (Non-Independent Non-Executive)

Hajah Jamilah binti Dato' Hj Hashim, Malaysian, aged 50, was appointed to the Board of Directors of MAHB as a Non-Independent Non-Executive Director on 1 March 2007. She is also a member of the Board Nomination & Remuneration Committee of MAHB.

She is currently a Director in Khazanah Nasional Berhad ("Khazanah") heading the Support Operations and co-heading the Corporate Development Unit. She is instrumental in getting Khazanah's SO & CDU Units certified on ISO9001 in 2008 and initiated the Kaizen or Worksimp practice in 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 Manufacturina Director and a Board member of Goodyear Malaysia Berhad. She had also served in several kev turnground roles in Goodvear, along with playing an active role as the President of Goodvear 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 is currently a member of the Board of Directors of Pantai Morib Ventures Sdn. Bhd., a subsidiary of Khazanah.

She has attended 12 out of 12 Board Meetings held during the financial year.

### ANIS RIZANA BINTI MOHD ZAINUDIN @ MOHD ZAINUDDIN

(Alternate Director to Dyg Sadiah binti Aba Bohan)

Anis Rizana binti Mohd Zainudin @ Mohd Zainuddin, Malaysian, aged 39, was appointed to the Board of Directors of MAHB on 25 February 2009 as an Alternate Director to Dya Sadiah binti Aba Bohan.

She began her career in the Malaysian Civil Service in 1995 as an Assistant Secretary in the Domestic Loan Section, Finance Division, Ministry of Finance ("MOF") and subsequently, she was promoted to Senior Private Secretary to the Minister of Finance in December 1999.

She has held various senior positions in MOF including as an Assistant Secretary and Principal Assistant Secretary, Privatisation and Coordination Division, MOF (Inc.), Principal Assistant Secretary, Loan Management and Finance Policy Division. In June 2006, she was appointed as a Senior Assistant Director, Budget Division before being promoted as Principal Assistant Director at the Investment MOF (Inc.) and Privatisation Division. Currently, she is the Deputy Under Secretary, Investment, MOF (Inc.) and Privatisation Division, Division, MOF.

She obtained her Master in Business Administration (Finance) from Graduate School of Management, Universiti Putra Malaysia. She also possess a Bachelor of Business Administration (Finance) from Western Michigan University, Kalamazoo USA, Diploma in Investment Analysis, ITM Shah Alam and a Diploma in Public Administration from INTAN.

### SABARINA LAILA BINTI MOHD HASHIM (LS 0004324) (Company Secretary)

Sabarina Laila binti Mohd Hashim, Malaysian, aged 41, is currently the Company Secretary for MAHB and its Group of Companies. She was appointed as Company Secretary on 20 September 2004 and holds the position of the General Manager, Secretarial & Legal Services Division, MAHB. She obtained a degree in Bachelor of Laws from University of Malaya and was admitted to the High Court of Malaya as an advocate and solicitor in 1992.

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

She joined Malaysia Airports in 1995 as a Legal Advisor in charge of legal matters and since then, has been heading the Legal Affairs Division. Prior to joining Malaysia Airports, she was a practising lawyer specialising in corporate and commercial law and was also a company secretary to several private limited companies.

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

nnual Report 2008

## SENIOR MANAGEMENT

### From left to right, first row:

- Datuk Kamaruddin Mohd Ismail
- Dato' Abdul Hamid Mohd Ali
- Dato' Mahat Samah
- Dato' Azmi Murad
- Faizal Mansor

### From left to right, second row:

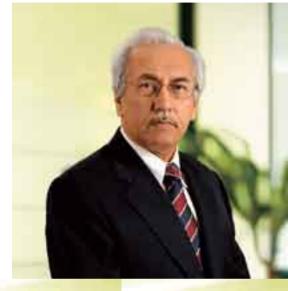
- Dato' Seri Bashir Ahmad Abdul Majid
- Faizah Khairuddin
- Rosehaida Ab Rahman
- Umar Bustamam
- Ahmad Zuber Abdul
- Abdul Rahman Karim

### From left to right, third row:

- Mohd Aminuddin Yaakub
- Che Aziz Mohd Nor
- Abdul Nasir Abdul Razak
- Mohd Nasir Ismail
- Ir. Suradini Abdul Ghani
- Sabarina Laila Mohd Hashim
- Nasrein Fazal Sultan
- Rokmah Abdullah

### From left to right, fourth row:

- Muhd Najib Mohd Rawi
- Daud Hosnan
- Mohamed Sallauddin Mohamed Shah
- Ir. Khairiah Salleh
- Ahmad Razlan Ahmad Razali
- Mustafa Kamal Hj. Alang Othman
- Kamaruddin Mahmood
- Mohd Hasrul Nizam Md Hashim













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### GROUP SENIOR MANAGEMENT

### DATO' SERI BASHIR AHMAD ABDUL MAJID

### Managing Director, MAHB

Dato' Seri Bashir Ahmad, aged 59 is the Managing Director of MAHB. Prior to his present employment, he has held various senior positions in Malaysian Airline System Berhad ("MAS") throughout a period of 29 years, which include Director of Corporate Plannina, Commercial Director, Senior Vice-President Commercial and Executive Vice-President Airline. He was also appointed as the Aviation Advisor to the Ministry of Transport.

Dato' Seri Bashir currently sits on the board of GMR Hyderabad International Airport Private Limited and Delhi International Airport (P) Limited. Dato' Seri Bashir, in his course of work has been a member of Industry Affairs Committee of IATA. Committee member of Association of Asia Pacific Airlines (AAPA) and also sits in the board of Asia Pacific's Airport Council International (ACI) board and World Governing Board of ACI.

He graduated with a Bachelor of Arts Degree (Hons) majoring in International Relations from University of Malaya.

### DATUK KAMARUDDIN MOHD ISMAIL

Advisor, Security & Safety Services, MAHB

Datuk Kamaruddin Mohd Ismail is currently the Advisor of Security & Safety Services MAHB. From 2002 to 2003 he held the posts of Senior General Manager of Operations and General Manager, Malaysia Airports Technology, Before joining MAHB, he had 34 years of experience serving the Royal Malaysian Police at district, state and headquarters levels. These years of experience covered criminal investigation, intelligence, narcotics, training, research and planning. While in the police service, he was appointed a part-time lecturer at the National University Malaysia. He holds a Diploma in Public Administration, a Degree in Business Administration (USA) and a Masters Degree in Law **Enforcement Administration** (USA).

### DATO' ABDUL HAMID MOHD ALI

Senior General Manager, Technical Services, MAHB

Dato' Abdul Hamid Mohd Ali is the Senior General Manager of Technical Services, MAHB. Aged 53, Dato' Abdul Hamid holds a dearee in Civil Enaineerina from University of Glasgow and a Masters of Science Dearee in Airport Plannina and Management from Loughborough University of Technology, United Kingdom. He has extensive years of working experience through direct involvement in airport planning, development, operations and maintenance throughout his 27 years of service. Dato' Abd Hamid has vast experience in setting up many MAHB joint ventures both local and abroad. He was involved in setting up a joint management and operations of Cambodian airports with Aeroport de Paris, planning and development of New Hyderabad Airport, India, setting up the management and operations of Astana Airport Kazakhstan and joint venture in Sabiha Gokcen International Airport, Turkey.

Dato' Abd Hamid also involved in the consultancy and management services of other airports in Middle East and Central Asia. He sits on the Board of these airports and Chairman of Operations and Development Committee for Sabiha Gokcen Airport, Turkey. Besides airport planning and being a civil enaineer he has extensive experience in project management which amonast others include the Construction of Formula One Racina Circuit in KLIA on fast track of 14 months and KLIA Low Cost Carrier Terminal, His previous posts include Director of Airport Development Division of the Department of Civil Aviation (DCA), Privatisation Unit-Kuala Lumpur International Airport Berhad, Head of Engineering Division of Malaysia Airports Sdn. Bhd., General Manager of Malaysia Airports Management & Technical Services Sdn. Bhd., Executive Director of UTW and prior to his present position he was the Senior General Manager of Malaysia Airports (Sepana) Sdn. Bhd..

### DATO' MAHAT SAMAH

Senior General Manager, Corporate Services, MAHB

Dato' Mahat Samah, aaed 55, is the Senior General Manager of Corporate Services MAHB. He graduated with a Bachelor of Engineering (Mechanical) (Hons) from University of Technology Malaysia and a Master of Science (Engineering) from the University of Edinburgh, United Kingdom. He started his career as a Mechanical Engineer at the Department of Civil Aviation (DCA) in 1977 and was then promoted to Senior Mechanical Engineer at DCA HQ and later moved to Subana International Airport. His previous posts include Principal of DCA College Subang, Senior Manager (Human Resource, Safety & Security) MAHB, Head of Engineering & Human Resource MAHB, General Manager Engineering/Operation/ Business Development MAHB, Project Manager NECC and General Manager Technical & Quality Assurance Division MAHB. He was also involved in the Design, Construction and Operational Readiness of

KLIA, Short Term & Long Term Carparks projects as well as the Southern Common Amenities Project at KLIA. He was the Chief Executive Officer of Urusan Teknologi Wawasan Sdn. Bhd. (UTW), Senior General Manager, Operation Services MAHB and Senior General Manager Corporate Planning before attaining his current post.

### DATO' AZMI MURAD

Senior General Manager, Operation Services, MAHB

Dato' Azmi Murad, aged 57, is the Senior General Manager of Operation Services, MAHB. He started his career with the Department of Civil Aviation in 1970 as an Air Traffic Controller. He was later appointed Airport Manager for Kota Bharu, Alor Setar, Kota Kinabalu, Penana International Airport and KL International Airport. He was involved in the opening of KLIA in 1998 as Head of Operations, Malaysia Airports (Sepang) Sdn. Bhd.. Since then, he has acquired substantial experience in the management and operations of airports. His previous positions were General

Manager of Sepang
International Circuit, General
Manager of Corporate
Communications and Air
Traffic Services and General
Manager, Malaysia Airports
(Sepang) Sdn. Bhd. before
attaining his current post. He
is the current Chairman of
Airport Council International
(ACI), World Facilitation and
Services Standing Committee.

### **FAIZAL MANSOR**

Senior General Manager, Finance Services, MAHB

Faizal Mansor joined MAHB in 2006 as the Senior General Manager of Finance Services. He is a Chartered Accountant, a member of the Institute of Chartered Accountants in Australia and Malaysian Institute of Accountants. He has a BSc in Accounting from Rutgers University and an MBA from Ohio University, USA.

He started his career with the Securities Commission and has had extensive experience in treasury, corporate and investment banking initially with the Bank of Tokyo-Mitsubishi and subsequently with the Amlnyestment Group.

He had also worked in Australia as a Corporate Accountant in a manufacturing company for a proposed listing exercise whilst taking the lead in its corporate restructuring, strategic and business process improvements. Prior to joining MAHB, he was a CFO of a public listed construction and wastewater management company.

#### FAIZAH KHAIRUDDIN

Senior General Manager, Commercial Services, MAHB

Faizah Khairuddin, Senior General Manager of Commercial Services, MAHB, araduated from Universite De Picardie, France and started her career as a Process Engineer in Thomson Electronic Parts Malaysia. She spent 8 years in the manufacturing industry, rising to the position of General Manager at a local manufacturing company. She moved to banking during the Asian crisis in 1998. During her ten years in banking, largely with multinational banks such as Standard Chartered and HSBC, her passion and ultimate focus had been in

## Annual Penart 2008

### GROUP SENIOR MANAGEMENT

Retail Bankina, Her last position in the financial industry had been in Bank Islam as General Manager, Consumer Banking, prior to joining Malaysia Airports in October 2008.

### **ROSEHAIDA AB RAHMAN** Senior General Manager. **Human Resource**

Rosehaida Ab Rahman is the Senior General Manager -Human Resource Services Division. She has started her career as a generalist in Human Resource as soon as she araduated in Bachelor in Business Administration from International Islamic University. She has diversified knowledge in various areas of HR including strategic, Learning & Development, Compensation & Benefit, Talent Supply and Industrial Relations. In her 19 years career in HR, she has held several positions as the Head of Human Resource in multinational companies in various industries. She has served in two major multinational manufacturing conglomerate,

telecommunication, sales and services, property development and oil and gas companies.

#### **UMAR BUSTAMAM**

Chief Executive Officer. Malaysia Airports (Nigag) Sdn. Bhd.

Umar Bustamam, aged 56 is the Chief Executive Officer. Malaysia Airports (Niaga) Sdn. Bhd.. He holds a Bachelor of Science Degree in Electronics Communications Engineering from University of Salford, United Kingdom. In his 30 vears of working career, he had held several senior positions, which include Director of Aeronautical Communications with the Department of Civil Aviation, Construction Manager for KLIA development project, Head of Total Airport Management System (TAMS) of KLIA, General Manager of Malaysia Airports (Technologies) Sdn. Bhd., General Manager of Technical and Quality Assurance MAHB, General Manager of Corporate Services MAHB and General Manager of Commercial Services MAHB.

### AHMAD ZUBER ABDUL

### General Manager. Malaysia Airports Academy

Ahmad Zuber Abdul, aaed 51, is the General Manager, Malaysia Airports Academy. He holds a Bachelor of Arts (Hons) from Universiti Sains Malaysia. He has been with the Group since September 2001.

He has successfully managed the Malaysia Airports Training Centre (MATC) in Penang and KLIA, delivering training programs both for internal customers and international participants, MATC, KLIA is the Airports Council International-Global Training Hub (ACI-GTH) for Asia Pacific region, organising programs designed to increase the professional knowledge and capability of airport management staff. MATC, Penang is the International Civil Aviation Organisation-Aviation Security Training Center (ICAO-ASTC) also for the Asia Pacific region, organising and providing training programs in aviation and airport security.

He is now been tasked to develop and transform MATC to become a world class airport management academy.

### ABDUL RAHMAN KARIM General Manager,

Malaysia Airports Sdn. Bhd.

Abdul Rahman Karim, is the General Manager of Malaysia Airports Sdn. Bhd.. He holds a Bachelor of Science in Electrical & Electronic Engineering from the University of Leeds, United Kingdom. He started his career in 1980 and has held several posts in various agencies prior to joining Department of Civil Aviation and Malaysia Airports. He has more than 25 years of experience in airport operation and management, which include facilities management, engineering and airport management and project and contract management. Prior to the present post he has served as Chief Engineer and Airport General Manager for Subang International Airport, Regional General Manager for Sabah and Sarawak and General Manager of Malaysia Airports (Sepang) Sdn. Bhd..

### MOHD AMINUDDIN YAAKUB

### General Manager, IT Development

Mohd Aminuddin Yaakub aged 55, is the General Manager of IT Development. He graduated in B.Sc (Hon) from University Sains Malaysia, Penang. He has been with Malaysia Airports in 2005 bringing more than 20 years experience in the Information Technology field. Prior to Malaysia Airports, he was in Malaysia Airlines IT division and the CEO of Business Information Technology Sdn. Bhd.. He is a member of ACL Airports IT Subcommittee.

#### CHE AZIZ MOHD NOR

### Chief Executive Officer, Urusan Teknologi Wawasan Sdn. Bhd.

Che Aziz Mohd Nor, aged 49, currently is the Chief Executive Officer of Urusan Teknologi Wawasan Sdn. Bhd.. He holds a Bachelor of Engineering (Electrical) Hons. from Universiti Teknologi Malaysia and has vast

experience in engineering, having served the Public Works Department for almost 10 years before joining the Department of Civil Aviation (DCA). He later held several senior posts at MAHB. He was the General Manager of Malaysia Airports Management & Technical Services Sdn. Bhd. (MAMTS) before being appointed to his current position.

### MOHD NASIR ISMAIL

## General Manager, MAB Agriculture-Horticulture Sdn. Bhd.

Mohd Nasir Ismail, aged 53, is the General Manager of MAB Agriculture-Horticulture Sdn. Bhd.. He holds a Bachelor of Science in Engineering (Mechanical) from Plymouth Polytechnic, UK. Prior to joining the Group in 1998, he has held several positions at Sime Darby Plantations including a senior post with PT-Sime Indo Agro, based in Indonesia. He brings to the Group 26 years of plantation and agricultural experience.

### ABDUL NASIR ABDUL RAZAK

### General Manager, Planning & Development, MAHB

Abdul Nasir Abdul Razak, aged 50, is the General Manager of Planning and Development, MAHB. He holds a Bachelor of Science Dearee in Civil Enaineerina from the University of Hartford, Connecticut, USA and a Masters of Science degree in Integrated Construction and Project Management from University Technology Mara (UiTM). He has more than 20 years of experience in infrastructures planning and development in both government and private sector. He started his career in the Public Works Department in 1982, working in Oil and Gas sector, then working for several years in Singapore in the High-rise building construction before joining Malaysia Airports in 1993. His previous posts include Project Manager for KLIA development, Manager infrastructure and other buildings, Malaysia Airports Sepang, Assistant Project Manager of National **Exhibition and Convention** Centre MAHB, Senior

Manager of Technical and Quality Assurance MAHB, Senior Manager of Technical Research and Planning MAHB before assuming the current position. He was also directly involved in the major airport infrastructural project such as Planning, Design and Construction of Low Cost Carrier Terminal, Uparadina of KLIA to comply with Code F for A380 operations, National Airport Master plan and planning and design for the permanent LCC Terminal.

Currently he is the member of ACI World Standing Committee on Safety and Technical and involves in the preparation of ACI Airport Terminal Design Manual to be launched soon.

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### GROUP SENIOR MANAGEMENT

### IR. SURADINI ABDUL GHANI

General Manager, Malaysia Airports Management & Technical Services Sdn. Bhd.

Ir. Suradini Abdul Ghani, aaed 49, is the General Manager of Malaysia Airports Management & Technical Services Sdn. Bhd. (MAMTS). She holds a Bachelor of Science Degree in Electrical & Electronics Engineering from the University of Nottingham, United Kingdom and a Postgraduate Diploma in Airport Engineering from Nanyang Technological University, Singapore, Starting her career in the Public Works Department in 1983, she then joined the Engineering Division of Department of Civil Aviation (DCA) Malaysia and later Malaysia Airports in 1992. She has held various positions in the Engineering Division of the Group including the Senior Manager Engineering post at KLIA for five years. Her experience covers Engineering Design & Supervision, Operation & Maintenance of Airport Facilities, Airport Planning, Design & Development, Contract Management and Project Management. She is

an Electrical Engineer by profession. She is a Member of the Institute of Engineers Malaysia and is a registered Professional Engineer with the Board of Engineers Malaysia. She brings to the Group more than 25 years of experience in Engineering Management.

### SABARINA LAILA MOHD HASHIM

General Manager, Secretarial and Legal Services Division cum Company Secretary, MAHB

Sabarina Laila Mohd Hashim is the General Manager, Secretarial & Legal Services Division, MAHB. She is also the Company Secretary for Malaysia Airports Holdings Berhad and its group of companies. She holds a degree in Bachelor of Laws from the University of Malaya and was admitted to the High Court of Malaya as an advocate and solicitor in 1992. Sabarina joined Malaysia Airports in 1995 as a Legal Advisor in charge of legal matters and since then, has been heading the Legal Affairs Division. Prior to joining Malaysia Airports, Sabarina was a practising lawyer

specialising in corporate and commercial law and was also a company secretary to several private limited companies. She is currently an Affiliate of Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").

### NASREIN FAZAL SULTAN

General Manager, Internal Audit Division, MAHB

Nasrein Fazal Sultan, aged 44 is the General Manager of Internal Audit Division, MAHB. She holds a Bachelor of Accounting (Hons) from Universiti Kebanasaan Malaysia. She is a Chartered Accountant registered with the Malaysian Institute of Accountants (MIA) and a Chartered Member of the Institute of Internal Auditors Malaysia (IIA). She had held several senior posts in Finance at SIRIM and was the Finance Manager of a subsidiary of the Sime Darby Group prior to joining MAHB.

#### **ROKMAH ABDULLAH**

General Manager, Procurement & Contract, MAHB

Rokmah Abdullah is the General Manager, Procurement & Contract Division, MAHB, She holds a Bachelor of Accounting (Hons) from Universiti Kebanasaan Malavsia and is a Chartered Accountant registered with the Malaysian Institute of Accountants (MIA). She joined Malaysia Airports in 1992 as an Accountant at Subang International Airport. In 1995, she led the Internal Audit Division before heading the Procurement & Contract Unit in 1998. Under her supervision, the unit has expanded to a division which consists of a few units namely Contract Management, Vendor Development and Material Management. Prior to joining Malaysia Airports, Rokmah was the Finance and Administration Manager and also a Company Secretary in a retail business specialised in handicraft and heritage industry.

Malaysia Airports Holdings Berhad

### MUHD NAJIB MOHD RAWI General Manager, Land Development, MAHB

Muhd Naiib Mohd Rawi joined Malaysia Airports Holdinas Berhad as General Manager, Land Development in 2006. He is a graduate in Civil Engineering from University of Strathclyde, Glasgow, Scotland and also holds a Masters in Business Administration from Ohio University, USA. He started his career with SP Setia upon araduation in 1985 and was involved in various construction and property development projects. In 1991 he joined the property division of UMW Toyota Motor and moved on to Land & General Bhd in 1993. He was the Chief Operating Officer of its property development subsidiaries prior to joining MAHB and brings to the group over 20 years of experience in construction, project management and property development.

### DAUD HOSNAN

General Manager, Malaysia Airports (Sepang) Sdn. Bhd.

Daud Hosnan, aged 57, is the General Manager of Malaysia Airports (Sepang) Sdn. Bhd. effective 1 April 2007. He has 35 years of working experience in the airport industry and well exposed to airport operations locally and internationally. Trained in Aviation Management in Singapore Aviation Academy and National University of Singapore, he started his career with the Department of Civil Aviation in 1972 as an Air Traffic Controller. He was later appointed the Airport Manager for Sultan Ismail Petra Airport Kota Bharu and Langkawi International Airport. From 1996 until mid 1998, he was attached with Subang International Airport as the Operations Manager. He was involved in the opening of KLIA in 1998 as the Flight Operations Manager of Malaysia Airports (Sepang) Sdn. Bhd.. He was then appointed the Airport Manager for Penang International Airport from Year 1999 until 2001. His previous position was the Head of Operations of Malaysia Airports (Sepang) Sdn. Bhd..

### MOHAMED SALLAUDDIN MOHAMED SHAH

### General Manager, Marketina. MAHB

Mohamed Sallauddin Mohamed Shah @ Mat Sah, gaed 45 is the General Manager of Marketing, MAHB. He graduated with a B.Sc. Degree in Accountancy and Computer Science from Northern Illinois University, USA in 1985. He also holds an MBA (Strategic Management) Degree from the International Business School, Technology University of Malaysia. He started his career in aviation in 1986 as a Management Trainee with the national carrier, Malaysia Airlines (MAS) and held various positions in the Passenaer Marketina and Sales Division. He was the Manager Government & Student Sales based in Kuala Lumpur before he left MAS in 1997 to join a Government-Linked-Company: Composite Technology Research Malaysia (CTRM) Sdn. Bhd.

which pioneered the manufacturing of compositebased light gircraft and aero-structures in the Asia Pacific region. His tenure at CTRM began with secondment to CTRM's subsidiary, Pacific Aviation in Oregan, USA as the Assistant Vice President Sales and Marketina. He later assumed the role as the Marketina and Finance Manager for Eagle Aircraft Ptv. Ltd. in Perth. Australia before returning to Malaysia in 1999 to function as Commercial Manager for CTRM, soliciting business and contract from aviation stalwarts like Airbus and BAE Systems for the manufacture of gero-structures. He then ioined MAHB in 2001 to be amongst the pioneer group that led the marketing of the international gateways managed by Malaysia Airports. His early accomplishment included the landmark initiative of branding the group's flagship airport, KLIA, and his most significant achievement was to manage the hosting of the 14th World Route Development Forum or Routes KL 2008.

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### GROUP SENIOR MANAGEMENT

### IR. KHAIRIAH SALLEH

### General Manager, Engineering, MAHB

Ir. Khairiah Salleh, is the General Manager (Engineering) of Malaysia Airports Holdings Bhd (MAHB). She holds a Bachelor of Science Degree in Civil Enaineerina from Old Dominion University, Virginia USA. She is a registered Professional Engineer with the Board of Engineers Malaysia and the Member of the Institute of Engineers Malaysia. She is an industry representative of the **Enaineerina Accreditation** Council, Board of Engineers Malaysia.

She has vast experiences in construction industry and design office in her early years of her career. She serves Malaysia Airports for slightly more than 15 years. Her experience is gained from the various positions she held ranging from design and planning of airports, construction project

management, contract management and the operations and maintenance of the airport systems, equipment and facilities.

She joined Malaysia Airports in Headquarters as an Engineer in 1993 and promoted to the Manager for the airport development until 2000. Her career moved on as the Head of Engineering KLIA to undertake the operations and maintenance of the airport system, equipment and facilities until her current post. In 2008, she was appointed as the General Manager Engineering that covers the operations and maintenance of the infrastructures, building facilities and airport specialised systems and equipment for both KLIA and other airports under the Group throughout Malaysia.

### AHMAD RAZLAN AHMAD RAZALI

### Chief Executive Officer, Sepang International Circuit

Ahmad Razlan Ahmad Razali, aged 37, is currently the Sepang International Circuit chief executive officer upon the appointment by Malaysia Airports Holdings Berhad's (MAHB) on 8 October 2008.

Razlan's appointment was based on a combination of diversified background including his well-versed knowledge in local and international racing scene.

He completed his degree in accounting at Edith Cowan University Perth Australia in 1994 and began his accounting profession in 1994 with Price Waterhouse Coopers.

Between 1997-2000, Razlan was the senior manager of Business Development, vice president and the Head of the Internal Audit Division of Bintai Kinden Corporation Berhad.

He was the Managing
Director of Armah Properties
Sdn. Bhd., a land investment
company before venturing
into other sectors such as
property development,
construction, information
technology during the
internet boom.

Razlan is also actively involved in the event business, motor sports management and publishing.

He is the Director and Chairman of Pineapple Concerts Sdn. Bhd., Pineapple Motor Sports Sdn. Bhd., and Pineapple Publishing Sdn. Bhd. respectively.

Razlan started the Msportbike magazine to ensure motorsport enthusiasts kept abreast with the activities on the local motorsport arena.

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### MUSTAFA KAMAL HJ. ALANG OTHMAN

General Manager, Aviation Security, MAHB

Mustafa Kamal Hj. Alang Othman, aged 52 is the General Manager of Aviation Security MAHB. He holds a Degree of Communication (Hons) from Universiti Putra Malaysia. He started his career in 1980 and had held Chief of Security position at several airports in Malaysia.

Besides Aviation Security he has extensive experience in Airport Operations ranging from Airside Operations, Airport Fire Rescue and Services to Terminal Operations when he was at KLIA for nine years. He is actively involved with airport planning and was a member of the Shadow Management Group (SMG) for KLIA Project.

He was trained as a Crisis Manager and had attended Senior Crisis Management Course USA, International Disaster Management Course UK, Anti Terrorism Courses such as ATP and Terrorist Incident Management USA and National Security Council sponsored – programme.

Besides Police Inspector

Training at PULAPOL, he was also trained in Criminal Investigation (CID) and Jungle Warfare (PPH).

He also sits on the Board of Auxiliary Police Association of Malaysia.

### KAMARUDDIN MAHMOOD

General Manager, Malaysia Airports Technologies Sdn. Bhd.

Kamaruddin Mahmood, aged 46, is the General Manager of Malaysia Airports Technologies Sdn. Bhd.. He graduated in 1987 from Universiti Sains Malaysia, Pulau Pinang with Bachelor in Computer Science (Hons) and started his career as a System Analyst in 1988. He spent 5 years with Immigration Department of Malaysia before he moved to a private sector as a System Engineer. Prior joining Malaysia Airports Technologies, he was attached with Sapura-Tomen-Harris (STH) as a Senior System Engineer for KLIA

Development Project in 1998. He joined Malaysia Airports Technologies Sdn. Bhd. in year 2000 as a Senior Manager, Specialist and seconded to Delhi International Airport Pt. Ltd. (DIAL) in 2007 until March 2009 as an IT Consultant before attaining his current post.

### MOHD HASRUL NIZAM MD HASHIM

General Manager, Transformation Management Office

Mohd Hasrul Nizam is the General Manager,
Transformation Management
Office. He received his B.Eng in Electronic Engineering from University of Manchester. He also holds a graduate diploma in Business
Administration from National University of Singapore.

Mohd Hasrul Nizam has been with the Company since July 2008 and is also overseeing Overseas Venture Division, Corporate Planning and Corporate Quality
Management Division. He is part of Talent Exchange

Program under Putrajaya Committee on GLC High Performance (PCG) which provides talents with greater exposure and leadership developmental roles via an exchange program between GLCs.

Prior to that, Mohd Hasrul Nizam served in TM, holding various positions in Group CEO's Office, COO's Office, Sales and Support services.

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### CORPORATE PROFILE

### KL INTERNATIONAL AIRPORT (KLIA)

- Asia Pacific's Premier Air Transportation and Cargo Transhipment hub.
- A Greenfield site covering 10,000 hectares.
- Themed after the natural surrounding "An Airport in the Forest and Forest in the Airport".
- Capable to accommodate up to 25 million pax per annum & 1.2 million tonnes of cargo.
- 2 full service runways, 106 aircraft stands and 46 gates.
- 216 check-in counters and 26 custom counters.
- The distance between the Main Terminal Building and the Satellite Building is 1.2 km, and linked by aerotrain.
- 76 retail and 29 food and beverage outlets await visitors.
- Available from within the terminal is the Airside Transit Hotel with 80 rooms and the Pan Pacific Kuala Lumpur International Airport with 441 rooms.
- The Total Airport Management Systems (TAMS) links more than 42 systems, which interfaces and integrates communication network.





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### CORPORATE PROFILE

MALAYSIA AIRPORTS HOLDINGS BERHAD (MAHB) HAS COME A LONG WAY IN THE 16 YEARS SINCE ITS INCORPORATION. AS CUSTODIAN OF THE NATION'S AVIATION GATEWAYS THAT INCLUDES FIVE INTERNATIONAL AIRPORTS. 16 DOMESTIC AIRPORTS AND 18 SHORT TAKE-OFF AND LANDING (STOL) PORTS, MAHB HAS BECOME ONE OF THE BEST-KNOWN AIRPORT OPERATORS in the world. On 30 November 1999, the COMPANY WAS THE FIRST AIRPORT COMPANY IN ASIA AND JUST ONE OF SIX IN THE WORLD TO BE PUBLICLY LISTED.

In a relatively short span, MAHB's growth and achievements have been commendable. Malaysia's premier aviation gateway, the KL International Airport (KLIA) has been the recipient of many international awards. KLIA was voted the World's Best Airport in its category for three consecutive years. A more recent addition to the elite club of World's Best is the Pan Pacific Kuala Lumpur International Airport, which was voted the World's Leading Airport Hotel 2008. KLIA is also the only airport in the world to carry the coveted Green Globe 21 certification, an international recognition of MAHB's commitment to sustainable development. On the strength of its track record and performance, MAHB was named Company of the Year by the Chartered Institute of Logistics and Transport for 2007.

MAHB has now expanded its operations beyond national boundaries. It has teamed up with local partners to run the new Hyderabad International Airport and the New Delhi International Airport in India, Astana International Airport in Kazakhstan and the Sabiha Gokcen International Airport in Turkey.

As the winds of change continue to sweep across the industry, MAHB has evolved with the times. To better reflect industry dynamics, the company has moved beyond an operating model of just being an airport infrastructure and service provider to a more holistic one of a commercially focused airport business. The Group has refined its Corporate Vision to be in the World Class Airport Business. This is supported by a Mission Statement that among other objectives, aims to exceed the expectations of all our stakeholders.

As it stands today, MAHB is in a far stronger position on all fronts than it has ever been. Guided by a clear vision and fortified with a sense of mission and purpose, we will continue to serve the nation's interest and surpass the expectations of our stakeholders.

### CORPORATE INFORMATION

### **BOARD OF DIRECTORS**

Tan Sri Datuk Dr. Aris bin Othman (Chairman) (Non-Independent Non-Executive)

Dato' Seri Bashir Ahmad bin Abdul Majid (Managing Director) (Non-Independent Executive)

Dato' Long See Wool (Non-Independent Non-Executive)

Dyg Sadiah binti Abg Bohan
(Non-Independent Non-Executive)

Datuk Alias bin Haji Ahmad (Independent Non-Executive)

Datuk Siti Maslamah binti Osman (Independent Non-Executive)

Jeremy bin Nasrulhaq (Independent Non-Executive)

Izlan bin Izhab (Non-Independent Non-Executive)

Hajah Jamilah binti Dato' Hj Hashim (Non-Independent Non-Executive)

Mohd Nadziruddin bin Mohd Basri (Non-Independent Non-Executive)

Anis Rizana binti Mohd Zainudin @ Mohd Zainuddin

(Alternate Director to Dyg Sadiah binti Abg Bohan) (Non-Independent Non-Executive)

#### **COMPANY SECRETARY**

Sabarina Laila binti Mohd Hashim (LS 0004324)

#### **REGISTERED OFFICE**

Head Office of MAB Sultan Abdul Aziz Shah Airport 47200 Subang Selangor Darul Ehsan Tel: 603-7846 7777 Fax: 603-7845 2254

E-mail: sabarina@malaysiaairports.com.my

#### WEBSITE

www.malaysiaairports.com.my

#### SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.

Level 7, Menara Millenium Jalan Damanlela Pusat Bandar Damansara Damansara Heights 50490 Kuala Lumpur Tel: 603-2084 9000

Fax: 603-2094 9940/603-2095 0292

#### **AUDITORS**

Messrs. Ernst & Young
Level 23A, Menara Millenium

Jalan Damanlela

Pusat Bandar Damansara

50490 Kuala Lumpur Tel: 603-7495 8000

Fax: 603-2095 9076

### PRINCIPAL BANKERS

Malayan Banking Berhad

**CIMB Bank Berhad** 

Citibank Berhad

#### STOCK EXCHANGE LISTING

Main Board

Bursa Malaysia Securities Berhad

### **GROUP**

### CORPORATE STRUCTURE

### MALAYSIA AIRPORTS HOLDINGS BERHAD (487092-W)

Investment holding

### MALAYSIA AIRPORTS SDN. BHD. (230646-U) 100% MAHB

Management, operations and maintanence of designated airports and provision of airport related services in Malaysia other than KL International Airport ("KLIA"), Sepang. The designated airports comprise:-

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

### MALAYSIA AIRPORTS (SEPANG) SDN. BHD. (320480-D)

#### 100% MAHB

Management, operations maintenance and future development of KLIA and Low Cost Carrier Terminal ("LCCT") in Sepang and provision of airport related services.

## MALAYSIA AIRPORTS MANAGEMENT & TECHNICAL SERVICES SDN. BHD. (375245-X) 100% MAHB

Provision of management, maintenance and technical services in connection with the airport industry.

## MALAYSIA AIRPORTS MANAGEMENT & TECHNICAL SERVICES (LABUAN) PRIVATE LIMITED (LL05298)

#### **100% MAMTS**

Investment holding management.

### URUSAN TEKNOLOGI WAWASAN SDN. BHD. (459878-D)

#### **75% MAMTS**

Provision of mechanical, electrical and civil engineering services at KLIA, Sepang.

### AIRPORT AUTOMOTIVE WORKSHOP SDN. BHD. (808167-P)

51% UTW

Automotive vehicle workshop.

### MALAYSIA INTERNATIONAL AEROSPACE CENTRE SDN. BHD. (438244-H)

(Formerly known as Malaysia Airports (Air Traffic Services) Sdn. Bhd.)

### 100% MAHB

Planning, management and marketing for the development of Malaysia International Aerospace Centre at Sultan Abdul Aziz Shah Airport and other airports in Malaysia.

### MALAYSIA AIRPORTS (NIAGA) SDN. BHD.

(281310-V)

#### 100% MAHB

Operating duty free, non-duty free outlets and providing management services in respect of food and beverage outlets at airports.

### ERAMAN (MALAYSIA) SDN. BHD.

(324329-K)

#### 100% MA (NIAGA)

Dormant. Intended principal activity is general trading.

### MALAYSIA AIPORTS (MAURITIUS)

PRIVATE LIMITED (59049 C1/GBL)

### 100% MA (NIAGA)

Investment holding.

### SEPANG INTERNATIONAL CIRCUIT SDN. BHD. (457149-T)

100% MAHB

Management and operations of Sepang F1 Circuit and organisation and promotion of motor sports and entertainment events.

Malaysia Airports Holdings Berhad

### ASIA PACIFIC AUCTION CENTRE SDN. BHD. (488190-H)

#### 100% MAHB

Operations and management of an auction centre. The Company has ceased its operation on 31 December 2008.

### CARGO ONE RESTAURANT & LOUNGE SDN. BHD. (528261-V)

#### 100% APAC

Involved in the business of restaurant operations. The Company has ceased operations since 2001.

### BEANS AROUND THE WORLD COFFEE SHOP SDN. BHD. (528250-P)

#### 100% APAC

Provide services in respect of sale of beverages. The Company has ceased operations since 2001.

### ASIA PACIFIC AUCTION SALES SDN. BHD. (523300-X)

#### 100% APAC

Involved in the auction of general machineries. The Company has ceased operations since 2001.

### ASIA PACIFIC MACHINERY AUCTIONS SDN. BHD. (503068-D)

### 100% APAC

Involved in the auction of light and heavy machineries. The Company has ceased operations since 2001.

### **MALAYSIA MOTOR AUCTIONS**

**SDN. BHD.** (500189-H)

#### 100% APAC

Involved in the auction of general motor vehicles. The Company has ceased operations since 2001.

### AIRPORT VENTURES SDN. BHD. (512527-U) 100% MAHB

Investment holding.

### MALAYSIA AIRPORTS TECHNOLOGIES

### **SDN. BHD.** (512262-H)

(Formerly known as Tams.Com Sdn. Bhd.)

### 100% AV

Operations and maintenance services and undertaking Information and Communication Technology business ventures.

### KLIA.COM SDN. BHD. (516854-V)

#### 100% AV

Dormant. Intended principal activities are to provide internet services, development and incubation of electronic commerce and to acquire, manage, lease, establish, equip, maintain and operate radio wireless, close circuit television and television telecast.

### NECC SDN. BHD. (521231-V)

#### 100% MAHB

Undertaking the proposed development of the National Exhibition and Convention Centre at Subang. The activities of the Company have been suspended since 2001.

### **MALAYSIA AIRPORTS (PROPERTIES)**

**SDN. BHD.** (484656-H)

#### 100% MAHB

Provision of non passenger related services which involves property management and establishing asset requirements.

#### K.L. AIRPORT HOTEL SDN. BHD.

(330863-D)

### 100% MA (P)

Owner of the hotel known as Pan Pacific Kuala Lumpur International Airport.

### MAB AGRICULTURE-HORTICULTURE

**SDN. BHD.** (467902-D)

### 100% MA (P)

Cultivation and selling of oil palm and other agriculture products, and engaging in horticulture activities.

### KUALA LUMPUR AVIATION FUELING SYSTEM SDN. BHD. (395396-X)

#### 20% MA (P)

Development, management and operations of aviation fuelling system at KLIA, Sepang.

### MAHB (MAURITIUS) PRIVATE LIMITED

(64825 C1/GBL)

#### 100% MAHB

Investment holding management.

## ISTANBUL SABIHA GOKCEN INTERNATIONAL AIRPORT INVESTMENT DEVELOPMENT AND OPERATION INC.

(656447)

#### **20% MAHB**

Operation, management and development and provision of airport related services.

### **MAHB**

## RGANISATION STRUCTURE

INTERNAL AUDIT

SECRETARIAL & LEGAL SERVICES

### **BOARD OF DIRECTORS**

### MANAGING DIRECTOR/CEO

- MD'S OFFICE
- STRATEGIC PLANNING
- AIRLINE MARKETING
- CORPORATE COMMUNICATIONS
- OVERSEA VENTURES
- TMO

### SGM OPERATIONS SERVICES

- MALAYSIA AIRPORTS (SEPANG)
   SDN, BHD,
- MALAYSIA AIRPORTS SDN. BHD. (MASB)
- AVIATION SECURITY (AVSEC)
- AIRPORT FIRE & RESCUE SERVICES (AFRS)

### SGM COMMERCIAL SERVICES

- COMMERCIAL KLIA
- COMMERCIAL MALAYSIA
   AIRPORTS SDN. BHD.
- COMMERCIAL MANAGEMENT
  HQ

### SGM TECHNICAL SERVICES

- MALAYSIA AIRPORTS
   MANAGEMENT & TECHNICAL
   SERVICES SDN. BHD. (MAMTS)
- URUSAN TEKNOLOGI WAWASAN SDN. BHD. (UTW)
- ENGINEERING
- MALAYSIA AIRPORTS
   TECHNOLOGIES SDN. BHD.
   MA (TECH)
- PLANNING & DEVELOPMENT

### SGM CORPORATE SERVICES

TO STORE STATE OF THE STATE OF

- IT DEVELOPMENT
- LAND DEVELOPMENT
- RISK MANAGEMENT
- MIAC
- MALAYSIA AIRPORTS (PROPERTIES) SDN. BHD

MALAYSIA AIRPORTS (NIAGA) SDN. BHD.

### SGM HUMAN RESOURCE SERVICES

- EMPLOYEE RELATIONS
- HUMAN RESOURCE DEVELOPMENT
- OCCUPATIONAL SAFETY &
  HEALTH
- HR COMMUNICATION & ADMINISTRATION
- TALENT SUPPLY
- PERFORMANCE MANAGEMENT

### **SGM FINANCE SERVICES**

- PROCUREMENT & CONTRACT
- CORPORATE FINANCE &
   BUSINESS ADVISORY
- FINANCIAL REPORTING & TAX
- INVESTOR RELATIONS
- TREASURY

**OTHER SUBSIDIARIES** 

SEPANG INTERNATIONAL CIRCUIT SDN. BHD.

MAB AGRICULTURE-HORTICULTURE SDN. BHD.

K.L. AIRPORT HOTEL SDN. BHD.

#### Annual Report 2008

## EVENTS 2008



### **8 JANUARY 2008**

### MALAYSIA AIRPORTS LAUNCHED KLIA 10th Anniversary Campaign

As a tribute to KLIA's 10 years of serving the nation, Malaysia Airports launched the KLIA 10th Anniversary Campaign, with an array of festivities planned throughout 2008. A specially designed KLIA 10th Anniversary Campaign Logo was also launched together with a new KLIA theme song, entitled Soaring High.



### 15 JANUARY 2008

### LAUNCH OF FOOD GARDEN @ LCCT-KLIA

Malaysia Airports officially launched its Food Garden @ LCCT-KLIA as part of its Vendor Development Programme. This initiative is aimed at bolstering the skills of local entrepreneurs in marketing and product promotion at premises provided by Malaysia Airports, especially at KLIA and LCCT. The Food Garden @ LCCT, which is located less than 2 minutes walk from the LCCT, offers a tantalising array of Malaysian favourites.



### 21 JANUARY 2008

## MALAYSIA AIRPORTS UNION ACCEPTED IMPROVED TERMS AND CONDITIONS FOR MEMBERS

Malaysia Airports signed the 5th Collective Agreement with the Staff Union in a bid to improve the terms and conditions for union members. The Agreement is also a manifestation of the harmonious relationship established between management and the union as they strive to work together to improve working conditions in a spirit of cooperation and understanding.



### 31 JANUARY 2008

### KLIA TESTED ITS PREPAREDNESS FOR PANDEMIC INFLUENZA OUTBREAK

Malaysia Airports in collaboration with the agencies operating at KLIA conducted a simulation exercise to test its preparedness and response plan in case of an outbreak of Pandemic Influenza. This is to ensure timely and coordinated action within the intersectorial and inter-agencies at KLIA in mitigating social and economic disruptions.



### 1 FEBRUARY 2008

### LCCT-KLIA WELCOMED TIGER AIRWAYS

LCCT-KLIA welcomed Tiger Airways, the second fully foreign-owned low cost carrier to utilise the terminal since it opened in March 2006. This marked the commencement of daily two-way flights on the Singapore-Kuala Lumpur route utilising the A320 type of aircraft with a 180-seat configuration.



### 1 FEBRUARY 2008

#### JETSTAR ASIA LANDED AT KLIA

KLIA added another airline to its list when Jetstar Asia made its maiden flight to Kuala Lumpur today. The low-cost carrier commenced daily flights on the Singapore - Kuala Lumpur vice versa route, utilising A320-200 type of aircraft with a 180-seat configuration.

### CALENDAR OF EVENTS 2008





### 4 FEBRUARY 2008

### MALAYSIA AIRPORTS HELPED EASE BURDEN OF FLOOD VICTIMS IN KUANTAN

Malaysia Airports today contributed food supplies worth RM15,840.00 to flood victims from 144 families in Ka. Kuala Sentul, Maran, Staff from the Kuantan Airport also contributed RM1,500 to Masjid Jamek Kg. Kuala Sentul, which was also damaged by the floods.



### **15 FEBRUARY 2008**

### PENANG INTERNATIONAL AIRPORT'S IT INFRASTRUCTURE UPGRADED

Penang International Airport announced a major upgrade of its IT infrastructure to become a fully integrated airport in the region. Passengers at this airport will be able to enjoy add-on value services when the airport is equipped with SITA's Airport Connect Open which will facilitate a smooth and efficient check-in process.



### **29 FEBRUARY 2008**

### KOTA BHARU AIRPORT SET TO GROW AS **AVIATION TRAINING CENTRE**

Sultan Ismail Petra Airport, Kota Bharu is set to further contribute to the nation's aviation industry as the Asia Pacific Flight Training School, a newly certified flying academy received its first batch of international cadets. Twenty new cadets from Garuda Indonesia have begun their basic training at this academy. The flying academy is located within the compound of the Kota Bharu airport.



### 21-23 MARCH 2008

### PETRONAS MALAYSIAN GRAND PRIX 2008

The 10th edition of F1 race was held at Sepang International Circuit, where more than 120,000 F1 fans all over the world experienced the adrenalin rush first-hand at the circuit while millions more worldwide watched the live telecast.



### 28 MARCH 2008

### LCCT-KLIA CELEBRATED ITS SECOND ANNIVERSARY

LCCT-KLIA commemorated its second year of operations, by feting two lucky passengers and airport staff who celebrated the same birthday as the terminal.



### 2 APRIL 2008

#### KLIA SCORED A HAT-TRICK

KLIA did Malaysians proud again when it scored a hat-trick by bagging the coveted World's Best Airport in the 15-25 million passengers per annum category for the Airport Council International (ACI) 2007 Airport Service Quality Awards. KLIA also bettered its ranking in the Best Airport in the Overall Category and Best Airport in the Asia-Pacific categories by emerging second place.

### CALENDAR OF EVENTS 2008



### 3 APRIL 2008

### MINISTER OF TRANSPORT OFFICIAL VISIT TO KLIA

Transport Minister Dato' Sri Ong Tee Keat made his first official visit to KLIA today, where he was briefed on KLIA's operations by its senior management.



### 7 APRIL 2008

### KL GIVEN HONOUR OF BEING THE FIRST ASIAN CITY HOSTING ROUTES

Routes KL 2008 was launched today to signify the start of its promotional campaign which Malaysia Airports and its partners will undertake to further enhance the awareness of this international event held for the first time in Asia.



### 13 MAY 2008

## MALAYSIA AIRPORTS THE FIRST ASIAN HOST FOR GLOBAL AIRPORT SAP USER GROUP CONFERENCE

Malaysia Airports became the first Asian host for the Third Airport SAP User Group (SUG), a worldwide conference for airports and airport authorities held at KLIA. This annual conference constitute a platform for networking and information exchange between participating airports.



### 14 MAY 2008

### MALAYSIA AIRPORTS PARTICIPATED IN 3RD ANNUAL ACI ASIA-PACIFIC ASSEMBLY

Malaysia Airports took part in the third ACI Asia-Pacific Regional Assembly, Conference and Exhibition held at Cairns, Australia. Malaysia Airports used the opportunity to showcase airports in Malaysia as well as promote Malaysia as a tourist destination.



### 17 MAY 2008

### KLIA COMMUNITY GATHERED FOR 1ST EVER KLIA TELEMATCH

About 500 people from the KLIA community gathered today in the first ever KLIA Telematch, held in conjunction with the celebration of KLIA's 10th anniversary. The event was also aimed at strengthening relations between all the agencies and build camaraderie by networking in a relaxed environment.



### 20 MAY 2008

### KLIA EMBARKED ON THE RETAIL OPTIMISATION PROJECT

After thorough planning and preparation to ensure the most favourable results in terms of optimising retail and dining space as well as ensuring smooth airport operations, the extensive renovations under Malaysia Airports' Retail Optimisation Project commenced at the East Zone of the Satellite Building, KLIA.

### CALENDAR OF EVENTS 2008



### 6 JUNE 2008

## MALAYSIA AIRPORTS AIMED TO ELEVATE TEACHER'S ENGLISH PROFICIENCY VIA BESMAT

Malaysia Airports continued its Beyond Borders programme with an English skills workshop called 'Better English for Science & Mathematics Teachers' or BESMaT. The programme is aimed at elevating English language proficiency for the teachers at its adopted schools. A total of 82 teachers from Malaysia Airports' nine adopted schools attended the workshop.



### 14 JUNE 2008

### KLIA CONTINUED ITS PURSUIT OF ENVIRONMENTAL EXCELLENCE WITH 'WALK THE ENVIRONMENT' CAMPAIGN

KLIA continued its quest for environmental excellence by organising the 'Walk The Environment' campaign today, strengthening its position as an eco-friendly and environmental concerned corporate citizen. The campaign is part of KLIA's Project Green Planet, which was launched last year to highlight KLIA's efforts in environmental conservation.



### 24 JUNE 2008

### INTRODUCTION OF TOUCH 'N GO AT KLIA

Airport users of KLIA and LCCT-KLIA now enjoy swifter access and exit at both parking areas at the KLIA with the implementation of the Touch 'n Go facility. This was introduced as part of Malaysia Airports' efforts to continually improve services and facilities available for the comfort and convenience of airport users.



#### 28 JUNE 2008

#### KLIA AWARDS HONOURED 15 AGENCIES

Malaysia Airports commemorated KLIA's 10th anniversary by offering 15 awards at the third annual KLIA Awards. The KLIA Awards honours different categories of carriers and service providers at KLIA. The winners are selected on the basis of passenger movements, strong growth, good sales performance, international recognition, as well as service performance.



#### 30 JUNE 2008

## KLIA'S 10TH ANNIVERSARY BIRTHDAY BASH

KLIA today celebrated its 10th anniversary with a special reception for its 191 millionth passengers (total) and the 65 millionth domestic passengers.

KLIA was transformed into a carnival-like atmosphere, with performances by strollers, while 3,000 muffins were also distributed to passengers adding joy to the occasion.



#### 14 JULY 2008

## MALAYSIA AIRPORTS' BEYOND BORDERS PROGRAMME EXTENDED TO SEVEN OTHER SCHOOLS

Themed "Beyond Borders", Malaysia
Airports has extended its Promoting
Intelligence, Nurturing Talents,
Advocating Responsibility (PINTAR)
programme to another seven schools.
These schools were chosen based on
their proximity to the airport, in an effort
to raise the educational levels of
school-going children in communities
within the airports' surrounding areas.

#### CALENDAR OF EVENTS 2008



#### 17 JULY 2008

## KKIA ORGANISED AIRCRAFT CRASH EMERGENCY EXERCISE

Malaysia Airports conducted an aircraft crash practice at Kota Kinabalu International Airport (KKIA) today to test and evaluate the effectiveness of its Airport Emergency Plan (AEP). The exercise will also help ensure that all agencies operating at the airport are prepared to handle an emergency situation involving an aircraft crash.



#### 1 AUGUST 2008

## NEW PARKING FACILITY INTRODUCED AT KLIA

KLIA has opened a new parking facility to cater for airport users who wish to park their cars at KLIA for a long period. The new parking facility offers services such as autopay machines at level 2 Block B, CCTVs, security watch and toilets. Dedicated lots for disabled individuals are also provided.



#### 19 AUGUST 2008

## NEW TERMINAL 1 KKIA READY FOR OPERATIONS

Airport users of Kota Kinabalu International Airport (KKIA) now enjoy a better airport experience with the opening of the new wing of Terminal 1. The new Terminal 1 building has 64 check-in counters for international and domestic flights; 17 aircraft parking bays capable of accommodating both the wide and narrow body aircraft and can handle 3,200 passengers per peak hour.



#### 25 AUGUST 2008

## KLIA ORGANISED AIRCRAFT CRASH EMERGENCY PRACTICE

Malaysia Airports conducted an aircraft crash practice at KLIA to test and evaluate the effectiveness of Airport Emergency Plan (AEP) for aircraft emergencies at this airport and also to ensure all agencies at the airport are well prepared to deal with an aircraft crash.



#### 26 AUGUST 2008

#### LAUNCH OF KLIA SHOPPING CAMPAIGN

Malaysia Airports launched the KLIA Shopping Campaign 2008, where prizes worth RM2.7 million were up for grabs at the KLIA and LCCT-KLIA. The campaign features three shopping contests that will run until June 2009.



#### 21-24 SEPTEMBER 2008

## MALAYSIA AIRPORTS PARTICIPATED IN ACI CONFERENCE

Malaysia Airports took the opportunity to observe, learn and prepare itself for the 19th World and Regional Assemblies 2009 by participating in the ACI World/North America Conference and Exhibition at Boston, USA.

#### CALENDAR OF EVENTS 2008



#### 12-14 OCTOBER 2008

#### MALAYSIA AIRPORTS HOSTED FIRST EVER ROUTES FORUM IN ASIA

Malaysia Airports successfully hosted the first ever Routes forum in Asia. The 14th edition of Routes set a precedent as Kuala Lumpur became the first Asian country to host this airlines-airports forum, which attracted about 2,500 delegates representing nearly 500 airlines and 1000 airports.



#### 17-19 OCTOBER 2008

## MALAYSIAN MOTOGP WORLD CHAMPIONSHIP

More than 50,000 spectators watched the thrills and spills of the 17th Malaysian Motorcycle Grand Prix.



#### 18 OCTOBER 2008

## MALAYSIA AIRPORTS HONOURED BEYOND BORDERS HIGH ACHIEVERS

Improving English proficiency has paid for students and teachers of Malaysia Airports' eight adopted schools, as their efforts were rewarded in the Malaysia Airports inaugural Beyond Borders Awards 2008. Under this programme, Malaysia Airports organised two competitions, namely Golden Pen Awards Essay Writing Competition and Beyond Borders Project Interschool Competition.



#### 26 OCTOBER 2008

## KLIA RECEIVED MORE FLIGHTS FROM SINGAPORE AIRLINES & SILKAIR

Singapore Airlines and SilkAir customers now enjoy the added choice, convenience and flexibility of up to 14 flights a day between Singapore and Kuala Lumpur. SilkAir has started offering twice daily flights between Singapore and Kuala Lumpur.



#### 29 OCTOBER 2008

#### KLIA WELCOMED AIR NIUGINI

KLIA began connections to Papua New Guinea with the inaugural flight of Air Niugini, the national carrier of Papua New Guinea. The carrier starts operating one flight weekly, flying from its hub Port Moresby to KLIA every Wednesday, utilising a Boeing 757, with a 189-seat configuration.



#### 30 OCTOBER 2008

#### MALAYSIA AIRPORTS' MANAGING DIRECTOR RECEIVES CAPA'S LEGEND AWARD

Dato' Seri Bashir Ahmad, Managing
Director of Malaysia Airports added to
Malaysian's international success list
when he was awarded Centre of Asia
Pacific Aviation (CAPA) Legend's Award
in the CAPA's annual Awards for
Excellence. The award was presented at
the Gala Awards Ceremony in
Singapore.



#### 31 OCTOBER 2008

## MALAYSIA AIRPORTS CONTRIBUTED TO IJN FOUNDATION

Malaysia Airports contributed RM30,000.00 to Institut Jantung Negara (IJN) Foundation today, to commemorate its 16th anniversary by giving back to the community. The donation was collected via Tabung KLIA, where airport users contributed small change in any currency towards charitable causes.



#### 6 NOVEMBER 2008

## FIRST EVER BCM SIMULATION EXERCISE CONDUCTED AT KLIA

Malaysia Airports successfully conducted a Business Continuity Management (BCM) simulation exercise for KLIA. The simulation exercise, which is believed to be the first and largest of its kind for an airport in this region, focused on the recovery activities in the event of inaccessibility of the key passenger terminal.



#### 6 NOVEMBER 2008

#### BEST AIR ARRIVED AT KLIA

Connections to Bangladesh from Kuala Lumpur have now multiplied as KLIA today received Best Air, a private airline from Bangladesh. Best Air starts operating five flights weekly, flying on Dhaka – Kuala Lumpur vice versa route every Tuesday, Wednesday, Thursday, Saturday and Sunday, utilising MD83 type of aircraft with a 162-seat configuration.



#### **15 NOVEMBER 2008**

## MEMBERS OF THE MEDIA ON JOURNEY TO THE EAST

Nearly 250 media representatives from Kuala Lumpur embarked on the journey to Awana Kijal, Terengganu today, challenging themselves in answering questions, finding treasures and testing their physical strength in Malaysia Airports' Media Explorehunt 2008. A total of 56 cars from various media organisations joined the hunt, which were flagged off at Malaysia Airports' headquarters in Subang Airport.



#### 21-23 NOVEMBER 2008

## SIC HOSTED 4TH EDITION OF A1 GRAND PRIX

Sepang International Circuit played host to the 4th edition of A1 Grand Prix, where drivers from around the world showed their racing skills in front of thousands of car racing fans.



#### **26 NOVEMBER 2008**

## RENOVATED LAHAD DATU TERMINAL OFFERS ENHANCED SERVICE

Lahad Datu Airport now offers enhanced facilities as the renovation works to the terminal have been completed. This will further boost passenger movements at Sabah, particularly at Lahad Datu, as well as enhance the services and facilities at this airport.

#### CALENDAR OF EVENTS 2008



#### **2 DECEMBER 2008**

## MALAYSIA AIRPORTS' STAFF BECOME ONE NIGHT LEGEND

More than 1,000 staff from Malaysia Airports and its subsidiaries from Kuala Lumpur and Selangor attended Malaysia Airports' Annual Dinner 2008. Themed 'Nite of the Legends' staff attended the occasion dressed appropriately, with the most outstanding walking away with attractive prizes.



#### **9 DECEMBER 2008**

### UNVEILING A TRANSFORMED SHOPPING EXPERIENCE

Malaysia Airports today unveiled the completed first phase of the KLIA Satellite Retail Optimisation Project (SROP). The 14-month SROP, which began on 18 May 2008 has transformed the shopping experience at the Satellite Building.



#### **15 DECEMBER 2008**

## LCCT-KLIA'S NEW INTERNATIONAL ARRIVAL HALL OPENED

The new international arrival hall at the LCCT-KLIA has commenced operations, offering travellers a more conducive and comfortable airport experience. The extension has added a further 32,000 sq m of additional floor space to the existing 28,000 sq m available. The international arrival hall is part of the RM160 million new wing being constructed under the LCCT-KLIA expansion plan.

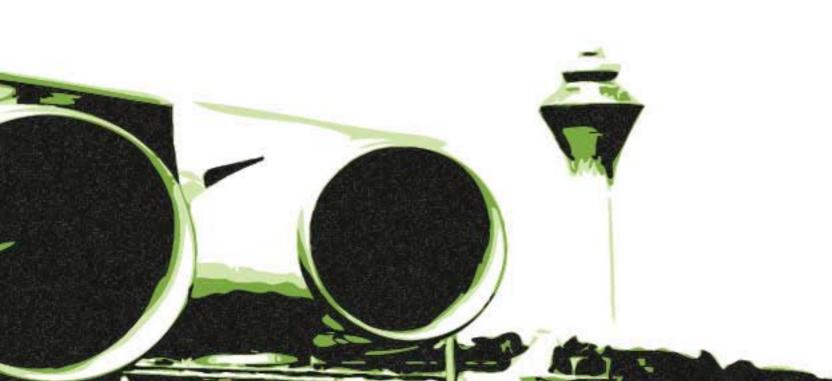


	152				
1	Annual	Bone	 200		

## AWARDS AND ACCOLADES 2008

- KLIA was selected as World's Best Airport (15-25 million passengers per annum) in the Airports Council International-Airport Service Quality (ACI-ASQ) Awards 2007, the third consecutive year KLIA won this award
- KLIA also won 2nd placing for the Best Airport Worldwide and Best Airport Asia Pacific in the ACI-ASQ Awards 2007
- 3. Pan Pacific Kuala Lumpur International Airport was named the "Best Airport Hotel in Asia" for 2007 by Business Asia magazine, the seventh time the hotel won this accolade since the award was introduced in 2000
- KLIA was awarded "The Brand Laureate", the Grammy Awards for branding for Best Brands Transportation Airports 2007-2008

- KLIA was placed 4th in Skytrax's
   2008 World Airport Awards
- Malaysia Airports 2007 Annual Report received the Certificate of Merit in the National Annual Corporate Report Awards 2008 (NACRA)
- Pan Pacific Kuala Lumpur
   International Airport was named the
   World's Leading Airport Hotel 2008
   by World Travel Awards



Malaysia Airports Holdings Berhad



## 

## MEDIA HIGHLIGHTS







meeting the challenge

# the challenge of creating the most exciting transportation hub in the region





#### STATEMENT OF

## **CORPORATE GOVERNANCE**

### **INTRODUCTION**

AS THE LEADING AIRPORT OPERATOR, OUR OPERATIONS AND BUSINESS ACTIVITIES HAVE AN ENORMOUS INFLUENCE IN THE DAILY LIVES OF THOUSAND OF PEOPLE ACROSS THE COUNTRY. REGION AND PERHAPS AROUND THE WORLD. THIS UNRELENTING COMMITMENT EPITOMIZES OUR BELIEF THAT THE COMPANY SHOULD BE RUN BY AN EFFECTIVE AND RESPONSIBLE BOARD TO ENSURE THAT THE RIGHT LEADERSHIP. STRATEGY AND INTERNAL CONTROLS ARE IN PLACE IN ORDER TO PRODUCE AND SUSTAIN A HIGH STANDARDS OF CORPORATE GOVERNANCE AND TO OPERATE SUCCESSFULLY IN THE GLOBAL BUSINESS ENVIRONMENT AMIDST THE CURRENT GLOBAL ECONOMIC DOWNTURN.

Malaysia Airports Holdings Berhad

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, which should be upheld and endorsed by the Board and the organisation as a whole.

background of significant regulatory changes. The Board has noted the changes to the Malaysian Code on Corporate Governance ("the Code") which were aimed at strengthening the roles and responsibilities of the Board of Directors and



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#### STATEMENT OF CORPORATE GOVERNANCE

Audit Committee, and ensuring effective discharge of their duties. Significant changes were also seen in the amendment of the Companies Act 2007 (A1299) which brought the Act closer to the corporate governance framework adopted in Malaysia. The Board considers that the Company is already in compliance with the Code and the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

In addition, the Board of Directors, Management and staff of Malaysia Airports are pleased to note that the governance principles adopted by the Group have been ranked in the seventh (7th) position (2007: 14th and 2006: 40th), based on the findings of the "Corporate Governance Survey 2008" jointly organised by the Minority Shareholder Watchdog Group ("MSWG") and Nottingham University Business School ("NUBS").

#### TRANSFORMATION PROGRAMME

The Board will continuously ensure that the following three main components of an effective Board, as outlined under the Programme ("Improvement Programme"), will remain present:-

- a) To structure a high performing Board;
- To ensure effective day to day Board operations and interactions: and
- c) To fulfil the Board's fundamental roles and responsibilities guided by the best practices and recommendations of the relevant bodies, such as the Malaysian Institute of Chartered Secretaries and Administrators.

The Company has also embarked on a Continuous Improvement Programme ("CIP") which focused on delivering the shareholders' financial expectations. The first milestone

achieved under the CIP is the enhancement of Malaysia Airports "Vision and Mission", with the transformation of its role from an "airport infrastructure and service provider" to a more holistic model of a "commercially focused airport business".

Furthermore, the Company has formulated a "1-year and 3-year One Page Strategy" that outlines the Company's mid-term strategies in managing and improving 5 key areas, namely, revenue, people and work culture, structure and regulatory environment, process and system, and finance and cost. To achieve the desired targets in respect of the key improvement areas, the Company has established eight (8) Cross Functional Teams ("CFT") to assist in the development of a comprehensive action plans and to undertake various key initiatives which include spend management, revenue, customer service, operational excellence, procurement, people/change management, Information Communication & Technology ("ICT"), and Occupational Safety, Health & Environment ("OSHE"), and Safety and Security.

## THE BOARD OF DIRECTORS OF MALAYSIA AIRPORTS HOLDINGS BERHAD

#### 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

Malaysia	 	
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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 the Listing Requirements of BMSB. The directors' biographies are enclosed on page 116 to page 117.

There were several changes in the Board's composition during the financial year 2008, as follows:-

Name	Designation	Remark
Dato' Zaharaah binti Shaari	Non-Independent Non-Executive	Resigned effective from 28 August 2008
Eshah binti Meor Suleiman	Non-Independent Non-Executive	Resigned effective from 1 September 2008
Dato' Ahmad Fuaad bin Mohd Dahalan	Non-Independent Non-Executive	Resigned effective from 24 September 2008
Datuk Latifah binti Datuk Abu Mansor <sup>1</sup>	Non-Independent Non-Executive	Appointed effective from 1 September 2008
Dato' Long See Wool <sup>2</sup>	Non-Independent Non-Executive	Appointed effective from 9 September 2008
Mohd Nadziruddin bin Mohd Basri	Non-Independent Non-Executive	Appointed effective from 21 October 2008

#### Notes:-

- Datuk Latifah binti Datuk Abu Mansor had tendered her resignation on 13 January 2009, and the Board thereafter had approved the appointment of Dyg Sadiah binti Abg Bohan as the Director on the Board of Directors of MAHB and Anis Rizana binti Mohd Zainudin @ Mohd Zainuddin as her alternate on 25 February 2009.
- Dato' Long See Wool has to vacate the office of director on 19 January 2009 due to his inability to attend the number of the Board of Directors' Meetings that would fulfil the 50% requirements of the total Board of Directors' Meetings held during the financial year 2008 in accordance to Para 15.05(3)(c) of the Listing Requirements of BMSB. Dato' Long was appointed on 9 September 2008 and from that date till the end of 2008, there had been 3 Board Meetings held. Dato' Long has attended 1 out of 3 Board Meetings held during the financial year 2008 which translates to 33% attendance, and hence was not able to fulfil the 50% requirements as mentioned above. The inability was due to his tight schedule as he had to represent the Government at several meetings overseas organised by the International Civil Aviation Organisation. Notwithstanding thereto, the Board subsequently approved the re-appointment of Dato' Long as the Director on the Board of Directors of MAHB on 20 January 2009.

## 

#### STATEMENT OF CORPORATE GOVERNANCE

The Board expressed its appreciation to Dato' Zaharaah binti Shaari, Eshah binti Meor Suleiman, Dato' Ahmad Fuaad bin Mohd Dahalan and Datuk Latifah binti Datuk Abu Mansor for their contribution and guidance to the Company and the Board, in particular, during their tenure as members of the respective Board Committees of MAHB.

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.

#### Senior Independent Non-Executive Director

Given the composition of the Board, in particular the strong and independent presence of the members and the Board as

a whole, and the separation of the roles of the Chairman and the Managing Director, the Board does not consider it necessary to nominate a recognised Senior Independent Non-Executive Director, at this juncture.

#### Principal Responsibilities of the Board

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

#### The Role of the Board

The Board is responsible to the stakeholders for overseeing and protecting the long-term interests of all through effective management of the Group's businesses. It challenges the views of the Management by undertaking thorough examination of the Group's present and future strategic

directions. It is also responsible for ensuring that management maintains and updates its system of internal control that provides satisfactory assurances of its effectiveness and efficiency, in relation to operations, internal financial controls, and compliance with the laws and regulations.

In order to ensure that Directors have sufficient time to focus and fulfil their roles and responsibilities effectively, the Board has adopted a restriction policy on external appointments. Under the policy, Directors may only be allowed to take up to five (5) directorships in other public-listed companies.

#### Independence of non-executive Directors

The Board considers all the three (3) Independent Non-Executive Directors, namely Datuk Alias bin Haji Ahmad, Datuk Siti Maslamah binti Osman and Jeremy bin Nasrulhaq to be independent based on the definition as set out under the Listing Requirements of BMSB. The Board is satisfied that the three (3) Independent Non-Executive Directors represent the interest of the minority shareholders by virtue of their roles and responsibilities.

The Board has determined that the following behaviours are essential when considering and assessing the independence of each non-executive Director:-

- a) Able to provide intelligent questions, constructive debates, rigorous challenges, and decides dispassionately on management's views and assumptions;
- b) Is willing to challenge the views, opinions, and beliefs of other directors, for the benefit of the company:
- c) Is prepared to defend his/her own views, opinions, and beliefs for the ultimate good of the company; and

d) He/She must have a good understanding of the businesses and operations of the company in order to properly evaluate and provide the necessary responses on the various issues confronted by the Board.

The Board considers the issue of directors' independence on an annual basis and has concluded that each of them continues to demonstrate the above behaviours which are in accordance with the definition under the listing requirements therein.

Moreover, the Board at its Meeting held on 28 August 2008 has agreed on the membership guidelines for the Board of Directors of MAHB and its Subsidiaries, as follows:-

- That the membership of the Board of Directors of the Group's subsidiaries comprises only representatives from Senior Management and that except for Chairman/Managing Director/nominee Directors of the Ministry of Finance, Ministry of Transport and Khazanah Nasional Berhad, members of the Board of Directors of MAHB are not appointed on the Board of Directors of the Subsidiaries to avoid conflict of interest:
- b) That to maintain independence and impartiality on the part of the Board members of MAHB, the respective Board of Directors of the Subsidiaries may at their discretion (subject to the approval by the relevant Committee) appoint external directors or engage the services of specialists to draw on their experience/skills on specific industry for which such expertise is lacking within the Group, such as hotel business, plantation, motor racing, etc; and

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c) That Board members are encouraged to arrange/ conduct dialogue sessions with Management and Board of Directors of the Subsidiaries to raise any matters of concern and to impart the relevant knowledge and guidelines for the betterment of the Group, as a whole.

## The Roles of the Executive Director and Non-Executive Directors

The Executive Director (i.e. Managing Director) and the Non-Executive Directors have been given clear roles and accountability for intensifying performance management in the Group.

The Executive Director is responsible for the following:-

- a) Implementation of the overall design of the performance management scheme, particularly developing the strategy, defining the Key Performance Indicators and cascading them through the organisation;
- b) Review of the performance of the businesses, taking corrective actions and reporting them to the Board; and
- c) Review of the performance of the Senior Management and delivering meaningful rewards and compensation.

On the other hand, the Non-Executive Directors are responsible for the following:-

- a) Providing independent judgement on the Group's Strategy;
- b) Overseeing that the internal control systems and the risk management processes are appropriate and effective;

- Setting the appropriate targets/objectives and reviewing the performance of the Company and the Executive Director; and
- d) Setting the right remuneration of the Executive Director, and evaluating the effectiveness of the Company's succession planning programme.

The Board opined that the quality of its directors, each of whom possesses an impeccable background and offers relevant experience, ensures that they are able to challenge and help develop and drive the Group's vision and strategy, scrutinise performance and controls including to ensure that the governance standards are continuously upheld. The Chairman will always ensure that the board's decisions are based on consensus, and any concerns expressed by any director, will accordingly be recorded in the minutes of meeting by the Company Secretary.

#### The Chairman and Managing Director

The responsibilities and authorities between the Chairman and the Managing Director are clearly separated and defined in order to maintain a balance of power, as outlined below:-

#### Chairman

Tan Sri Datuk Dr. Aris bin Othman is the Chairman of the Company. Prior to his appointment as the Chairman, Tan Sri Datuk Dr. Aris has never assumed an executive position in the Board or acted as the Managing Director of the Company. Tan Sri Datuk Dr. Aris's roles and responsibilities are as follows:

 a) Ensure orderly conduct and working of the Board, where healthy debates on issues being deliberated are encouraged to reflect any level of scepticism and independence;

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- Ensure that every Board Resolution is put to a vote to ensure that the decision is made collectively and reflects the will of the majority;
- c) Ensure that the Board agrees on the strategy formulated by the Company and checks on its implementation;
- d) Exemplify the highest standards of corporate governance practices and ensure that these practices are regularly communicated to the stakeholders:
- e) Ensure the appropriateness and effectiveness of the succession planning programme at the Board and Senior Management levels;
- f) Ensure a healthy working relationship with the Managing Director and provide the necessary support and advice as appropriate; and
- g) Determine the agenda for the Board Meetings in consultation with the Managing Director and the Company Secretary and ensure effective time management to allow the Board to have a rich and deep discussion.

#### Managing Director

Dato' Seri Bashir Ahmad bin Abdul Majid is the Managing Director of the Company. Dato' Seri Bashir's in-depth knowledge in the aviation and airport operations industry and the overall Group's businesses and affairs, has significantly contributed towards manoeuvring the direction of the Group to achieve the desired goals and objectives. Dato' Seri Bashir's roles and responsibilities are as follows:-

 a) Implementing the policies and decisions of the Board, overseeing the operation, as well as coordinating the development and implementation of business and corporate strategies;

- b) Developing and translating the strategies into a set of manageable goals and priorities;
- Setting the overall policy and direction of the business operations, investment and other activities based on effective risk management controls;
- d) Ensuring that the financial results are accurate and not misleading;
- Ensuring that the financial management practice is carried out at the highest level of integrity and transparency for the benefit of the shareholders;
- f) Ensuring that the business and affairs of the Company are carried out in an ethical manner and in full compliance with the relevant laws and regulations;
- Ensuring that whilst the ultimate objective is to maximise the shareholders return, the social and environmental factors are not being neglected;
- Developing and maintaining strong communication programmes and dialogues with the shareholders, investors, analysts etc; and
- Providing the leadership and represent the Company with major customers and industry organisations together with the involvement of the Chairman.

Furthermore, the responsibilities and authorities between the Chairman and the Managing Director are also clearly outlined in the Board Charter.

#### Induction and Continuous Professional Development

All newly-appointed directors have undergone a comprehensive induction programme arranged by the Company Secretary, tailored to their individual requirements,

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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. The new directors, Datuk Latifah binti Datuk Abu Mansor, Dato' Long See Wool, Mohd Nadziruddin bin Mohd Basri, Dyg Sadiah binti Abg Bohan and her alternate, Anis Rizana binti Mohd Zainudin @ Mohd Zainuddin, had attended the appropriate induction programme upon joining the Board.

All the directors have attended and successfully completed the Mandatory Accreditation Programme as required by the Listing Requirements of BMSB. 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.

All the members of the Board of Directors of MAHB had attended the training programmes organised during the financial year 2008. The Board, being cognisant of its responsibility under the Listing Requirements of BMSB, had taken the initiative to organise three in-house training programmes conducted by external consultants, on areas relating to the current changes in the airlines and airports environment and financial reporting. The training programmes attended by the Directors in 2008, are as follows:

 a) Talk on IT Governance by Mr. Nickson Chew, President of Information System Audit & Control Association held on 28 February 2008;

- Presentation on Corporate Social Responsibility by Dato' Johan Raslan, Chairman of Institute of Corporate Responsibility Malaysia held on 28 April 2008; and
- c) Talk on Outlook and Challenges faced by the aviation and airport industry for the next 4 years by Ms. Angela Gittens, Director General, Airport Council International held on 10 October 2008.

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.

During the year, one of the Board meetings was held away from the Company's head office to give the opportunity for the directors to meet the frontline staff and observe the airport operations first hand, and also to view the progress of the extension and upgrading of the airports. The Board meeting was held in Kota Kinabalu and similar arrangement would be planned for the year 2009. Nevertheless, non-executive directors are also welcomed to arrange for individual site visits, or interact with the management on any particular concern.

A programme of continuous professional development was undertaken for all directors during the year 2008, which focussed on a number of industry and business issues, as well as legal, financial and regulatory changes and developments. As part of the customary annual training programme, the Board had in the past, participated in airport familiarisation 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. 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.

In view of the depressing global economic crisis, and in line with the Government's wish for Corporate Malaysia to maintain prudency in managing expenses, the Board agreed to defer the planned visit to Istanbul, Turkey and Astana, Kazakhstan, to reflect the Board's empathy towards the hardship faced by the members of the public, due to the unprecedented increase in the price of fuel and food items.

Nevertheless, the Board is mindful of the benefits of having firsthand observation of the airports' operations, and therefore will resume the plan to visit the airports in Istanbul, Turkey and India for the year 2009, with the participation limited to two (2) members of the Board for every airport visit. In addition, the visit would be arranged to coincide with the convening of the Board/Shareholders' Meetings of GMR Hyderabad International Airport Limited, Delhi International Airport Private Limited and Sabiha Gokchen International Airport Limited, to enable the members of the Board to observe the proceedings of the meetings, to give an insight to members on the

operational matters of the companies and the challenges faced by these companies. It will certainly be an invaluable experience to the Directors, and the added value gained from this experience will no doubt benefit the Company.

#### **Board Performance Evaluation**

The Board had initiated its first annual review of the Board's performance, to gauge the effectiveness of the Board and Board Committees. The Board had also considered whether such performance evaluation should be conducted by engaging an external expertise. In this regard, the Board had decided that there was beneficial value in conducting the evaluation process internally, as it will enable the Board to develop an appropriate assessment approach tailored to the Company's goals, objectives and the relevant keys performance indicators of the Board, and provide first hand response from the direct input of the individual directors.

The performance evaluation of the Board and Board Committees 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 which was tabled at the Board Nomination Committee Meeting and Board of Directors' Meeting held on 18 April 2008

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and 28 April 2008, respectively, 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 and Board Committees, the members indirectly assess the individual 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 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.

Overall, as a result of the Board's evaluation findings, the Board has identified several key areas for improvement to strengthen the Board's engagement and effectiveness. The table below highlights the key initiatives that were identified and the achievements thus far:-

No.	Board Initiatives	Achievements
1.	Board to focus on guiding Management towards the successful implementation of an effective succession planning programme within the Group	The Board has approved the appointment of Puan Rosehaida binti Ab Rahman as the Senior General Manager, Human Resource Services, MAHB ("HR").  The HR has thereafter tabled the 3-Year Plan for Human Resource Services (2009-2011) at the Board of Directors' Meeting held on 13 January 2009.  The Plan will focus on four broad areas, namely (1) Intensifying performance management; (2) Strengthening leadership practices; (3) Employee value
2.	Board to concentrate on inculcating a high performance management culture	proposition; and (4) HR structure and process improvement.  This initiative will be developed/initiated under the aforesaid Plan.

No.	Board Initiatives	Achievements			
3.	Board to ensure more efforts are put into increasing the non-aeronautical revenue	The Board has approved the appointment of Puan Faizah binti Khairuddin a: Senior General Manager, Commercial Services, MAHB.			
	and commercial revenue by  Management	The Commercial Services has thereafter tabled the Commercial Strategic Planning for the Year 2009 to 2012 ("the Plan") at the Board of Directors' Meeting held on 13 January 2009.			
		The main objectives of the Plan include, amongst others: (1) to deliver superior service experience to improve sales opportunities and customer value; (2) to optimise product categorisation to yield maximum financial performance; (3) to develop concessionaires value as a baseline to revenue achievement while maintaining sustainable partner relationship; (4) to optimise stakeholders value through transformation of current commercial services by creating airport commercial models; and (5) to establish high performance organisation with business mindset to ensure effective and profitable management of commercial activities.			
4.	Airport visits for benchmarking purposes to learn from the respective airports' experience in increasing the commercial revenue	In view of the present global economic crisis, and in line with the Government's wish for Corporate Malaysia to maintain prudency in managing expenses, the Board agreed to defer the planned visit to Istanbul, Turkey and Astana, Kazakhstan.			
		The Board nevertheless acknowledged the benefits of having firsthand observation of the airports' operations, and therefore suggested that the visit to the airports at Istanbul, Turkey and India would be reorganised, with the participation limited to two (2) members of the Board for every airport visit. In addition, the visit could be arranged to coincide with the convening of the Board/Shareholders' Meetings of GMR Hyderabad International Airport Limited, Delhi International Airport Private Limited and Sabiha Gokchen International Airport Limited.			
5.	Board to identify operational matters and refrain from further deliberation via higher empowerment to Management	All operational matters are deliberated and tabled at the Management Committee Meeting. For operational matters that are linked to the Company's strategy and policy, the matters are necessarily brought forward to the Board's attention, accordingly.			

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#### **Board Charter**

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 carried out in accordance with the best practices of good corporate governance.

The Board Charter clearly outlines the principles and adoption of best practices on the structures and processes towards achieving the highest governance standards, which include amongst others, the right balance and composition of the Board, recruitment of new directors, remuneration policy and the establishment of Board Committees together with the required mandates and activities.

#### Whistleblowing Programme

In order to improve the overall organisational effectiveness and to uphold the integrity of the Company in the eyes of the public, whilst at the same time being an entity that serves the interest of the nation, the Company has instituted the whistleblowing programme which acts as a formal internal communication channel, where the staff can communicate concerns in cases where the Company's business conduct is deemed to be contrary to the Company's common values. The categories of concern may cover the following:-

- a) Commission of fraud, bribery and/or corruption;
- b) Unauthorised use of Company's properties, facilities, information etc;
- Failure to comply with the professional standards or legal requirements;

- d) Actions that may result in danger to the health and/or safety of people or may cause damage to the environment:
- e) Miscarriage of justice;
- f) Unethical practice in accounting, internal controls, financial reporting and auditing matters; and
- g) Any other legal or ethical concerns.

All concerns should be addressed to the Whistleblowing Independent Committee which is comprised of respectable individuals from various levels of management chaired by Datuk Kamaruddin bin Mohd Ismail, Advisor, Safety and Securities Services, whereby the Committee would assess all concerns reported and recommend the appropriate action, and subsequently submit a report to the Managing Director for his consideration thereof. All details pertaining to the name and position of the whistleblower will be kept strictly confidential throughout the investigation proceedings.

During the year, a total of two (2) concerns were reported, which cover broad areas of concerns as mentioned above, and where appropriate, actions have been taken to address the issues raised.

#### Meetings and Attendances

The Board requires all members to devote sufficient time to the working of the Board, to effectively discharge their duties as the directors of Malaysia Airports, and to use their best endeavours to attend meetings.



The Board is scheduled to meet once a month with additional meetings convened, as and when deemed necessary. During the year 2008, eleven (11) Board Meetings and one (1) Special Board Meeting were held, whereby one of the meetings was held at Kota Kinabalu. All the directors had proportionately attended more than 50% of the Board Meetings held for the full financial year of 2008, in compliance with the Listing Requirements of BMSB (except for Dato' Long See Wool as explained above).

The following table sets out the number of meetings of the Board during the financial year 2008 and individual attendance by the Directors at the meetings. Directors who were unable to attend the Board meetings would review the relevant Board papers and thereafter convey their comments to the Chairman prior to the proceeding of the meetings:-

Directors	Number of Board Meetings attended/held (during the Directors' tenure)	Percentage
Tan Sri Datuk Dr. Aris bin Othman	12 out of 12	100%
Dato' Seri Bashir Ahmad bin Abdul Majid	12 out of 12	100%
Dato' Zaharaah binti Shaari 1	6 out of 8	67%
Eshah binti Meor Suleiman <sup>2</sup>	8 out of 9	89%
Izlan bin Izhab	10 out of 12	83%
Dato' Ahmad Fuaad bin Mohd Dahalan <sup>3</sup>	8 out of 9	89%
Datuk Alias bin Haji Ahmad	10 out of 12	83%
Datuk Siti Maslamah binti Osman	11 out of 12	92%
Hajah Jamilah binti Dato' Hj Hashim	12 out of 12	100%
Jeremy bin Nasrulhaq	12 out of 12	100%
Datuk Latifah binti Datuk Abu Mansor <sup>4</sup>	1 out of 3	33%
Dato' Long See Wool <sup>5</sup>	1 out of 3	33%
Mohd Nadziruddin bin Mohd Basri <sup>6</sup>	1 out of 2	50%

#### Notes:-

- Resigned as a member of the Board effective from 28 August 2008.
- <sup>2</sup> Resigned as a member of the Board effective from 1 September 2008.
- <sup>3</sup> Resigned as a member of the Board effective from 24 September 2008.
- Appointed as a member of the Board effective from 1 September 2008. Thereafter resigned as a member of the Board effective from 13 January 2009.

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- Appointed as a member of the Board effective from 9 September 2008. Dato' Long was unable to attend 2 out of 3 Board meetings since his appointment as he had to represent the Government at several meetings organised by the International Civil Aviation Organisation in Montreal, Canada, and various other overseas commitments representing the interest of the Ministry of Transport. Therefore, he was unable to conform to Para 15.05(3)(c) of the Listing Requirements of BMSB, which necessitated him to vacate the office of director on 19 January 2009 due to his absence for more than 50% of the total Board of Directors' Meetings held during the financial year 2008 as mentioned above. Notwithstanding thereto, the Board subsequently approved the re-appointment of Dato' Long as the Director on the Board of Directors of MAHB on 20 January 2009.
- <sup>6</sup> Appointed as a member of the Board effective from 21 October 2008.

Non-attendance at the Board and Committee Meetings is an exception, normally where directors have prior commitment, or in the case of newly-appointed directors, if there is a clash with a meeting which had been scheduled earlier and could not be re-arranged.

#### Matters Reserved to the Board

The Board has a formal schedule of matters specifically reserved to it. These reserved matters include the following:-

- a) Approval of the overall strategy, vision, values, and governance framework of the Group;
- b) Approval of the Company's Annual Report and Quarterly Financial Statements:
- Approval of any interim dividend, recommendation of the final dividend and the Company's dividend policy;

- d) Approval of the Group's annual budget and amendments to that budget in relation to the amount, borrowing and security, acquisitions and disposals of tangible/non-tangible assets, and capital expenditure over a specified amount:
- e) Approval of the Company's long term financial plan and the annual capital expenditure programme;
- f) Approval of any significant change in the accounting policies and practices;
- Approval of all circulars, resolutions and corresponding documentation sent to the stakeholders;
- Approval of changes in the capital structure of the Company with regard to issuance or allotment of shares or other securities, or its status as a public listed company;
- Appointment, re-appointment or removal of the Directors and the recommendation for their election or re-election for the consideration of the shareholders, pursuant to the Company's Articles of Association;
- j) Appointment or removal of the company secretary;
- Recommendation to shareholders for the appointment, re-appointment or removal of the external auditors;
- Approval of the division of responsibilities between the Chairman and Managing Director; and
- m) Approval for the establishment of the Board Committees, their terms of reference (i.e. membership and financial authority), reviewing their activities and, where appropriate, ratifying their decisions.

#### **Quality of Information**

The Chairman takes responsibility for ensuring that the Directors receive accurate, timely and clear information with regard to the Group's financial and operational performance, to enable the Board to make sound decision and provide the necessary advice, with all Board and Committee papers being issued in advance prior to the scheduled meetings. The Company Secretary will assist the Chairman to ensure that the process of disseminating the information is effective and reliable.

Under the current practice, Notices pertaining to all Board of Directors' Meetings are issued to the directors, at least 14 days from the date of the Meeting, whilst the Notices of the Board Committee Meetings are circulated to the Committee members and all those invited to attend the Meeting, at least 7 days before each Meeting. The Agenda and the Board papers are circulated within 7 days from the date of the Meeting. Furthermore, in order to provide an in-depth discussion of the respective matters within a reasonable and sufficient time, the Managing Director, together with the Chairman would decide on the Agenda and accordingly structure and prioritise the respective matters based on their relevancy and importance.

The format and structure of the Board papers are such that they contain the right amount of details and are clear and concise, to enable the directors to comprehend on the subject matters within the first five minutes of reading. The format of the papers has been designed into a short, synthesised executive summary that includes the following:-

a) Action required for Board's consideration - whether to approve, to be noted or to provide input;

- Responsible parties who prepared and reviewed the report:
- Principal points of the subject matter which summarise the objective and its relevant context;
- Key issues and risks, with a clear response plan; and
- Required actions with clear accountabilities and timelines.

The quality and presentation of the Board papers are continuously being monitored to ensure that the messages had been clearly understood by the Board, with a precise articulation of the facts and analysis. The Board, with the assistance of the Company Secretary will continuously guide the Management on the needs and criteria of what constitute an exemplary Board Papers, For decision papers, it is advisable to accompany with a one-page Executive Summary outlining the objectives, rationale/justifications and actions required from the Board (whether to approve or endorse), in order to facilitate the directors and for reference purposes.

The summary of the minutes of meetings is also enclosed to ensure that decisions, requests and requirements were recorded accurately and could be tracked and monitored upfront for clarity and ease of reference, as well as for the Board's comfort that actions are being followed up. The Board may, if required, and in the best interest of time, refrain from considering any last minute agenda items during the proceedings of the Board meetings, unless the matter is of genuine and exceptional circumstances.

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#### Access to Information and Advice

The directors have full and unrestricted access to all information pertaining to the Group's businesses and affairs to enable them to discharge their duties. They also have full and unrestricted access to the advice and services of the Senior Management and the Company Secretary of the Group.

Besides holding formal Board meetings, the Chairman maintains regular contact with the Managing Director to discuss specific matters. Furthermore, the Managing Director ensures that frequent communication between the Senior Management team and the Board is present at all time. Nevertheless, directors are free to arrange for meetings with the individual members of the Senior Management team and are always invited to attend the events and exhibitions organised by the Company.

#### **Company Secretary**

Cik Sabarina Laila binti Mohd Hashim, the Company Secretary for the Group, is responsible for advising the Board on issues relating to compliance with laws, rules, procedures and regulations affecting the Group, as well as the best practices of governance. The Company Secretary is also responsible for advising the directors of their obligations and adherence to matters pertaining to disclosure of interest in securities, disclosure of any conflict of interest in a transaction involving the Company, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information.

Apart from playing an active role as the advisor to the directors, the duties of the Company Secretary also include, amongst others, attending all Board and Board Committee meetings, ensuring that the proceedings of Board meetings

and decisions made thereof, are accurately and sufficiently recorded, and properly kept for the purposes of meeting statutory obligations, as well as obligations arising from the Listing Requirements of BMSB or other regulatory requirements, communicating the decisions of the Board for Management's attention and further action, ensuring all appointments and re-appointments of directors are in accordance with the relevant legislations, handling company share transactions, such as issuance of new shares, arranging for payment of dividends and liaising with external auditors, lawyers, tax advisors, bankers and shareholders.

#### Independent Professional Advice

The Board allows the directors, in furtherance of their duties, to obtain independent professional advice from external consultants, at the Company's expenses. Copies of any reports, advice and recommendations provided by the independent professional adviser to a respective director, would be forwarded by the said director to the Company Secretary, who will, where appropriate, circulate them to other directors to ensure that they are kept informed of pertinent issues, which may have an impact on the Group's sustainability. However, there was no such advice sought by any director during the year.

#### Appointment to the Board

There is a formal and transparent procedure for the appointment of new directors to the Board, the primary responsibility of which is delegated to the Board Nomination Committee. The Board Nomination Committee was established on 30 August 2001 with the membership comprising exclusively, non-executive directors, the majority of whom are

independent. This composition of only non-executive directors in the Committee ensures that any decisions made are impartial and in the best interest of the Group, without any element of fear or favour.

The Committee is responsible for leading the selection, deliberation and proposal of suitable candidates for appointment as directors to the Board based on merit and on the needs of the Board and the Company's present situation and future strategic direction. The Committee is also responsible for assessing and ensuring, amongst others, that the candidate possesses technical competencies, a strong sense of professionalism and integrity, organisational and strategic awareness, and the ability to add value, as well as adherence to the highest standards of business conduct.

The appointment process would begin with an evaluation of the composition of the Board, pertaining to balance of skills, knowledge and experience of the Board, at that juncture, which was based on the feedback received from the Board Effectiveness programme. Subsequently, the search for the potential candidates based on the description of the roles and capabilities required by the Board would be embarked upon by the members of the Board with the assistance of the Company Secretary. A list of potential candidates would be shortlisted through consultation with the Committee Chairman. Thereafter, a formal meeting of the Committee will be held to consider the merit of each candidate and to finalise a recommendation to the Board for deliberation and approval thereof.

During the year, the Board had considered and approved the appointment of Datuk Latifah binti Datuk Abu Mansor, a nominee of the Ministry of Finance, Dato' Long See Wool, a nominee of the Ministry of Transport, and Mohd Nadziruddin

bin Mohd Basri, a nominee of Khazanah Nasional Berhad (which has followed the process as described above). The respective appointments have strengthened the balance between the composition of the Executive and Non-Executive Directors of the Board. Besides that, their experience, skills and relevant knowledge in aviation industry and financial matters, have been beneficial towards strengthening the Company's strategic vision.

The Committee is also responsible for evaluating the findings of the Board Performance Evaluation for the Board and the relevant Board Committees. Each Director's ability and capability will be individually self assessed by them, and any weaknesses identified would be discussed, and thereafter a plan would be formulated to address the gap.

The Committee has also been tasked with ensuring the implementation of a sound and orderly succession of Management in the Group, as well as ensuring that a pool of talents have been identified and undergone the relevant trainings as part of the Company's career development programme. In this regard, the Committee plays a major role in assisting the Management in determining the appropriate human capital strategy, reviewing the Group's overall performance management philosophy to ensure that it is capable of attracting, motivating and retaining the right pool of talents and performers, overseeing succession planning for key leadership positions and enhancing leadership and human capital development.

#### Re-election of Directors

All directors, including the Managing Director, are subject to re-election by the shareholders at their first opportunity after their appointment, and are subject to re-election at least

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once every three (3) years, in accordance with Articles 129, 131 and 132 of the Company's Articles of Association. The re-election of directors at a regular interval not only promotes the creation of an effective Board, but also present the shareholders with the opportunity to gauge the performance of the directors.

The retiring directors who are seeking re-election would be subjected to performance assessment carried out by the Board Nomination and Remuneration Committee, which would then submit its recommendations to the Board for deliberation and approval. The Board would endorse a director for re-election if his or her performance is considered as satisfactory and meet the expected roles and responsibilities.

At the Tenth Annual General Meeting, Mohd Nadziruddin bin Mohd Basri, Dato' Long See Wool and Dyg Sadiah binti Abg Bohan who were appointed as directors on 21 October 2008, 20 January 2009 and 25 February 2009, respectively, will stand for re-election in accordance with Article 129, whilst Datuk Seri Bashir Ahmad bin Abdul Majid and Datuk Alias bin Haji Ahmad have offered themselves for re-election in accordance with Article 131.

The Board Nomination and Remuneration Committee has deliberated and recommended the re-election of the above directors to the Board for its approval thereof.

The Board has determined that the performance of the above directors who are subject to re-election, has continued to exemplify and demonstrate the highest commitment towards strengthening the effectiveness of the governance framework. Hence, the Board unanimously recommend that the shareholders vote in favour of the re-election of the above directors at the Company's Tenth Annual General Meeting.

Directors over the age of seventy years old are also required to submit themselves for re-appointment annually, in accordance with Section 129 (6) of the Companies Act, 1965. Currently, the Company has no Directors who have reached the above stipulated age.

#### **DIRECTORS' REMUNERATION**

The Board Nomination and Remuneration Committee is responsible for the review, assessment and recommendation to the Board of Directors, the appropriate remuneration packages for the Managing Director, and to deliberate the remuneration package for the General Managers and above for 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 Nomination and Remuneration Committee is allowed to seek the independent advice from external consultants for specific work in relation to remuneration matters, and where necessary, the consultants are required to disclose to the Committee any potential conflict of interest.

The Managing Director's remuneration comprises basic salary and other customary benefits which are competitive that reflect his performance for the year, whilst the non-executive directors' remuneration package, comprises fees and allowances, which reflect the individual's roles and responsibilities. The calibre of the non-executive directors serving the Company is essential in upholding the standards of Corporate Governance. The Board remuneration structure is

reviewed by benchmarking the Chairman and the directors' remuneration against peer companies, locally and regionally, 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 non-executive 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 Chairman and Non-Executive Directors received the following fees:-

	Fee	Chairman	Non-Executive Director
1.	Directors' Fee	RM8,000/month	RM1,500/month
2.	Meeting Allowance		
2.1	- Board Meeting	RM2,000/meeting	RM1,500/meeting
2.2	- Board Committee Meeting	RM1,000/meeting	RM500/meeting
2.3	- Subsidiary Meeting	RM1,500/meeting	RM1,000/meeting

#### Note:

The Directors' Fee has been increased from RM7,500 per month to RM8,000 per month for the Chairman and from RM1,000 per month to RM1,500 per month each for the Non-Executive Directors effective from 1 June 2007 onwards.

The details of the total remuneration of directors during the financial year 2008 by category are as follows:-

Category	Salary, Bonus and Other emoluments (RM)	Directors' Fees (RM)	Directors' Other emoluments (RM)	Benefits in kind (RM)	Total (RM)
Executive Director*	902,667.20	_	_	17,701.00	920,368.20
Non-Executive Directors	_	238,500.00	224,500.00	16,600.00	479,600.00

<sup>\*</sup> being the Managing Director

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The number of directors of the Company whose total remuneration fell within the specified bands during the financial year 2008 is tabulated, as follows:-

	Number of Directors	
	2008	2007
Executive Director:		
RM750,001 - RM800,000		1
RM800,001 - RM850,000		
RM850,001 - RM900,000		
RM900,001 - RM950,000	1	
Non-Executive Director:		
Less than RM50,000	13	10
RM50,001 - RM100,000		
RM100,001 - RM150,000		
RM150,001 - RM200,000	1	1

The Board opted not to disclose the remuneration of individual directors as suggested by the Malaysian Code on Corporate Governance, as it believes that this information will not add significantly to the understanding and evaluation to the Group's governance.

#### **Board Committees**

The Board of Directors delegates certain of its governance responsibilities to the following Board Committees, which operate within clearly defined terms of reference, to assist the Board in discharging its responsibilities:-

Board Committee	Key Functions
Board Audit Committee ("BAC")	Review and evaluate performance of External Auditors and Internal Audit Division in ensuring efficiency and effectiveness of the Company's operations, adequacy of internal control system, compliance to established policies and procedures, transparency in decision-making process and accountability of financial and management information.
Board Remuneration Committee ("BRC")	Review, assess and recommend to the Board of Directors, remuneration packages of the Managing Director and revised salary for new appointment of General Managers and above for the Group.

Board Committee	Key Functions
Board Nomination Committee ("BNC")	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 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.

The terms of reference of all the Board Committees have been reviewed and enhanced under the Improvement Programme to enable the respective Board Committees to focus their roles and responsibilities to ensure that there are no gaps or overlaps. Suffice to say that the implementation of the Improvement Programme has successfully increased the overall effectiveness of the Board Committees. Prior to the establishment of these Board Committees, their functions were assumed by the Board as a whole. The Chairman and members of each Board Committee shall be appointed by the Board. As a matter of good practice, the Chairmen of the various Board Committees will report the outcome of the Board Committee Meetings to the Board, and such reports and also the minutes of Committee meetings would be noted in the minutes of the Board Meetings.

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#### STATEMENT OF CORPORATE GOVERNANCE

The membership of each of the Committees and the attendance of Members at Board Committee meetings during the financial year 2008 are summarised as follows:-

Director	BAC	BRC#	BNC#	BF&IC	BRMC	ВРС
Tan Sri Datuk Dr. Aris bin Othman				С	С	С
Dato' Seri Bashir Ahmad bin Abdul Majid				М	М	
Dato' Zaharaah binti Shaari 1	М				М	М
Eshah binti Meor Suleiman <sup>2</sup>		М	М	М		М
Izlan bin Izhab <sup>3</sup>	М	М		М		
Dato' Ahmad Fuaad bin Mohd Dahalan <sup>4</sup>		М	С		М	
Datuk Alias bin Haji Ahmad <sup>5</sup>	М	С	М		М	М
Datuk Siti Maslamah binti Osman <sup>6</sup>	С	М	М	М		
Jeremy bin Nasrulhaq <sup>6</sup>	М		М			
Hajah Jamilah binti Dato' Hj Hashim <sup>7</sup>			М			
Datuk Latifah binti Datuk Abu Mansor <sup>8</sup>		М	М	М		М
Dato' Long See Wool 9					М	М
Mohd Nadziruddin bin Mohd Basri <sup>10</sup>		М		М	М	

#### Notes:-

C: Chairman, M: Member

- # Board Remuneration Committee and Board Nomination Committee has been merged on 5 November 2008 and renamed as the "Board Nomination & Remuneration Committee".
- 1 Resigned as a member of the Board Audit Committee, Board Risk Management Committee and Board Procurement Committee effective from 28 August 2008.
- 2 Resigned as a member of the Board Remuneration Committee, Board Nomination Committee, Board Finance & Investment Committee and Board Procurement Committee effective from 1 September 2008.
- 3 Ceased to be a member of the Board Remuneration Committee after the merger of the Board Remuneration Committee and the Board Nomination Committee on 5 November 2008, and resigned as a member of the Board Finance & Investment Committee effective from 19 November 2008.
- 4 Resigned as a member of the Board Remuneration Committee and Board Risk Management Committee, as well as the Chairman of the Board Nomination Committee effective from 24 September 2008.
- 5 Appointed as a Chairman of the Board Nomination & Remuneration Committee after the merger of the Board Remuneration Committee and the Board Nomination Committee on 5 November 2008.
- 6 Appointed as a member of the Board Nomination & Remuneration Committee after the merger of the Board Remuneration Committee and the Board Nomination Committee on 5 November 2008.
- 7 Appointed as a member of the Board Nomination Committee effective from 21 October 2008. Thereafter, appointed as a member of the Board Nomination & Remuneration Committee after the merger of the Board Remuneration Committee and the Board Nomination Committee on 5 November 2008.

- 8 Appointed as a member of the Board Remuneration Committee, Board Nomination Committee, Board Finance & Investment Committee and Board Procurement Committee effective from 1 September 2008 and upon the merger of the Board Remuneration Committee and the Board Nomination Committee on 5 November 2008, appointed as a member of the Board Nomination & Remuneration Committee. Thereafter resigned as a member of the above Board Committee effective from 13 January 2009.
- 9 Appointed as a member of the Board Risk Management Committee and Board Procurement Committee effective from 9 September 2008.
- 10 Appointed as a member of the Board Remuneration Committee and Board Risk Management Committee effective from 21 October 2008 and Board Finance & Investment Committee effective from 19 November 2008. Upon the merger of the Board Remuneration Committee and the Board Nomination Committee on 5 November 2008, ceased to be a member of the Board Remuneration Committee.

In addition, Dyg Sadiah binti Abg Bohan was appointed as a member of the Board Nomination & Remuneration Committee, Board Finance & Investment Committee and Board Procurement Committee effective from 25 February 2009.

#### Attendance at the Board Committee Meetings

Director	BAC	BRC	BNC	BF&IC	BRMC	ВРС
Tan Sri Datuk Dr. Aris bin Othman				5/5	4/4	7/7
Dato' Seri Bashir Ahmad bin Abdul Majid				4/5	1/4	
Dato' Zaharaah binti Shaari	3/4				1/2	3/4
Eshah binti Meor Suleiman		4/4	3/3	2/3		3/4
Izlan bin Izhab	5/6	4/4		4/5		
Dato' Ahmad Fuaad bin Mohd Dahalan		4/4	4/4		3/3	
Datuk Alias bin Haji Ahmad	5/6	4/4	5/5		3/4	6/7
Datuk Siti Maslamah binti Osman	6/6	3/4	5/5	5/5		
Jeremy bin Nasrulhaq	5/6		5/5			
Hajah Jamilah binti Dato' Hj Hashim			1/1			
Datuk Latifah binti Datuk Abu Mansor			1/2	2/2		3/3
Dato' Long See Wool					1/2	1/3
Mohd Nadziruddin bin Mohd Basri					0/1	

#### Merger between the Board Nomination Committee and the Board Remuneration Committee

The BNC at its Meeting held on 28 October 2008 had recommended that given the inter-related nature of the issues normally deliberated by the BNC and BRC, it would be most practical to merge the roles/functions/responsibilities of both committees under an expanded Committee, in order to facilitate easy consultation amongst the members and for prompt decision to be

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made. Subsequently, the Board of Directors at its Meeting held on 5 November 2008 had approved the recommendation to merge both Committees and the newly merged Committee has been renamed as the "Board Nomination & Remuneration Committee" ("BNRC"). The BNRC is comprised of five (5) members, namely Datuk Alias bin Haji Ahmad (Chairman), Dyg Sadiah binti Abg Bohan, Datuk Siti Maslamah binti Osman, Jeremy bin Nasrulhaq and Hajah Jamilah binti Dato' Hj Hashim.

#### Terms of Reference

The salient terms of reference of the Board Committees are as follows:

#### Board Audit Committee ("Audit Committee")

The Audit Committee comprises no fewer than four (4) members, all of whom are non-executive directors with majority being independent directors. At least one (1) member must be a member of the Malaysian Institute of Accountants, or he/she complies with the requirement of paragraph 15.10 (1)(c)(iii) of the BMSB Listing Requirements.

The Audit Committee shall have the following authorities as empowered by the Board:

- a) Have authority to investigate any matter within its terms of reference;
- b) Have the resources required to perform its duties;
- Have full and unrestricted access to any information, records, properties and personnel within the Company and its group of companies;
- d) Have direct communication channels with the external auditors and internal auditors;
- e) Be able to obtain the services of independent professional advisers or other advisers and to engage outsiders with relevant experience and expertise if necessary;

- Be able to convene meetings with the external auditors (excluding the executive members of the Committee), whenever deemed necessary; and
- g) Be able to meet with Management to ensure that there are specific and effective avenues for whistleblowing.

The Audit Committee meets at least six (6) times during the financial year to carry out its functions. The Audit Committee is also responsible for recommending the person(s) to be nominated to act as the external auditor and the remuneration and terms of engagement of the external auditor.

Under the Improvement Programme, the Audit Committee will also review its terms of reference at least once in every two years to assess its relevancy and clarity.

#### Activities Undertaken During the Year

The Audit Committee had deliberated key matters during the year 2008, which include, amongst others, the following:-

- Reviewed and approved the Company's accounting approach and treatment in compliance with the Financial Reporting Standards;
- Reviewed the quarterly and annual results and considered any matters raised by the internal auditors as well as the external auditors;
- Reviewed and approved the audit plans for the internal auditors;
- Monitored the scope, effectiveness, independence and objectivity of the external auditors; and
- Discussed the results of internal audit reviews, significant findings, management's action plans and consequence management.

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### Board Nomination and Remuneration Committee ("Nomination and Remuneration Committee")

The Nomination and Remuneration Committee was formed on 5 November 2008 as mentioned above, with its membership consisting of at least three (3) members, all of whom shall be non-executive directors. The Chairman and members of the Nomination and Remuneration Committee shall be appointed by the Company's Board of Directors. The Committee's main responsibilities and such other responsibilities as may be determined by the Board include, amongst others, the following:

#### Nomination

- a) Determine the criteria for Board membership, including qualities, experience, skills, education and other factors that will best qualify a nominee to serve on the Board;
- b) Review annually and recommend to the Board with regard to the structure, size, balance and composition of the Board and Committees, including the required mix of skills and experience, core competencies which the nonexecutive directors should bring to the Board and other qualities in order to function effectively and efficiently;
- Propose to the Board the responsibilities of the nonexecutive directors, including membership and chairmanship of the Board Committees;
- d) Establish and implement processes for assessing the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contribution of each director;
- e) Evaluate on an annual basis, the effectiveness of each director's ability to contribute to the effectiveness of the Board and the relevant Board Committees, and to provide the necessary feedback to directors in relation to their performance, the effectiveness of the Committees of the Board, and the effectiveness of the Board as a whole;

- Review and set policies and procedures on human resources and employee matters (i.e. talent management);
- Review and determine the level and make-up of key management positions; and
- b) Develop policies and recommend appropriate proposals to facilitate the recruitment and retention of Senior Management, for which approval is required from the Board.

#### Remuneration

- a) To establish and recommend to the Board the remuneration structure and policy for the Managing Director and the General Managers, including the terms of employment or contract of employment/service, benefits, pensions or incentive scheme entitlement, bonuses, fees and expenses and any compensation payable on the termination of the service contract by the Company and/or Group and to review any changes to the policy, as necessary;
- To review the Managing Director and the General Managers' goals and objectives and to assess their performance against these objectives as well as contribution to the corporate strategy;
- c) To ensure that a strong link is maintained between the level of remuneration and individual performance against agreed targets, with the performance-related elements of remuneration setting forming a significant proportion of the total remuneration package of the Managing Director;
- d) To establish, review and recommend the scheme of service for employees and the general remuneration policies and practices within the Group; and
- e) To recommend to the Board of Directors suitable short and long-term policies of having performance-related incentive schemes and to consider other matters as referred to the Committee by the Board.

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The Nomination and Remuneration Committee will make the following recommendations to the Board:

- a) In regard to whether the directors who are retiring by rotation should be put forward for re-election;
- b) In regard to the termination of individual directors in accordance with policies for cause or other appropriate reasons; and
- c) To review and approve the appointment and promotion of executives, secondment of employees as well as extension of service for retired employees, for which approval is required from the Board.

Under the Improvement Programme, the Nomination and Remuneration Committee will also review its Terms of Reference at least once in every two (2) years to assess its relevancy and clarity.

#### Activities Undertaken During the Year

The Nomination and Remuneration Committee had deliberated key matters during the year 2008 which include, amongst others, the following:-

#### Nomination

- a) Considered and recommended to the Board, the appointment of new directors, namely Datuk Latifah binti Datuk Abu Mansor (a nominee of the Ministry of Finance), Dato' Long See Wool (a nominee of the Ministry of Transport) and Mohd Nadziruddin bin Mohd Basri (a nominee of Khazanah Nasional Berhad) on the Board of Directors of the Company;
- b) Considered and recommended to the Board the appointment of Senior General Managers and General Managers of the Company;

- Developed the Succession Planning Programme which enables the Company to identify, develop, monitor and justify promotions, replacements, training and exposure of potential candidates to be earmarked for future key executive positions;
  - In order to strengthen the succession planning job transition, the selected candidates will be required to undergo a series of succession planning preparatory programmes to enhance their leadership competencies, whereby the curriculums will include amongst others, emotional intelligence, performance coaching monitoring, involvement in high impact projects and exposure to board and management meetings and presentations;
- d) Formulated and implemented the Board Effectiveness Form and assessment process; and
- Considered and recommended to the Board the renewal of employment agreements for the Senior General Managers and General Managers.

#### **Remuneration**

- Reviewed the Senior Management KPI percentage achievement for the year 2008 and recommended the payment of bonus and increment based on the KPI's achievement of each member of senior management;
- b) Recommended to the Board for the salary increment and bonus of the employees of the Group;
- Reviewed the framework and policies on the performance management and reward strategies of MAHB;
- d) Reviewed the terms and conditions of employment contract for senior management; and
- Reviewed the job grading and salary structure for the employees of the Group to commensurate with the increase in job complexity, business diversity and market trends.

### Board Finance and Investment Committee ("Finance and Investment Committee")

The Finance and Investment Committee comprises at least four (4) members and at least one (1) member must be a member of the Malaysian Institute of Accountants or fulfils the requirements which are more particularly set out in the Committee's Terms of Reference.

The Chairman of the Company shall be the Chairman of the Finance and Investment Committee. The Finance and Investment Committee will conduct its meeting at least once every quarter or 4 meetings per annum, and to convene additional meetings as and when necessary.

The functions and duties of the Finance and Investment Committee are to:

- a) Review the annual business plans and budgets and any supplementary budgets (half-yearly) and recommending them to the Board for approval;
- Review and monitor the financial position and performance of the Company and its group of companies on a quarterly basis;
- Review and monitor the financial investment policy and financial investment portfolios of the Company and its group of companies and report to the Board on a quarterly basis;
- d) Consider and appoint investment managers to manage the financial investments of the Company and its group of companies; and
- e) Oversee current and future capital and financial resource requirements.

Under the Improvement Programme, the Finance and Investment Committee will also review its Terms of Reference at least once every two (2) years to assess its relevancy and clarity.

#### Activities Undertaken During the Year

The Finance and Investment Committee had deliberated key matters during the year 2008 which include, amongst others, the following:-

- Reviewed the budget performance for the year with particular attention on the utilisation of the Group's capital expenditure;
- b) Considered and recommended to the Board the proposed draft credit policy to govern the overall credit management of the Group in the provision of aeronautical services;
- Reviewed the financial status of overseas projects and the investment portfolios;
- Reviewed the implementation of the business processes to streamline and integrate the financial system of the Group;
- e) Considered and recommended to the Board for the establishment of Commercial Limit of Authority to ensure that potential commercial revenue could be secured effectively;
- f) Considered and recommended to the Board for the announcement of the Headline Key Performance Indicators of the Company; and
- g) Considered and recommended to the Board the proposed Group's budget for the year 2009.

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### Board Risk Management Committee ("Risk Management Committee")

The Risk Management Committee comprises at least four (4) members, made up of independent non-executive directors and non-independent non-executive directors. The members of the Risk Management Committee are appointed by the Board as recommended by the Nomination and Remuneration Committee.

The responsibilities of the Risk Management Committee are to, inter alia:

- a) Formulate overall Risk Management Policy and Strategy;
- Oversee Senior Management's activities in managing risks and ensure that the risk management framework and process are in place and functioning;
- Approve payments of compensation and/or indemnity to third parties and employees and the satisfactory acceptance of compensation and/or indemnity by third parties to the organisation caused by risks in accordance with the Company's policies;
- d) Approve major risk financing decisions;
- Review and ensure all risks (strategic, financial and operational) are taken into account for long term business plans and strategies;
- f) Oversee adequacy of risk management department; and
- g) Ensure that a risk management statement is included in the Company's Annual Report and accounts confirming that risks are being identified, evaluated and managed by the Company and its group of companies.

Under the Improvement Programme, the Risk Management Committee will also review its Terms of Reference at least once every two (2) years to assess its relevancy and clarity.

#### Activities Undertaken During the Year

The Risk Management Committee had deliberated key matters during the year 2008 which include, amongst others, the following:-

- a) Monitored the status on risk management activities which include, amongst others, risk assessments conducted at several airports, the findings of the airports valuation exercise, the status of the business continuity management programme, the effectiveness of the whistleblowing programme, and the implementation of electronic insurance claims management system;
- Assessed the physical and operational risks at all airside areas of the airports based on the degree of probability/ likelihood of the occurrence of an accident in the areas;
- Approved the establishment of Enterprise Risk
   Management programme structure and its Steering
   Committee to drive the development and promotion of a holistic risk management framework;
- Monitored the status of safety and health programme of the Group; and
- e) Reviewed the insurance programme for the year 2009.

#### Board Procurement Committee ("Procurement Committee")

The Procurement Committee comprises at least three (3) members, made up of both independent non-executive directors and non-independent non-executive directors. The members of the Procurement Committee are appointed by the Board.

The general functions of the Procurement Committee are to:

- Ensure that the project and tender documents comply with the prescribed procurement policies and procedures;
- b) Determine the tender evaluation criteria:

- c) Approve qualified tenderers;
- d) Appoint sub-committees for technical and commercial evaluations, as and when necessary;
- e) Recommend to the Board on award of tender above Ringgit Malaysia Fifty (50) Million;
- f) Approve tenders for amount from Ringgit Malaysia Three(3) Million up to Ringgit Malaysia Fifty (50) Million;
- Review and approve procurement policies and procedures, including the anti-corruption policy and codes of conduct; and
- 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.

Under the Improvement Programme, the Procurement Committee will also review its Terms of Reference at least once every two (2) years to assess its relevancy and clarity.

#### Activities Undertaken During the Year

During the year, the Procurement Committee, apart from approving the various tenders which were duly awarded to the respective contractors/consultants, had also reviewed the Procurement Policies, Procedures & Guidelines ("3Ps"), adopted the Procurement Code of Ethics which is incorporated into the 3Ps, and approved the development of Vendor Development Programme through the mutual cooperation between the Company, Ministry of Entrepreneur and Cooperative Development and Majlis Perbandaran Sepang to extend the opportunity to market and retail Malaysian SME products at Kuala Lumpur International Airport, amongst others.

#### **SHAREHOLDERS**

#### Relations with Major Shareholders and Stakeholders

The Stakeholder Management Committee, led by the Managing Director and the Senior General Manager Finance and including, where appropriate, other members of senior management, will regularly hold meetings with the Company's major shareholders, namely Khazanah Nasional Berhad and its major stakeholders (which involve, the Ministry of Finance, Ministry of Transport, and Airlines, amongst others) to discuss the company's strategy, financial performance and specific major investment activities.

#### Relations with Institutional Shareholders

The investor relations team is responsible for managing the day-to-day communications with institutional shareholders through briefings to fund managers, institutional investors and investment analysts, normally held after the release of the Group's quarterly results to BMSB. Press conferences are also held to brief the members of the media, and to highlight any significant events undertaken by the Group. All non-executive directors have always been invited to the briefings, should they wish to.

#### Relations with Private Shareholders

Each year, shareholders would receive the annual report of the Company. The shareholders can also access up-to-date information on the Group's latest activities such as financial performance, group background and future events throughout the year on the Company's official website at <a href="https://www.malaysiaairports.com.my">www.malaysiaairports.com.my</a>, which has since been revamped with a new outlook to satisfy the discerning taste of our shareholders.

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The Board acknowledges the importance of shareholders to be informed in prompt and timely manner of all material business matters affecting the Company. All announcements of quarterly financial results, change in the composition of the Board, etc are disclosed to BMSB within statutory timelines, with clear, accurate and sufficient information to enable shareholders and investors to make informed decisions. Likewise, all formal queries by BMSB and other regulatory authorities are expeditiously responded to.

#### **Investor Relations**

Since MAHB is public-listed, it needs to communicate to investor groups, which are closely linked to business groups. Investor relations is a planned approach of getting key messages across to key financial target groups. These messages keep the investment community in the loop and updated about MAHB's business, operations and financials. The underlying objective of investor relations is to develop an integrated and active programme with existing and potential investors and shareholders. This involves providing these investors with sufficient information on the Group for them to make investment decisions.

Since 2007 financial year, MAHB had launched its investor relations initiative in response to growing request from the investment community to hold analyst presentations so that they may better understand the Group and its airport business.

Briefings were organised for analyst in each quarter of the financial year 2008 in conjunction with the Group's quarterly financial results. The briefings included the corporate overview, insights into MAHB's financial performance, airport operations, key performance indicators and the future. Apart from that, MAHB continued its one-on-one meetings with investment analyst throughout the year on a regular basis. The analyst briefings will continue to be held regularly in the financial year 2009.

In its 2008 Corporate Governance Survey Analysis report, the Malaysian Shareholders Watchdog Group ranked MAHB in the 7th position in terms of compliance, best practices and transparency, compared to 14th in the previous year. In addition, there has been a steady increase in MAHB's foreign shareholding from 1.37% in 2004 to 10.04% in December 2008 which clearly indicates that MAHB is under foreign investors' radar screen.

#### **Dividend Policy**

The Company had announced its dividend policy to Bursa Malaysia on 26 November 2007. The policy entails the payment of dividend at a payout ratio of at least 50% of the consolidated annual net profit after taxation and minority interest commencing from the financial year 2007. Nevertheless, the actual amount and timing of the dividend payments would depend on the Company's cash flow position, results of operations, business prospects, current and expected obligations, and such other matters as the Board of Directors may deem relevant.

#### **Annual General Meetina**

The Annual General Meeting ("AGM") would normally take place at Pan Pacific Kuala Lumpur International Airport, Kuala Lumpur International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan, and formal notification is sent to the shareholders at least 21 days in advance. At the meeting, the Managing Director would conduct a business presentation, and shareholders are encouraged to ask questions about the Company's activities and prospects.

The Board believes that the AGM is an important forum to engage with shareholders, which allows the shareholders to gain direct access to the Board as well as the Company's External Auditors, to channel their queries, grievances or even opinion on how to further enhance the Company's performance.

The Board will regularly maintain a good dialogue with shareholders by proactively organising meetings, presentations and events, as to better understand the views of the shareholders on a range of issues from strategy to corporate governance.

Shareholders are also encouraged to contact the following personnel pertaining to investor relations matters:-

#### Encik Faizal Sham bin Abu Mansor

Senior General Manager, Finance

#### **Contact Details**

Tel: 603-7846 4515 Fax: 603-7846 3578

E-mail: faizalmansor@malaysiaairports.com.my

#### Encik Adlan bin Yusof

Manager, Finance

#### **Contact Details**

Tel: 603-7840 3558 or 603-7846 4515

Fax: 603-7846 3578

E-mail: adlan@malaysiaairports.com.my

#### A. ACCOUNTABILITY AND AUDIT

#### **Financial Reporting**

In presenting the annual audited financial statements and quarterly announcement of results to the shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. The Board Audit Committee assists the Board by reviewing the information to be disclosed to ensure completeness, accuracy and adequacy.

The Board is fully aware of the changes in the accounting policies with the implementation of Financial Reporting Standards ("FRS") approved by the Malaysian Accounting Standards Board, and has adopted the relevant FRS applicable for the Group's financial year 2008.

The adoption of the FRS has changed a number of the Group's accounting policies. The principal effects of the changes in accounting policies resulting from the above adoption are set out on page 225 to page 241 of this Annual Report.

#### Internal Control

The Statement of Internal Control set out on page 200 to page 204 of this Annual Report provides an overview of the state of internal controls within the Group.

#### Relationship with External Auditors

The Audit Committee and the Board place great emphasis on the objectivity and independence of the Group's external auditors, Ernst & Young, in providing the relevant reports to shareholders. In order to ensure full disclosure of matters, Ernst & Young are regularly invited to attend the Committee's meetings as well as the Annual General Meeting. The Audit Committee also has discussions with the external auditors and internal auditors at least twice in a year, without the presence of the Managing Director and Management, to discuss the adequacy of controls and any judgemental areas.

In order to ensure that the external auditors' independence and objectivity are not compromised by the provision of non-audit services, the Audit Committee's practice is to exclude them from providing tax services, merger and acquisition exercise, due diligence, management, strategic and IT consultancy, and other non-audit and non-tax-related services unless the services offered by the external auditors are more effective or competitively priced, and they are the expert in the field against the other providers.

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#### STATEMENT OF CORPORATE GOVERNANCE

#### **Directors' Responsibility Statement**

The Company and the Group's financial statements are drawn up in accordance with the applicable approved accounting standards, and the Board of Directors has the responsibility of ensuring that the financial statements of the Company and the Group give a true and fair view of the affairs of the Company and the Group. The Statement by Directors pursuant to Section 169 (15) of the Companies Act, 1965 is set out on page 214 of this Annual Report.

#### B. ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with paragraph 9.25 of the Listing Requirements of BMSB.

#### 1. Option, Warrants or Convertible Securities

The Company did not issue any options, warrants or convertible securities during the financial year 2008.

#### 2. Imposition of Sanctions/Penalties

There were no sanctions and/or penalties imposed on the Company and/or its subsidiary companies, Directors or Senior Management arising from any significant breach of rules/guidelines/legislations by the relevant regulatory bodies during the financial year 2008.

#### 3. Material Contracts

Neither the Company nor its subsidiary companies had entered into any material contracts, which involved the Directors and Major Shareholders' interest during the financial year 2008.

#### 4. Non-Audit Fees

There was no non-audit fees paid to the External Auditors, apart from the audit fees, during the financial year ended 31 December, 2008.

#### Profit Guarantee

There was no profit guarantee given by the Company during the financial year 2008.

#### 6. Revaluation Policy on Landed Properties

There was no revaluation of properties of the Company during the financial year 2008.

#### 7. Share Buy-Back

There was no share buy-back exercised by the Company during the financial year 2008.

#### American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR programme during the financial year 2008.

This Statement on Corporate Governance was duly reviewed and approved by the Board of Directors of MAHB on 25 March 2009.

On behalf of the Board

Tan Sri Datuk Dr. Aris bin Othman

Chairman

## Malaysia Airports Holdings Berhad

### **RISK MANAGEMENT**

THE BOARD REGARDS RISK MANAGEMENT AS AN INTEGRAL PART OF THE GROUP'S BUSINESS OPERATIONS. AS SUCH, 2008 WAS THE YEAR THAT RISK MANAGEMENT SHIFTED INTO A HIGHER GEAR WITH THE EMPHASIS OF ACTIVITIES CENTERED ON THE ESTABLISHMENT OF TWO KEY FRAMEWORKS INTO OPERATIONS:

There is now an established **Enterprise Risk Management (ERM) Framework** in place for the identification, analysis,
measurement, monitoring and reporting on the significant risks
that may impact on the achievement of our business
objectives. These activities built on the initial work undertaken
in 2007 to better understand existing risk management
activities and where opportunities exist to improve current risk
operations.

The success of the ERM programme provided the opportunity to complete the development of the **Business Continuity**Management (BCM) Programme. There is now in place a comprehensive programme that provides a framework for building resilience and capability to deliver an effective response to a major incident. This will safeguard the interests of our key stakeholders, reputation, brand and activities.

#### MALAYSIA AIRPORT'S ERM FRAMEWORK

#### 1. ERM Framework Rationale

The risk framework that has been developed is aligned to Best Practice Governance Standards and, in particular, the ASNZ 4360 Risk Management Standard. This adoption of the standard ensures the framework remains relevant to current risk thinking.

The focus of the framework is to ensure that Malaysia Airports fully understands the significant risks that can impact on operations at all levels of the company and appropriate Management Action Plans (MAPs) are in place to mitigate these risks.

As a result of managing these significant risks, Malaysia Airports is confident that it understands and manages all risks which includes; strategic; operational; financial; and hazard uncertainties in a comprehensive, focused and structured manner through its risk policies, procedures and processes.

#### RISK MANAGEMENT

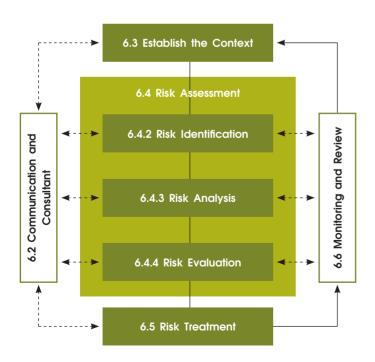
#### 2. ERM Organisational Structure

The Board Risk Management Committee continues to own the ERM Framework and is responsible for overseeing senior management activities in managing risk and ensuring the process is in place.

The Risk Management Department is responsible for risk activity coordination, working closely with Departments and Risk Coordinators to ensure the framework is embedded into business processes.

#### 3. ERM Process (in line with ASNZ 4360)

The ERM framework has been adopted in line with the ASNZ 4360 Risk Management Standard.



The adoption of the framework is supported by the Annual Risk Management Award.

This prestigious award will be given annually to the risk coordinator who best implements ERM within their department.

The winner will go on an ERM Benchmarking exercise.

#### 4. Risk Profile

Departmental and Corporate Risk Profile were developed and tabled to the Board through the ERM process. Risk owners have been assigned to each and every risk identified to take responsibility in managing the risks and be accountable to the agreed action plans to mitigate the risks.

The accountability is enhanced through the implementation of "Corporate Digital Assurance" (CDA) as part of the assurance process. CDA is a digital sign-off feature which has been embedded within the Malaysia Airports risk scorecard system (MArs). The assurance process requires each risk owner to validate and positively assure the strength of the controls.

Malaysia Airports' risk profiles when benchmarked against other similar organisations do not differ significantly to the expected norm.

#### 5. ERM Activities in 2008

As a result of the work undertaken in 2008, Malaysia Airports has developed the Corporate and the individual Department risk profiles.

Activity	Outputs						
Departmental Level	Departments developed						
Risk/Risk Owners	scorecards with the necessary						
	MAPs to manage or mitigate the						
	Departments developed scorecards with the necessary MAPs to manage or mitigate the risks. Each department has their designated risk owner who helps managing their respective scorecards with the endorsement from the departmental heads.  A corporate level risk scorecard was developed with the cooperation from the Managing Director and Senior Management Team. This risk list also incorporate the critical departmental risks from the departmental scorecards. This will ensure there is integration in managing risk across all level of the company.  A Risk Management Seminar was conducted and involved the Chairman and Managing Director The key purpose of the seminar was to launch the risk						
	designated risk owner who helps in						
	managing their respective						
	scorecards with the endorsement						
	from the departmental heads.						
Corporate Level	A corporate level risk scorecard						
Risk	was developed with the						
	cooperation from the Managing						
	Director and Senior Management						
	Team. This risk list also incorporates						
	the critical departmental risks from the departmental scorecards. This						
	the departmental scorecards. This						
	will ensure there is integration in						
	managing risk across all level of						
	the company.						
Communication	A Risk Management Seminar was						
and Emphasis in	conducted and involved the						
Managing Risk	Chairman and Managing Director.						
	The key purpose of the seminar						
	was to launch the risk						
	management philosophy, highlight						
	the risk management award and						
	share the experience and						
	knowledge from other risk						
	management practitioners.						

Activity	Outputs					
Project Risk	Key projects were required to					
Assessment	undergo project risk assessment					
	activity to identify and manage					
	risk. There were several project risk					
	assessment conducted in 2008 with					
	the participants from the Risk					
	Management Department; external					
	consultants; project directors; key					
	project staff; contractors and					
	aerodrome partners.					

#### MALAYSIA AIRPORT'S BCM PROGRAMME

#### 1. BCM Programme Rationale

Prior to the inception of this programme, KLIA had already established its emergency response plan and IT recovery plan. Both plans were regularly tested and therefore the main focus of activities was the development of recovery strategies.

#### 2. BCM Activities in 2008

The emphasis was on the development of recovery strategies and plans at KLIA. Throughout the progress of this programme, various agencies and aerodrome partners were involved with the aim of ensuring robust workable BCM plans.

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#### RISK MANAGEMENT

Once the plans were developed, a number of desktop and simulation exercises were held to create awareness and to test the workability of the plans. The simulation exercise began with the Airport Crisis Recovery Team (ACRT) plan walkthrough in July followed by a desktop exercise with the participation of KLIA's aerodrome partners in October.

Finally the successful execution of the simulation exercise which took place in November. This involved the participation of six major airlines, eight agencies, and more than 600 participants. It received positive feedback from all parties as well as receiving national and international recognition as being the first of its kind in the region.

#### 3. BCM Plans

As a result of the work undertaken in 2008, Malaysia Airports has completed the following programme deliverables:

Documentation	Rationale
BCM Framework Manual	This is the master document detailing all aspects of plans as well as full details on roles and responsibilities for the management, review and delivery of all activities
Recovery Organisational Structure	A formal management structure has been put in place to monitor and deliver the plans should they be activated.
Incident Escalation Level	A series of escalation levels have been developed to determine the type and level of response required to manage an incident.
Department BCM Plans	Twenty eight individual BCM plans have been developed which are specific to each Department.
Airport Crisis Recovery Plan	A specific recovery plan has been developed to assist in the management of a major crisis at any of the airports.

## BOARD AUDIT COMMITTEE

#### **REPORT**

#### **MEMBERSHIP**

The Board Audit Committee ("BAC") comprises four (4)
Non-Executive Directors of whom three (3) are Independent
Directors, as follows:

#### Datuk Siti Maslamah binti Osman

(Chairman)

Independent Non-Executive Director

#### Dato' Zaharaah binti Shaari

Non-Independent Non-Executive Director (Resigned w.e.f. 28 August 2008)

#### Datuk Alias bin Haji Ahmad

Independent Non-Executive Director

#### Izlan bin Izhab

Non-Independent Non-Executive Director

#### Jeremy bin Nasrulhaq

Independent Non-Executive Director

The Chairman of the BAC is a member of the Malaysian Institute of Accountants.

#### **MEETINGS**

During the financial year ended 31 December 2008, the BAC met six (6) times, with the following record of attendance:

Name of Director	Attendance
Datuk Siti Maslamah binti Osman	6/6
Dato' Zaharaah binti Shaari	3/4
Datuk Alias bin Haji Ahmad	5/6
Izlan bin Izhab	5/6
Jeremy bin Nasrulhaq	5/6

Representatives of Senior Management and the Head of Internal Audit were in attendance during all BAC meetings. The external auditors' representatives were invited to attend the meetings as and when required.

During two (2) of the meetings, the BAC held a private discussion with the external auditors without the presence of the management.

The minutes of the BAC meetings were circulated to all members of the MAHB Board and material issues were discussed at the Board meetings.

#### SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The BAC carried out its duties in accordance with its terms of reference during the financial year ended 31 December 2008.

The main activities undertaken by the BAC were as follows:

#### Internal Audit

- Reviewed and approved the Internal Audit Division
   ("IAD")'s Annual Internal Audit Plan, budget and staffing
   requirements to ensure adequacy of resources,
   competencies and coverage on key risk areas.
- Reviewed the Internal Audit Reports and Special Audit Reports to ensure that the Management addresses and resolves the issues highlighted in the audit reports.
- Reviewed follow-up reports by the internal auditors on the status of actions taken by the Management on recommendations suggested in the audit reports.

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#### BOARD AUDIT COMMITTEE REPORT

- Reviewed follow-up reports by the internal auditors on external auditors' findings as set out in the Management Letter and status of actions taken by the Management on issues raised by the external auditors.
- Evaluated the performance of the IAD and recommended improvements.

#### **External Audit**

- Reviewed the external auditor's scope of work and audit plans for the financial year.
- Reviewed with the external auditors their Management Letter together with the management response.
- Evaluated the performance of the external auditors and made recommendations to the Board on their reappointment and audit fees.

#### **Financial Results**

- Reviewed the quarterly financial results of the Group before recommending to the Board of Directors.
- Reviewed the audited results of MAHB Group with the external auditors before recommending to the Board of Directors.
- Ensured compliance to the Listing Requirements of Bursa Malaysia Securities Berhad, applicable accounting standards in Malaysia, provisions of Companies Act 1965 and other legal and regulatory requirements.

#### INTERNAL AUDIT FUNCTION

The internal audit function of the Group is carried out by the IAD that reports directly to the BAC. The principal role of the IAD is to undertake independent, regular and systematic

review of the systems of internal controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. The IAD adopts a risk-based approach in its audit plan and examination.

It is the responsibility of the IAD to provide the BAC with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

During the financial year, the IAD issued a total of sixty five (65) reports. The areas of coverage include finance, commercial, procurement, inventory, merchandising, operations, fixed assets, security, information systems, investigations and special reviews on specific areas as requested by the Board, Board Committees and Management.

The internal audit reports arising from these assignments were issued to the Management for their response and corrective actions. The Management is responsible for ensuring that corrective actions are taken on reported weaknesses within the required time frame. The internal audit reports are then presented at the Internal Audit Management Committee, chaired by the Managing Director or his representative, to discuss the current status of audit issues before being tabled at the BAC.

In ensuring audit work performed by the internal auditors is in line with The Institute of Internal Auditors standards, an external quality assessment by a qualified independent reviewer was carried out in 2007. The Internal Audit Division conforms to the International Standards for the Professional Practice of Internal Auditing.

#### TERMS OF REFERENCE

## MAHB BOARD AUDIT COMMITTEE ("BAC")

#### 1. CONSTITUTION

1.1 The authority and function of the Board Audit Committee extends to MAHB and all its subsidiaries, joint ventures and associates within the Group.

#### 2. ESTABLISHMENT OF OBJECTIVES

- 2.1 Assist the Board of Directors:
  - in fulfilling its fiduciary responsibilities relating to the company's accounting policies, financial reporting practices and business ethics policies.
  - (ii) assessing the Group's processes relating to internal controls, risk management and governance.
- 2.2 Ensure transparency, integrity and accountability in the Group's activities to safeguard the rights and interest of the Shareholders.
- 2.3 Maintain, through regularly scheduled meetings, a direct line of communication between the Board and the External and Internal Auditors.
- 2.4 Enhance the independence of the External and Internal Audit functions.

#### 3. MEMBERSHIP

- 3.1 The Board Audit Committee shall be appointed by the Board of Directors of MAHB from among its members and:
  - all members shall be Non-Executive Directors and comprise of at least four (4) members.
  - (ii) a majority of the members must be Independent Directors.

- (iii) at least one member must be a member of the Malaysian Institute of Accountants, or if he is not, then he must comply with para 15.10 of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").
- 3.2 If for any reason the membership falls below four members, the Board of Directors shall within one month of the event, appoint such number of new members as may be required to fulfil the minimum requirement.
- 3.3 No alternate Director is to be appointed as a member of Board Audit Committee.
- 3.4 The Chairman of the Board Audit Committee shall be an independent Non-Executive Director appointed by the Board of Directors.

#### 4. AUTHORITY

- 4.1 The Board Audit Committee shall have the following authority as empowered by the Board of Directors:
  - Have authority to investigate any matter within its terms of reference.
  - (ii) Have the resources required to perform its duties.
  - (iii) Have full and unrestricted access to any information, records, properties and personnel within the Group.
  - (iv) Have direct communication channels with the External Auditors and Internal Auditors.

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#### TERMS OF REFERENCE MAHB BOARD AUDIT COMMITTEE ("BAC")

- (v) Be able to obtain independent professional advisers or other advisers and to engage outsiders with relevant experience and expertise if necessary.
- (vi) Be able to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other directors and employees of the company whenever deemed necessary.
- (vii) Be able to meet with Management to ensure that there are specific and effective avenues for whistle blowing.

#### 5. FUNCTION AND DUTIES

The functions and duties of the Board Audit Committee shall be to:

- 5.1 Consider the appointment of the External Auditors, the audit fee and any questions of resignation or dismissal.
- 5.2 Discuss with the External Auditors before the audit commences the nature and scope of the audit, the annual audit plan and ensure co-ordination where more than one firm is involved.
- 5.3 Review the quarterly and year-end financial statements of the Group prior to submission to the Board, focusing particularly on:
  - any changes in accounting policies and practices
  - significant adjustments arising from the audit
  - extraordinary events

- the going concern assumption
- compliance with accounting standards, the Listing Requirements of BMSB and other legal requirements
- 5.4 Review the efficiency of the Group's operations particularly those relating to areas of significant risks.
- 5.5 Assess the internal process for determining and managing key risks.
- 5.6 Discuss problems and reservations arising from the interim and final audits, and any other matter the auditor may wish to discuss in the absence of management where necessary.
- 5.7 Review the External Auditor's Management Letter and management's response.
- 5.8 Oversee the Internal Audit functions by:
  - reviewing the adequacy of the plan, scope, functions, competency and resources and that it has the necessary authority to carry out its work and have appropriate standing in the Group.
  - reviewing the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on its recommendations.
  - reviewing the appraisal or assessment of the performance of its members.
  - approving the appointments of senior staff members.

- being informed of resignations of staff members and provide them the opportunity to submit reasons for resigning.
- 5.9 Review any related party transactions that may arise within the Group.
- 5.10 Consider the major findings of internal investigations and management's response.
- 5.11 Carry out other duties as directed by the Board.
- 5.12 Promptly report to BMSB on matters reported by it to the Board that have not been satisfactorily resolved resulting in a breach of the Listing Requirements of the BMSB.
- 5.13 Direct any special investigations to be carried out by the Internal Audit.
- 5.14 Review and reassess, with the assistance of management and the External Auditors, the adequacy of the Terms of Reference of the Board Audit Committee.
- 5.15 Annual evaluation of the external auditor's performance to ensure continued independence, objectivity and quality of audits.

#### 6. MEETINGS

6.1 The Board Audit Committee Meetings shall be held at least six times during the financial year. Notice of meetings shall be circulated to the members one week in advance. The agenda for each meeting

- shall be circulated at least three full working days before each meeting to the Committee members.
- 6.2 Upon the request of any member of Board Audit Committee, the Head of Internal Audit or the External Auditor, the Chairman of Board Audit Committee shall convene a special meeting to consider any matters.
- 6.3 A quorum of three members, of which two are independent, is the minimum required to be present at any Board Audit Committee Meetings. At any meetings, there must be a majority of independent members.
- 6.4 The Company Secretary shall be the Secretary of the Board Audit Committee.
- 6.5 The meetings of the Board Audit Committee shall be attended by the Head of Internal Audit. The Management of MAHB shall be represented by the Managing Director or his authorised representatives, at the invitation of the Board Audit Committee and shall excuse themselves when so directed by the Board Audit Committee.
- 6.6 The Committee may request other members of management, Internal Auditors and External Auditors to participate in the Board Audit Committee meetings, as and when necessary.
- 6.7 The minutes of the meetings shall be tabled at the MAHB Board of Directors meetings.

#### STATEMENT ON

## INTERNAL CONTROL

THE BOARD OF DIRECTORS ("BOARD") IS ULTIMATELY RESPONSIBLE FOR THE GROUP'S SYSTEM OF INTERNAL CONTROL WHICH INCLUDES THE ESTABLISHMENT OF AN APPROPRIATE CONTROL ENVIRONMENT AND REVIEW OF ITS ADEQUACY AND INTEGRITY ON A REGULAR BASIS TO ENSURE ITS EFFECTIVENESS. THE BOARD IS COMMITTED TO SAFEGUARD SHAREHOLDERS' INVESTMENT, GROUP'S ASSETS AND OTHER STAKEHOLDERS' INTERESTS.

In accordance with the Statement on Internal Control:
Guidance for Directors of Public Listed Companies, the Board confirms that there is an ongoing process for identifying, evaluating and managing risks faced by the Group. This process has been in place for the year under review and up to the date of issuance of the annual report and financial statements. However, in view of the limitations in any system of internal control, the Board acknowledges that this system is designed to manage rather than eliminate the risks completely. As such, internal controls can only provide reasonable and not absolute assurance against risks.

The key features of the Group's internal control system during the financial year under review were as follows:

#### **BOARD COMMITTEES**

• The Board of Directors held regular meetings with the principal responsibilities of formulating, reviewing and adopting an effective strategic planning for the Group, steering the Group in the right direction, overseeing the conduct of the Group's businesses, identifying and managing the risks affecting the Group and ensuring timely and accurate disclosure of material information regarding the Group. The business performance of the Company was prepared and submitted to the Board on a monthly basis, facilitating management to focus on areas of concern.

- The Board Audit Committee, comprising four members who are all non-executive directors with majority being independent members, regularly reviewed reports of the Internal Audit function, including an annual assessment on the adequacy of the function's scope of work, resources and competency. The Committee also reviewed the internal control issues identified by the External Auditors through its annual presentation of the Memorandum of Suggestions, and the Internal Audit Division updated the status at subsequent meetings. The Board Audit Committee Report is provided on page 195 to page 196.
- The Board Finance and Investment Committee, comprising a majority of independent directors, reviewed the Annual Business Plan and Budget prepared at subsidiary levels before being tabled to the Main Board for approval. In addition, the Finance and Investment Committee is also responsible for reviewing and monitoring the financial investment policy and financial investment portfolios of the Group.
- The Board Risk Management Committee, comprising four non-executive directors, continued to oversee the Enterprise Risk Management (ERM) programme in the Group. The Enterprise Risk Management Steering Committee approves ERM deliverables for submission to the Board Risk Management Committee. The Risk Management Report is provided on page 191 to page 194.

- The Board Procurement Committee, comprising three non-executive directors, is tasked with ensuring the effectiveness of the overall procurement system, including approving related procurements. Major projects are subject to Main Board's review and approval, and where relevant, approval from the Ministry of Finance is sought.
- The Board Nomination and Remuneration Committee, comprising of at least three non-executive directors with the majority being independent directors, is established among others to determine the criteria for Board membership including qualities, experiences, skills, education and to recommend to the Board the remuneration structure and policy for the Managing Director and senior management.

#### MANAGEMENT COMMITTEES

- The Management Committee (MC), comprising of the Managing Director, Senior General Managers and General Managers/Chief Operating Officers of the Group, assists the Board in ensuring the effectiveness of the Group's operations. It facilitates decision-making by the Board, including making recommendations and proposals to the Board. At this forum also, decisions of the Board are disseminated and carried out by the members of the MC.
- At Group level, the Internal Audit Management Committee (IAMC) is established to review all audit findings before being tabled at the Board Audit Committee. The IAMC is chaired by the Managing Director or his designated representative and it is also attended by the heads of the respective audit areas. The current status of the audit findings and any new decisions are agreed at this meeting.

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#### STATEMENT ON INTERNAL CONTROL

- During the year, a revised structure for ICT governance was established for the Group, consisting of the Information Communication Technology (ICT) Strategic Committee chaired by the Managing Director, Functional ICT Steering Committee and ICT Planning. The ICT Strategic Committee is responsible for the overall objective setting and management approval for ICT investments and the Functional ICT SC is a representation of division's steering committees. The ICT planning is conducted by the IT Development Division, a new division formed at Head Office to sustain the ICT governance in MAHB, planning, set strategic solutions, implement standards and policies, and monitoring of ICT solutions.
- The Management Procurement Committee supports the procurement framework, including approving of related procurements. Based on the Red Book, a review of the Procurement Policies and Procedures also known as 3Ps was undertaken in 2007. Thereupon, a Procurement Improvement Program was established to monitor the progress of the procurement initiatives in line with the Red Book objectives. The revised 3Ps (third edition), including a Procurement Code of Ethics applicable to the whole Group, was approved by the Board effective 1 January 2008. Continuous training on the revised procurement procedures are being conducted for all airports and subsidiaries.
- In 2008, a Quality Council supported by a Corporate
  Quality Management Unit was established at the Group
  level to direct, formulate and review mission, vision,
  policies, strategies and objectives for quality in line with
  Group's Business Plan.

#### OTHER INTERNAL CONTROL ELEMENTS

- The Code of Ethics was introduced in July 2008, applicable
  to all employees and the Company's representatives
  including agents, consultants, contractors and suppliers of
  the Group. The Code outlines clearly forms of acceptable
  business practices in the Group and to ensure that the
  employees and all representatives adhere to one standard
  Code.
- The organisational structure for the Group is defined with clear lines of responsibility and accountability, and reporting structure is aligned according to functional responsibilities.
- In 2007, a Whistleblowing programme was launched with the objective of providing the staff with a mechanism to raise their concerns responsibly, regarding malpractices and irregularities affecting the company whilst keeping the identity of the whistleblower confidential. The program is expected to improve the overall organisational effectiveness, while upholding Malaysia Airports' integrity in the eyes of the public and as an entity serving the national interests.
- In line with the initiatives introduced under the GLC transformation programme, the Board has adopted all the eight coloured books i.e. the Blue Book: intensifying performance management; the Red Book: reviewing and revamping procurement practices; the Green Book: enhancing board effectiveness; the Silver Book: achieving value through social responsibility; the Purple Book: optimising capital management practices; the Yellow Book: enhancing operational efficiency, and effectiveness; the Orange Book: succession planning; and the White Book: improving regulatory environment.

Malaysia Airports Holdings Berhad

- Guided by the Yellow Book, the company embarked on a Continuous Improvement Program (CIP) in 2007 to drive Malaysia Airports in achieving greater performance in its taraets and future aspirations while building future sustainability. The deliverables of CIP, among others, include higher cost savings and revenue enhancement, realianing MAHB's strategic plans, and integrating and synergising people, process and systems in the company including focusing on delivering shareholders' financial expectations. The deliverables have been translated into a One Page Strategy (one year and three years) that outlines the immediate and mid-term strategies in managing and improving the defined greas. A review of the company's Vision and Mission was also undertaken during this exercise. The Transformation Council, headed by the Managina Director, has been established to monitor and guide the implementation of CIP, covering eight Cross Functional Teams (CFT): Revenue, Spend, Customer, People, Operational Excellence, Procurement, ICT and Occupational Safety, Health & Environment (OSHE), Safety and Security. The end result of these CFTs included both monetary and non-monetary deliverables.
- Top-down target setting process, with targets cascading
  from the Managing Director based on a Corporate
  Scorecard, aligns strategic focus and direction. As part of
  the implementation of the system, Senior Management are
  placed on contract compensation scheme. Key
  Performance Indicators (KPIs) have been implemented to
  assess and reward all staff of the Group.

- Competency based Human Resource processes, covering annual and semi-annual performance appraisals, career development, succession planning and structured training programmes, are implemented for all staff, to ensure staff are competent and adequately trained in carrying out their duties.
- In 2007, the Internal Audit Division underwent an External Quality Assessment exercise conducted by the Institute of Internal Auditors (Malaysia) and achieved overall Conformance to the International Standards for the Professional Practice of Internal Auditing. The Internal Audit Division reports directly to the Board Audit Committee. The KPIs of the Head of the Internal Audit Division are approved by the Board Audit Committee.
- 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 continued implementation of Self Audits i.e. Internal Control Questionnaire (ICQ) in new areas. The Self Audits provide management with an easy to use and effective tool to review and improve the control system.
- The Risk Management Department is responsible for the overall coordination of the Enterprise Risk Management (ERM) Framework for Malaysia Airports. The department works closely with the Risk Coordinators across the Group to ensure that the framework is embedded into business processes. During the year, two key deliverables were achieved: the ERM Framework and the Business Continuity

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#### STATEMENT ON INTERNAL CONTROL

Management for the Group. The establishment of the ERM framework saw Risk Registers developed at all levels of the Group and appropriate Management Action Plans are in place to mitigate these risks. At Group level, a Corporate Risk Profile is established which outlines the significant risks faced by the Group covering strategic, operational and financial risks.

- Accounting Policies approved by the Board are adopted by the whole Group, covering accounting policies related to the Group. Revisions and additions are made when necessary, taking into consideration the Financial Reporting Standards (FRSs).
- Financial Limits of Authority ("FLOA") approved by the Board are applicable to the whole Group, covering areas of finance/accounts, procurement and selected corporate matters. Revisions and additions are made to the FLOA when deemed necessary. This authority facilitates quality and timely decision-making.
- Continuous documentation of Standard Operating Procedures are undertaken for all business units. All five international airports, namely KL International Airport (main operations), Kuching International Airport, Kota Kinabalu International Airport, Penang International Airport and Langkawi International Airport, and fifteen domestic airports and key functions at subsidiary levels have been certified to MS ISO 9001:2000 Quality Management System.

- All five international airports have been awarded the Aerodrome Certification by the Department of Civil Aviation, as required under Annex 14 of International Civil Aviation Organisation ("ICAO"). This certificate is a requirement to ensure safety, regularity and efficiency of aerodromes. Seven domestic airports have also been certified whereas the rest are awaiting DCA inspection.
- KLIA is also certified to Green Globe 21, an award for commitment to Sustainable Travel & Tourism through Control & Improvement of Environment and Social Aspects.
   KLIA is the first airport in the Asia Pacific to attain such certification. This certificate is regularly reviewed to ensure continued applicability to the activities and applicable legislative requirement.

The above Statement on Internal Control has been reviewed by the External Auditors for inclusion in the annual report of the Group for the year ended 31 December 2008.

#### STATEMENT OF

## DIRECTORS' RESPONSIBILITY

# IN RESPECT OF THE PREPARATION OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008.

The Directors are required by the Companies Act, 1965 ("the Act") to ensure that the financial statements prepared for each financial year give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the results and cashflows of the Group and the Company for the financial year. As required by the Act and the Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Act.

The Directors consider that in preparing the financial statements for the financial year ended 31 December 2008 set out from page 217 to page 304, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and ensured that all applicable approved accounting standards have been followed.

The Directors have ensured that the accounting records to be kept by the Group and the Company have been properly kept in accordance with the provisions of the Act, which disclose with reasonable accuracy the financial position of the Group and of the Company.

This Statement is made in accordance with a resolution of the Board of Directors dated 25 March 2009.

#### **MAHB 2008**

## FINANCIAL STATEMENTS

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### DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.

#### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are described in Note 17 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year except as disclosed in Note 10 to the financial statements.

Information in respect of the Group's restructuring negotiation with the Government of Malaysia, including both the Group's obligations and operations are disclosed in Note 39 to the financial statements.

#### **RESULTS**

	Group RM'000	Company RM'000
Profit for the year from continuing operations  Loss for the year from discontinued operation	309,030 (3,209)	56,183 —
Profit for the year	305,821	56,183
Attributable to:		
Equity holders of the Company Minority interests	305,206 615	56,183 —
	305,821	56,183



#### RESULTS (Cont'd.)

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

#### **DIVIDENDS**

The amount of dividends paid by the Company since 31 December 2007 were as follows:

	RM'000
In respect of the financial year ended 31 December 2007 as reported in the directors' report of that year:	
Final dividend of 13.8% less 26% taxation, on 1,100,000,000 ordinary shares, declared on 6 May 2008 and paid on 27 June 2008	112,332
In respect of the financial year ended 31 December 2008:	
Interim dividend of 4.0% less 26% taxation, on 1,100,000,000 ordinary shares, declared on 26 November 2008 and paid on 29 December 2008	32,560
Total dividends	144,892

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2008, of 14.55% less 25% taxation on 1,100,000,000 ordinary shares, amounting to a dividend payable of RM120,038,000 (10.91 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2009.

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#### DIRECTORS' REPORT

#### **DIRECTORS**

The directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Datuk Dr. Aris bin Othman

Dato' Seri Bashir Ahmad bin Abdul Majid

Datuk Siti Maslamah binti Osman

Datuk Alias bin Hi Ahmad

Izlan bin Izhab

Jamilah binti Dato' Hashim

Jeremy bin Nasrulhaq

Dato' Long See Wool<sup>1</sup>

Mohd Nadziruddin bin Mohd Basri (appointed on 21 October 2008)

Dyg Sadiah binti Abg Bohan<sup>2</sup>

Anis Rizana binti Mohd Zainudin @ Mohd Zainuddin

(alternate director to Dyg Sadiah binti Abg Bohan, appointed on 25 February 2009)

Datuk Latifah binti Datuk Abu Mansor (appointed on 1 September 2008, resigned on 13 January 2009)

Siti Zauyah binti Md Desa<sup>3</sup>

Dato' Zaharaah binti Shaari (resigned on 28 August 2008)

Eshah binti Meor Suleiman (resigned on 1 September 2008)

Dato' Ahmad Fuaad bin Mohd Dahalan (resigned on 24 September 2008)

- Resigned as alternate director to Dato' Zaharaah binti Shaari on 28 August 2008, reappointed as director on 9 September 2008, vacated office on 19 January 2009 and subsequently reappointed as director on 20 January 2009.
- <sup>2</sup> Resigned as alternate director to Eshah binti Meor Suleiman on 26 May 2008, reappointed as director on 25 February 2009.
- Appointed as alternate director to Eshah binti Meor Suleiman on 26 May 2008, and resigned as alternate director to Eshah binti Meor Suleiman on 1 September 2008, reappointed as alternate director to Datuk Latifah binti Datuk Abu Mansor on 1 September 2008, and resigned as alternate director to Datuk Latifah binti Datuk Abu Mansor on 13 January 2009.

#### NOMINATION AND REMUNERATION COMMITTEE

The Nomination Committee was established on 30 August 2001 with its membership consisting of at least three (3) members, all of whom are non-executive directors. The Committee's responsibilities are to determine the criteria for the Board/Board Committee's membership, structure, responsibilities and effectiveness, to formulate/review policies and procedures on human resource matters with regard to recruitment, appointment, promotion, transfer and secondment of employees, etc.



#### NOMINATION AND REMUNERATION COMMITTEE (Cont'd.)

The Remuneration Committee was also established on 30 August 2001, comprising at least three (3) members, all of whom are non-executive directors. The Committee is responsible for the review, assessment and recommendation to the Board of Directors, the appropriate remuneration packages for the Managing Director, and to recommend the revised salary for new appointment of General Managers and above for the Group.

Subsequently on 5 November 2008, the roles/functions/responsibilities of the existing Nomination Committee and Remuneration Committee were merged under a newly-formed committee, known as the "Nomination and Remuneration Committee".

The members of the Nomination and Remuneration Committee, comprising entirely of non-executive directors, as at the date of this report are:

Datuk Alias bin Hj Ahmad (Chairman)

Datuk Siti Maslamah binti Osman (Member)

Jeremy bin Nasrulhaq (Member)

Jamilah binti Dato' Hashim (Member)

Dyg Sadiah binti Abg Bohan (Member) (appointed on 25 February 2009)

Datuk Latifah binti Datuk Abu Mansor (Member) (resigned on 13 January 2009)

#### **DIRECTORS' BENEFITS**

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 8 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

#### **DIRECTORS' INTERESTS**

According to the register of directors' shareholdings, none of the directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

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#### DIRECTORS' REPORT

#### OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
  - (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
  - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

### OTHER STATUTORY INFORMATION (Cont'd.)

- (f) In the opinion of the directors:
  - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

#### SIGNIFICANT SUBSEQUENT EVENTS

Significant subsequent events are disclosed in Note 39 to the financial statements.

#### **AUDITORS**

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 March 2009.

Tan Sri Datuk Dr. Aris bin Othman

M. Dre

Dato' Seri Bashir Ahmad bin Abdul Majid

### STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, Tan Sri Datuk Dr. Aris bin Othman and Dato' Seri Bashir Ahmad bin Abdul Majid, being two of the directors of Malaysia Airports Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out from page 217 to page 304. are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 March 2009.

Tan Sri Datuk Dr. Aris bin Othman

Dato' Seri Bashir Ahmad bin Abdul Majid

### STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, Faizal Sham bin Abu Mansor (MIA Number: 27407), being the officer primarily responsible for the financial management of Malaysia Airports Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out from page 217 to page 304. are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Faizal Sham bin Abu Mansor at Kuala Lumpur in the Federal Territory on 25 March 2009.

Faizal Sham bin Abu Mansor

Before me,



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Malaysia Airports Holdinas Berhad

## INDEPENDENT AUDITORS' REPORT

to the Members of Malaysia Airports Holdings Berhad (Incorporated in Malaysia)

#### REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Malaysia Airports Holdings Berhad, which comprise the balance sheets of the Group and of the Company as at 31 December 2008, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 217 to 304.

#### Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of their financial performance and cash flows for the year then ended.

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#### INDEPENDENT AUDITORS' REPORT

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 17 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

#### **OTHER MATTERS**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young

AF: 0039

**Chartered Accountants** 

Kuala Lumpur, Malaysia 25 March 2009

Nik Rahmat Kamarulzaman bin Nik Ab. Rahman

No. 1759/02/10(J)
Chartered Accountant

# **INCOME STATEMENTS**

for the year ended 31 December 2008

		Gro	oup	Company		
	Note	2008 RM'000	Restated 2007 RM'000	2008 RM'000	2007 RM'000	
Continuing operations						
Revenue	3	1,513,089	1,379,983	103,946	830,137	
Other income	4	90,992	118,669	13,822	7,872	
Changes in inventories		7,241	4,245	_	_	
Purchases of inventories		(167,858)	(146,318)	_	_	
Employee benefits expense	5	(327,336)	(301,008)	(340)	(12,415)	
Depreciation and amortisation		(157,041)	(143,456)	(2,108)	(2,473)	
Other expenses		(528,756)	(507,500)	(31,316)	(7,026)	
Operating profit		430,331	404,615	84,004	816,095	
Finance costs	6	(282)	(3,281)	(277)	(3,266)	
Share of profit of associates		2,388	3,556	_	_	
Profit before tax	7	432,437	404,890	83,727	812,829	
Income tax expense	9	(123,407)	(114,353)	(27,544)	(219,835)	
Profit for the year from continuing operations		309,030	290,537	56,183	592,994	
Discontinued operation						
Loss for the year from discontinued operation	10	(3,209)	(1,245)	_	_	
Profit for the year		305,821	289,292	56,183	592,994	
Attributable to:						
Equity holders of the Company		305,206	288,862	56,183	592,994	
Minority interests		615	430	-	—	
The state of the s		305,821	289,292	56,183	592,994	
		303,021	207,272	30,103	072,774	
Earnings per share attributable to equity holders of the						
Company (sen)						
- Basic	11	27.75	26.26			
- Basic, for continuing operations		28.04	26.37			

The accompanying notes form an integral part of the financial statements.

# BALANCE SHEETS

as at 31 December 2008

		Gro	up	Company		
No	ote	2008 RM'000	Restated 2007 RM'000	2008 RM'000	2007 RM'000	
ASSETS						
Non-current assets						
The state of the s	13	1,910,726	1,780,077	12,229	8,102	
	14	58,314	61,187	_	_	
The second secon	15	8,152	8,273	_	_	
	16 17	1,187,777	1,192,054	1 797 240	— 1,797,716	
	18	— 52.663	<u> </u>	1,787,260 25,287	1,/9/,/10	
	19	311,583	106,753	36,417	56,814	
	20	20,501	4,789	_	_	
Staff loans 2	21	31,503	31,376	_	_	
Deferred tax assets 2	22	3,616	5,539	1,445	3,123	
		3,584,835	3,215,486	1,862,638	1,865,755	
Current assets						
Inventories 2	23	58,100	56,838	308	418	
Trade and other receivables 2	20	667,759	493,969	554,901	500,649	
Cash and cash equivalents 2	24	677,287	688,657	301,407	307,133	
		1,403,146	1,239,464	856,616	808,200	
Assets of disposal group classified as held for disposal	10	4,306		_		
		1,407,452	1,239,464	856,616	808,200	
Total assets		4,992,287	4,454,950	2,719,254	2,673,955	
EQUITY AND LIABILITIES						
Equity attributable to equity holders of the Company						
	25	1,100,000	1,100,000	1,100,000	1,100,000	
Share premium		822,744	822,744	822,744	822,744	
	26	1,256,997	1,096,683	542,398	631,107	
Foreign exchange reserve		(1,178)	_	_	_	
		3,178,563	3,019,427	2,465,142	2,553,851	
Minority interests		4,058	3,643	_	_	
Total equity		3,182,621	3,023,070	2,465,142	2,553,851	

Group Company Restated 2008 2007 2008 2007 Note RM'000 RM'000 RM'000 RM'000 LIABILITIES Non-current liabilities Retirement benefits 27 52,751 54,218 2,783 2,797 Provisions for pension 28 29 Other financial liability 201,961 15,825 **Borrowings** 30 250 3,026 250 3,000 Trade and other payables 32 131,774 11,094 Deferred tax liabilities 22 47,917 27,799 434,653 111,962 3,033 5,797 **Current liabilities** Borrowings 30 2,782 6,046 2,750 6,000 32 420,347 Trade and other payables 503,035 248,329 108,307 Concession rights payable 33 826,680 826,680 Income tax payable 39,859 66,845 1,372,356 1,319,918 251,079 114,307 Liabilities of disposal group classified as held for disposal 10 2,657 1,375,013 1,319,918 251,079 114,307 **Total liabilities** 1,809,666 1,431,880 254,112 120,104 Total equity and liabilities 4,992,287 4,454,950 2,719,254 2,673,955

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2008

## Attributable to equity holders of the Company

					•	<u>*                                    </u>		
			Non-dist	ributable				
Group	Note	Share capital RM'000 (Note 25)	Share premium RM'000	Foreign exchange reserve RM'000	Distributable retained earnings RM'000 (Note 26)	Total RM'000	Minority interests RM'000	Total equity RM'000
At 1 January 2007 Profit for the year, representing total recognised income		1,100,000	822,744	-	872,061	2,794,805	3,213	2,798,018
and expense		_	_	_	288,862	288,862	430	289,292
Dividends	12	_	_	_	(64,240)	(64,240)	_	(64,240)
At 31 December 2007		1,100,000	822,744	_	1,096,683	3,019,427	3,643	3,023,070
At 1 January 2008 Profit for the year, representing total recognised income		1,100,000	822,744	-	1,096,683	3,019,427	3,643	3,023,070
and expense		_	_	_	305,206	305,206	615	305,821
Dividends	12	_	_	_	(144,892)	(144,892)	_	(144,892)
Dividend paid to minority shareholders	12	-	_	_	_	_	(200)	(200)
Foreign currency translation		_	_	(1,178)	_	(1,178)	_	(1,178)
At 31 December 2008		1,100,000	822,744	(1,178)		3,178,563	4,058	3,182,621

# STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2008

Company	Note	Share capital RM'000 (Note 25)	Non- distributable share premium RM'000	Distributable retained earnings RM'000 (Note 26)	Total equity RM'000
At 1 January 2007 Profit for the year Dividends	12	1,100,000 — —	822,744 — —	102,353 592,994 (64,240)	2,025,097 592,994 (64,240)
At 31 December 2007		1,100,000	822,744	631,107	2,553,851
At 1 January 2008 Profit for the year Dividends	12	1,100,000 — —	822,744 — —	631,107 56,183 (144,892)	2,553,851 56,183 (144,892)
At 31 December 2008		1,100,000	822,744	542,398	2,465,142

# CASH FLOW STATEMENTS

for the year ended 31 December 2008

	Group		Company	
	2008 RM'000	Restated 2007 RM'000	2008 RM'000	2007 RM'000
Cash flows from operating activities				
Profit before tax from:				
Continuing operations	432,437	404,890	83,727	812,829
Discontinued operation	(3,162)	(1,246)	_	_
Adjustments for:				
Interest income from:				
Continuing operations	(26,037)	(24,370)	(8,574)	(4,922)
Discontinued operation	(245)	(568)	_	_
Dividend income	_	_	(103,946)	(830,137)
Interest expense	282	3,281	277	3,266
Provisions for liabilities	11,041	10,876	368	202
Writeback of provisions for pension	_	(34,352)	_	_
Accretion of premium arising from redemption of preference shares:				
- by associate	_	(29)	_	_
- by other investments	_	(901)	_	_
Amortisation of concession rights	32,155	29,074	_	_
Amortisation of plantation development expenditure	2,873	2,869	_	_
Amortisation of prepaid land lease payments	121	121	_	_
Amortisation of premium on investments	82	179	_	_
Amortisation of deferred income	(4,801)	(3,705)	_	_
Bad debts written off:				
- third parties	7	_	_	_
- subsidiary	_	_	5,021	_
Impairment of:				
- marketable securities	_	6	_	_
- property, plant and equipment:				
Continuing operations	_	2,000	_	_
Discontinued operation	1,010	_	_	_
- investment in subsidiary	_	_	10,456	_
Depreciation of property, plant and equipment:				
Continuing operations	121,892	111,392	2,108	2,473
Discontinued operation	255	378	_	_
Loss on disposal of plantation development expenditure	_	78	_	_
Balance carried forward	567,910	499,973	(10,563)	(16,289)

Malaysia Airports Holdings Berhad

	Gro	oup	Company		
	2008 RM'000	Restated 2007 RM'000	2008 RM'000	2007 RM'000	
Balance brought forward	567,910	499,973	(10,563)	(16,289)	
Gain on disposal of property, plant and equipment:					
Continuing operations	(52)	(49)	(25)	_	
Discontinued operation	(3)	(55)	_	_	
Loss on disposal of other investments	_	_	3,399	_	
Property, plant and equipment written off	582	331	_	_	
Inventories written off	65	6	_	_	
(Writeback of)/provision for doubtful debts	(37,996)	11,237	_	8	
Retirement benefits	2,696	2,806	222	209	
Investment income	(2,223)	(1,425)	(1,547)	(1,425)	
Share of profit of associates	(2,388)	(3,556)	_		
Operating profit/(loss) before working capital changes	528,591	509,268	(8,514)	(17,497)	
(Increase)/decrease in inventories	(1,327)	(7,456)	110	(44)	
Increase in receivables	(152,778)	(146,228)	(135,137)	(4,469)	
Increase/(decrease) in payables	190,899	(2,906)	22,201	55,498	
Increase/(decrease) in provisions for liabilities	8,184	(9,493)	(4)	(22)	
Decrease/(increase) in related company balances	_	_	192,634	(284,456)	
Cash generated from/(used in) operations	573,569	343,185	71,290	(250,990)	
Taxes paid	(127,789)	(76,274)	(174)	(482)	
Retirement benefits paid	(3,507)	(3,444)	(296)	(393)	
Net cash generated from/(used in) operating activities	442,273	263,467	70,820	(251,865)	
Cash flows from investing activities					
Purchase of property, plant and equipment	(282,267)	(245,227)	(7,259)	(4,286)	
Proceeds from disposal of property, plant and equipment	56	252	1,049	_	
Purchase of other investments:					
- bonds and medium term notes	(5,273)	_	_	_	
- unquoted shares	(200,786)	(8,194)	(1,488)	(8,194)	
Balance carried forward	(488,270)	(253,169)	(7,698)	(12,480)	

#### CASH FLOW STATEMENTS

	Gro	oup	Company		
	2008 RM'000	Restated 2007 RM'000	2008 RM'000	2007 RM'000	
Balance bought forward	(488,270)	(253,169)	(7,698)	(12,480)	
Acquisition of associate company	(25,287)	_	(25,287)	_	
Proceeds from disposal of other investments	_	43,345	18,487	_	
Investment income received	2,223	1,425	1,547	1,425	
Interest received:					
Continuing operations	26,037	24,370	8,574	4,922	
Discontinued operation	245	568	_	_	
Dividend received from associate	450	438	_	_	
Dividends received from subsidiaries	_	_	79,000	606,000	
Net cash (used in)/generated from investing activities	(484,602)	(183,023)	74,623	599,867	
Cash flows from financing activities					
Repayment of hire purchase and finance lease liabilities	(40)	(42)	_	_	
Repayment of term loans	(6,000)	(106,000)	(6,000)	(106,000)	
Interest paid	(282)	(3,281)	(277)	(3,266)	
Debentures issued by a subsidiary	186,044	_	_	_	
Dividends paid to:					
- shareholders of the Company	(144,892)	(64,240)	(144,892)	(64,240)	
- minority shareholders	(200)	_	_		
Net cash generated from/(used in) financing activities	34,630	(173,563)	(151,169)	(173,506)	
Net (decrease)/increase in cash and cash equivalents	(7,699)	(93,120)	(5,726)	174,496	
Effects of foreign currency translation	61	(5)	_	_	
Cash and cash equivalents classified as discontinued operation	(3,732)	_	_	_	
Cash and cash equivalents at beginning of year	688,657	781,782	307,133	132,637	
Cash and cash equivalents at end of year (Note 24)	677,287	688,657	301,407	307,133	

31 December 2008

#### 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Head Office of MAB, Sultan Abdul Aziz Shah Airport, 47200 Subana, Selangor Darul Ehsan.

The immediate holding company is Khazanah Nasional Berhad and ultimate holding body is the Minister of Finance (Incorporated) ("MoF"), a corporate body which was incorporated under the Minister of Finance (Incorporation) Act, 1957.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are described in Note 17. There have been no significant changes in the nature of the principal activities during the financial year except as disclosed in Note 10.

Information in respect of the Group's restructuring negotiation with the Government of Malaysia, including both the Group's obligations and operations are disclosed in Note 39.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 March 2009.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRS") in Malaysia.

The financial statements of the Group and of the Company have also been prepared on a historical basis, unless otherwise indicated in the summary of significant accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000), except when otherwise indicated.

#### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

#### 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Subsidiaries and basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

#### (ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

#### 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

#### (b) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not co-terminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

#### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

#### 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

#### (c) Intangible assets

#### (i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

#### (ii) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

The concession rights comprising fees payable by a subsidiary to the Government of Malaysia ("GoM") for the rights to operate, manage and undertake future development of the K.L. International Airport ("KLIA") in Sepang subject to an extension for an unspecified further period at the discretion of the GoM is deemed to have a finite useful life and is amortised over the remaining concession period commencing from 1 January 2004. Subsequently the concession rights is reinstated pursuant to a new restructuring agreement with the GoM as disclosed in Note 39.

Costs incurred by the Group attributable to the rights to continue managing the operations of the other airports are classified as concession rights. The costs are amortised over the period similar to the concession in respect of KLIA.

Other intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

#### 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

#### (d) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Capital improvements relate to the upgrading and resurfacing of runway.

Capital work-in-progress comprises the construction of buildings, renovation in-progress and other assets which have not been commissioned. Capital work-in-progress is not depreciated.

Capital work-in-progress is capitalised in accordance with the FRS 116: Property, Plant and Equipment and is recognised as an asset when:

- (a) it is probable that future economics benefits associated with the asset will flow to the enterprise; and
- (b) the cost of the asset to the enterprise can be measured reliably.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Property and terminal buildings	2%
Hotel property	2%
Infrastructure, safety equipments and motor vehicles	10% - 20%
Office, communications and electronic equipment	10% - 50%
Furniture and fittings	10% - 20%
Plant and machinery	20%
Crockery, glassware, cutlery and linen	25%
Racing circuit	2% - 10%
Capital improvements	12.5%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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#### NOTES TO THE FINANCIAL STATEMENTS

#### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

#### 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

#### (d) Property, plant and equipment and depreciation (Cont'd.)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

#### (e) Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

#### 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

#### (f) Inventories

Inventories are stated at the lower of cost (determined on a weighted average basis) and net realisable value. Cost of inventories comprises cost of purchase of goods. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

#### (g) Plantation development expenditure

New planting expenditure incurred on land clearing and upkeep of trees to maturity are capitalised under plantations.

Amortisation of plantation development expenditure is at a rate of 4% per annum.

#### (h) Replanting expenditure

Replanting expenditure incurred during the year is recognised in the income statement. Replanting expenditure represents the total cost incurred from land clearing to the point of harvesting.

#### (i) Financial instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

#### (i) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at banks and deposits at call which have an insignificant risk of changes in value.

#### (ii) Other non-current investments

Non-current investments other than investments in subsidiaries and associates are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.



#### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

#### 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

#### (i) Financial instruments (Cont'd.)

#### (iii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

#### (iv) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

#### (v) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

#### (vi) Equity instruments

Ordinary shares and preference share are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

#### (j) Leases

#### (i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, except land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

#### 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

#### (j) Leases (Cont'd.)

#### (ii) Finance leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for lease assets is in accordance with that for depreciable property, plant and equipment as described in note 2.2 (d).

#### (iii) Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment relating to the land element represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

Amortisation of leasehold land ranges between 50 to 99 years.

#### (k) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

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#### NOTES TO THE FINANCIAL STATEMENTS

#### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

#### 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

#### (I) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

#### (m) Provisions for liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Provision for restructuring costs is recognised when a detailed and formal restructuring plan has been approved, and the restructuring has either commenced or has been announced publicly. Costs relating to ongoing activities are not provided for.

#### 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

#### (n) Employee benefits

#### (i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

#### (ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

#### (iii) Defined benefit plan

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for all qualifying staff who have been confirmed in service whereby only employees who have earned in return for their service up to 31 December 2004 shall continue to benefit from the Scheme but limited to their qualifying number of years employed up to and equivalent factoring as at 31 December 2004. The existing employees as well as new employees who have earned in return for their service subsequent to 31 December 2004 are not eligible for the Scheme but shall be compensated based on the Scheme in the defined contribution plans in note 2.2 (n) (ii) above.

The Group's obligations under the Scheme are determined based on triennial actuarial valuation where the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted using the Projected Unit Credit Method in order to determine its present value.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised transitional obligations or assets. The Group has amortised the unrecognised transitional obligations over a two-year period beginning from the previous financial year.

#### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

#### 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

#### (o) Foreign currencies

#### (i) Functional currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

#### (ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

#### (iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

#### 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

#### (o) Foreign currencies (Cont'd.)

#### (iii) Foreign operations (Cont'd.)

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date.

The principal exchange rates used for every unit of foreign currency ruling at the balance sheet date are as follows:

	2008	2007
	RM	RM
United States Dollar (USD)	3.46	3.30
Great Britain Pound (GBP)	5.00	6.61
Singapore Dollar (SGD)	2.41	2.28
Euro (EUR)	4.88	4.80

#### (p) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

#### (i) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

#### (ii) Sale of goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

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#### NOTES TO THE FINANCIAL STATEMENTS

#### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

#### 2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

#### (p) Revenue recognition (Cont'd.)

#### (iii) Revenue from services

Revenue from airport management, horticulture and auction services rendered is recognised net of service taxes and discounts as and when the services are performed.

Revenue from contracts are recognised by reference to the stage of completion at the balance sheet date. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

#### (iv) Revenue from hotel operations

Revenue from rental of hotel rooms, sale of food and beverages and other related income are recognised when the services are performed.

#### (v) Revenue from event management services

Revenue from event management is recognised net of discounts as and when the event takes place.

#### (vi) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

#### (q) Disposal groups classified as held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable FRS. Then, on initial classification as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets and financial assets) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

#### 2.3 CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRS

On 1 January 2008, the Group and the Company adopted the following revised FRS, amendment to FRS and Interpretations:

FRS 107: Cash Flow Statements

FRS 111: Construction Contracts

FRS 112: Income Taxes

FRS 118: Revenue

FRS 120: Accounting for Government Grants and Disclosure of Government Assistance

FRS 134: Interim Financial Reporting

FRS 137: Provisions, Contingent Liabilities and Contingent Assets

Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation

IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities

IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments

IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment

IC Interpretation 7: Applying the Restatement Approach under FRS 129 Financial Reporting in

Hyperinflationary Economies

IC Interpretation 8: Scope of FRS 2

The revised FRS, amendment to FRS and Interpretations above do not have any significant impact on the financial statements of the Group and of the Company.

#### 2.4 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following new FRS and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRS, Amendments to FRS and Interpretations	Effective for financial periods beginning on or after
FRS 7: Financial Instruments: Disclosures	1 January 2010
FRS 8: Operating Segments	1 July 2009
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010

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#### NOTES TO THE FINANCIAL STATEMENTS

#### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

#### 2.4 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (Cont'd.)

The new FRS and Interpretations above are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application except for the changes in disclosures arising from the adoption of FRS 7 and FRS 8.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

#### 2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

#### (a) Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

#### (i) Revenue recognition

Included in the Group's revenue is revenue in respect of certain aeronautical and commercial debtors where the Group has not finalised the definitive terms of agreement with these trade debtors. The revenue is based on pre-determined rates negotiated upon the operations of the K.L. International Airport ("KLIA"). The management estimates that based on their experience with other trade debtors where definitive terms were finalised, the formalisation of the agreed rates will not be materially different if such rates are being re-negotiated.

Significant judgement is also applied to determine the accrued revenue in respect of aeronautical services based on passengers' movements, the number of airlines and timing of billings.

As at balance sheet date, the amount of accrued revenue for aeronautical and commercial debtors is disclosed in Note 20 comprised approximately 5% (2007: 5%) of total revenue.

#### 2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Cont'd.)

#### (b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### (i) Concession agreement

The Group signed a concession agreement with the GoM on 18 October 1999 for a period of 50 years to manage, operate and maintain and undertake future development of the KLIA in Sepang and other related services. Although certain property, plant and equipment of the Group were constructed on the leased land owned by the GoM, the Group has recognised these assets constructed as their property, plant and equipment in accordance with FRS 116: Property, Plant and Equipment where the Group has the rights to use these assets within the concession period. Estimated useful lives of these assets and the depreciation charges reflect the management's estimate of the concession period where the Group intends to derive future economic benefits from the use of these assets.

As disclosed in Note 39, the Group has negotiated with the GoM to restructure the Group's obligations and the concession terms where the timing of the concession period has changed to 25 years subsequent to balance sheet date. Therefore, the estimated useful lives of assets residing on the leased land and the prepaid land lease payments shall reflect the management's estimate of the concession period and accordingly, future depreciation and amortisation charges could be revised.

#### (ii) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### (iii) Deferred taxation

Deferred tax assets are recognised for all unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in Note 22.

#### 3. REVENUE

	Gro	oup	Company	
	2008 RM'000	Restated 2007 RM'000	2008 RM'000	2007 RM'000
Airport operations:	KIVI 000	KW 000	KW 000	KIN 000
- Duty free and non dutiable goods	304,904	289,012	_	_
- Airport services:				
- Aeronautical	652,498	633,239	_	_
- Non-aeronautical	321,751	248,505	_	_
Non-airport operations:				
- Agriculture and horticulture	67,350	48,884	_	_
- Hotel operations	61,709	54,078	_	_
- Event management services	78,116	73,622	_	_
- Management services	26,761	32,643	_	_
Dividend income from subsidiaries	_	_	103,946	830,137
	1,513,089	1,379,983	103,946	830,137

## 4. OTHER INCOME

Included in other income are:

	Group		Company	
		Restated		
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Interest income	26,037	24,370	8,574	4,922
Rental income	5,059	5,372	_	_
Gain on disposal of property, plant and equipment	52	49	25	_
Accretion of premium arising from redemption of preference shares:				
- by associate	_	29	_	_
- by other investments	_	901	_	_
Amortisation of deferred income (Note 32)	4,801	3,705	_	_
Net realised foreign exchange gain	2,244	1,466	_	1
Net unrealised foreign exchange gain	_	_	1,982	_
Investment income	2,223	1,425	1,547	1,425
Writeback of provisions for pension (Note 28)	_	34,352	_	_

#### 5. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2008 RM'000	Restated 2007 RM'000	2008 RM'000	2007 RM'000
Wages and salaries	193,421	157,818	18,843	14,740
Bonus	23,397	43,983	(2,606)	10,543
Contributions to defined contribution plans	39,115	31,828	4,885	3,533
Social security contributions	3,188	2,885	190	168
Short term accumulating compensated absences	1,803	1,760	368	202
Defined benefit plan (Note 27)	2,696	2,806	222	209
Other employee benefits	63,716	59,928	7,764	8,591
	327,336	301,008	29,666	37,986
Re-charged to subsidiaries	_	_	(29,326)	(25,571)
	327,336	301,008	340	12,415

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM903,000 (2007: RM778,000) and RM903,000 (2007: RM778,000) respectively as further disclosed in Note 8.

#### 6. FINANCE COSTS

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Interest expense: Term loan Hire purchase and finance lease liabilities	277	3,266	277	3,266
	5	15	—	—
	282	3,281	277	3,266

### 7. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2008 RM'000	Restated 2007 RM'000	2008 RM'000	2007 RM'000
Non-executive directors' remuneration excluding benefits-in-kind (Note 8)	493	465	464	440
Auditors' remuneration:				
- statutory	439	398	52	33
- other services	_	53	22	67
Lease rental payable to Government of Malaysia	7,300	7,300	. <del></del>	
Rental expense	9,663	3,340	203	102
Depreciation of property, plant and equipment (Note 13)	121,892	111,392	2,108	2,473
Amortisation of plantation development expenditure (Note 14)	2,873	2,869	_	_
Amortisation of prepaid land lease payments (Note 15)	121	121	_	_
Amortisation of concession rights (Note 16)  Loss on disposal of other investments	32,155	29,074	3,399	_
Loss on disposal of plantation development expenditure	_		3,377	_
Property, plant and equipment written off		331		
Inventories written off	65	6		
(Writeback of)/provision for doubtful debts:	00	O		
- trade receivables	(37,996)	11,131	_	_
- other receivables	_	106	_	8
Bad debts written off:				
- third parties	7	_	_	_
- subsidiary	_	_	5,021	_
Bad debts recovered	(21)	(4,175)	_	_
Amortisation of premium on investments	82	179	_	_
Impairment of:				
- investment in subsidiary	_	_	10,456	_
- marketable securities	_	6	_	_
- property, plant and equipment	_	2,000	_	_
Utilities cost	167,500	146,435	39	128
Repair and maintenance costs	124,121	114,663	_	238
Event staging, management and promotion costs	55,089	47,043	_	_
Management fee paid to hotel operator	2,557	2,454	_	_

### 8. DIRECTORS' REMUNERATION

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Executive directors' remuneration (Note 5): Other emoluments	903	778	903	778
Non-executive directors' remuneration (Note 7): Fees Other emoluments	239 254	199 266	239 225	199 241
	493	465	464	440
Total directors' remuneration Estimated money value of benefits-in-kind	1,396 35	1,243 35	1,367 35	1,218 35
Total directors' remuneration including benefits-in-kind	1,431	1,278	1,402	1,253

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
	KIVI OOO	KIVI OOO	KIVI OOO	KIVI OOO
Executive:				
Salaries and other emoluments	565	530	565	530
Bonus	207	135	207	135
Defined contribution plans	131	113	131	113
Estimated money value of benefits-in-kind	18	18	18	18
	921	796	921	796
Non-executive:				
Fees	239	199	239	199
Allowances	254	266	225	241
Estimated money value of benefits-in-kind	17	17	17	17
	1,431	1,278	1,402	1,253

### 8. DIRECTORS' REMUNERATION (Cont'd.)

The amount of fee paid to the immediate holding company in respect of services rendered to the Company by directors are RM40,000 (2007: RM35,000).

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

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Num	ner.	$\alpha$	I )Ir	മവ	rors

	2008	2007
Executive directors:		
RM750,001 - RM800,000	_	1
RM800,001 - RM850,000	_	_
RM850,001 - RM900,000	_	_
RM900,001 - RM950,000	1	_
Non-executive directors:		
Less than RM50,000	13	10
RM50,001 - RM100,000	_	_
RM100,001 - RM150,000	_	_
RM150,001 - RM200,000	1	1

#### 9. INCOME TAX EXPENSE

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Continuing operations				
Malaysian income tax:				
Current income tax	110,412	111,293	25,412	222,958
(Over)/underprovision in prior years	(9,046)	(5,440)	454	_
	101,366	105,853	25,866	222,958
Deferred tax (Note 22):				
Relating to origination and reversal of temporary differences	23,408	3,190	1,646	(1,818)
Relating to reduction in tax rate	(1,726)	(828)	60	120
Under/(over) provision of deferred tax liabilities in prior years	359	6,138	(28)	_
Deferred tax assets previously not recognised in prior years	_	_	_	(1,425)
	22,041	8,500	1,678	(3,123)
Total income tax expense from continuing operations	123,407	114,353	27,544	219,835

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 25% from the current year's rate of 26%, effective year of assessment 2009. The computation of deferred tax as at 31 December 2008 has reflected these changes. Certain subsidiaries qualify for the reduced statutory tax rate of 20% on the first RM500,000 (2007: RM500,000) estimated assessable profit during the year.

Taxation for other jurisdiction is calculated at the rate prevailing in that jurisdiction.

## 9. INCOME TAX EXPENSE (Cont'd.)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2008 RM'000	2007 RM'000
Group		
Profit/(loss) before tax from:		
Continuing operations	432,437	404,890
Discontinued operation (Note 10)	(3,162)	(1,246)
	429,275	403,644
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	111,612	108,984
Effect of different tax rates on the first RM500,000 (2007: RM500,000)	(239)	(140)
Effect of different tax rates in other countries	23	11
Effects of share of results of associates	(621)	(960)
Deferred tax recognised at reduced tax rate	(1,726)	(828)
Income not subject to tax	(117)	(9,277)
Expenses not deductible for tax purposes	24,724	21,148
Utilisation of deferred tax assets	(259) (1,761)	— (F 9.40)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances  Deferred tax assets not recognised in respect of current year's tax losses and	(1,701)	(5,842)
unabsorbed capital allowances	505	558
Overprovision of income tax in prior years	(9,046)	(5,440)
Underprovision of deferred tax liabilities in prior years	359	6,138
Income tax expense for the year	123,454	114,352
Attributable to discontinued operation (Note 10)	(47)	1
Reported in the income statement	123,407	114,353
Company		
Profit before tax	83,727	812,829
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	21,769	219,464
Expenses not deductible for tax purposes	7,324	1,676
Deferred tax recognised at reduced tax rate	60	120
Income not subject to tax	(2,080)	_
Underprovision of income tax in prior years	454	_
Overprovision of deferred tax liabilities in prior years	(28)	_
Deferred tax assets not recognised in respect of current year's unabsorbed capital allowances  Deferred tax assets previously not recognised in prior years	45 —	(1,425)
Income tax expense for the year	27,544	219,835
income fax expense for the year	27,044	217,000

Group

#### 9. INCOME TAX EXPENSE (Cont'd.)

Tax savings during the financial year arising from:

	2008 RM'000	2007 RM'000
Utilisation of current year tax losses	_	153
Utilisation of previously unrecognised tax losses	_	3,265
Unutilised tax losses carried forward	15,099	28,248

#### 10. DISCONTINUED OPERATION

On 30 October 2008, the Company's wholly-owned subsidiary, Asia Pacific Auction Centre Sdn. Bhd. ("APAC") and its subsidiaries ceased their operations. The principal activities of APAC and its subsidiaries are management and operations of an auction centre. The APAC group of companies ("APAC Group") are expected to be wound up under members' voluntary liquidation.

As at 31 December 2008, the assets and liabilities of APAC Group have been presented on the consolidated balance sheet as a disposal group held for disposal and results from APAC Group is presented separately on the consolidated income statement as discontinued operation.

An analysis of the result of the discontinued operation is as follows:

	Group	
	2008 RM'000	2007 RM'000
Revenue Other income Expenses	2,536 1,242 (6,940)	4,722 1,398 (7,366)
Loss before tax from discontinued operation (Note 9) Income tax expense (Note 9)	(3,162) (47)	(1,246) 1
Loss for the year from discontinued operation	(3,209)	(1,245)

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#### NOTES TO THE FINANCIAL STATEMENTS

## 10. DISCONTINUED OPERATION (Cont'd.)

The major classes of assets and liabilities of APAC Group classified as held for disposal on the consolidated balance sheet as at 31 December 2008 are as follows:

	Group 2008 RM'000
Assets Trade and other receivables Cash and cash equivalents	574 3,732
Assets of disposal group classified as held for disposal	4,306
Liabilities Trade and other payables Income tax payable	2,610 47
Liabilities of disposal group classified as held for disposal	2,657

The following amounts have been included in arriving at loss before tax from discontinued operation:

	Group	
	2008 RM'000	2007 RM'000
Auditors' remuneration	19	19
Interest income	(245)	(568)
Impairment of property, plant and equipment	1,010	_
Depreciation of property, plant and equipment (Note 13)	255	378
Gain on disposal of property, plant and equipment	(3)	(55)
The cash flows attributable to the discontinued operation are as follows:		
Operating cash flows	(2,145)	(1,491)
Investing cash flows	245	568
Total cash flows	(1,900)	(923)

#### 11. EARNINGS PER SHARE

## (a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year held by the Company.

	Gro	oup
	2008 RM'000	2007 RM'000
Profit from continuing operations attributable to ordinary equity holders of the Company Loss from discontinued operation attributable to ordinary equity holders of the Company	308,415 (3,209)	290,107 (1,245)
Profit attributable to ordinary equity holders of the Company	305,206	288,862

	Gro	oup
	2008	2007
Weighted average number of ordinary shares in issue ('000)	1,100,000	1,100,000

	Gro	oup
	2008 sen	2007 sen
Basic earnings per share for: Profit from continuing operations Loss from discontinued operation	28.04 (0.29)	26.37 (0.11)
Profit for the year	27.75	26.26

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

There are no shares in issuance which have a dilutive effect to the earnings per share of the Group.

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Annual	Donort	2000		

#### 12. DIVIDENDS

	Dividends in respect		Dividends recognised		
	of y	/ear	in year		
	2008	2007	2008 200		
	RM'000	RM'000	RM'000	RM'000	
Recognised during the year:					
Interim dividend for 2008: 4.0% less 26% taxation, on 1,100,000,000					
ordinary shares (2.96 sen per ordinary share)	32,560	_	32,560	_	
Final dividend for 2007: 13.8% less 26% taxation, on 1,100,000,000					
ordinary shares (10.21 sen per ordinary share)	_	112,332	112,332	_	
Interim dividend for 2007: 4.0% less 27% taxation, on 1,100,000,000					
ordinary shares (2.92 sen per ordinary share)	_	32,120	_	32,120	
Final dividend for 2006: 4.0% less 27% taxation, on 1,100,000,000					
ordinary shares (2.92 sen per ordinary share)	_	_	_	32,120	
Proposed for approval at forthcoming Annual General Meeting					
(not recognised as at 31 December):					
Final dividend for 2008: 14.55% less 25% taxation, on 1,100,000,000					
ordinary shares (10.91 sen per ordinary share)	120,038	_	_	-	
	152,598	144,452	144,892	64,240	

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2008, of 14.55% less 25% taxation on 1,100,000,000 ordinary shares, amounting to a dividend payable of RM120,038,000 (10.91 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2009.

# 13. PROPERTY, PLANT AND EQUIPMENT

	Property and terminal buildings RM'000	Hotel property RM'000	Infrastructure, safety equipment, and motor vehicles RM'000	Office, communi- cations and electronic equipment, furniture and fittings RM'000	Plant and machinery, crockery, glassware, cutlery and linen RM'000	Racing circuit RM'000	Capital improve- ments RM'000	Capital work-in- progress RM'000	Total RM'000
Group At 31 December 2008 Cost									
At 1 January 2008 Additions Disposals	760,955 1,907	120,745 —	106,766 123 (86)	560,215 64,258 (124)	10,254 1,559	413,160 —	96,398 — —	354,777 214,420 (1)	2,423,270 282,267 (211)
Written off Transfers	— — 74,676	_ _ _	(34) 12,565	(1,567) 87,305	(32) (3,888)	  14,945	(8) 36,165	(537) (221,768)	(2,178)
Reclassified to: - Concession rights (Note 16) - Assets held for disposal	(38,229)	-	-	-	-	-	(35,520)	-	(73,749)
(Note 10)	(697)	-	(136)	(5,851)	_	_	_	_	(6,684)
At 31 December 2008	798,612	120,745	119,198	704,236	7,893	428,105	97,035	346,891	2,622,715
Accumulated depreciation and impairment									
At 1 January 2008 Charge for the year:	143,327 17,271	14,048 2,415	61,221 13,946	277,392 69,139	5,628 582	80,410 10,425	59,919 8,369	1,248 —	643,193 122,147
<ul><li>Continuing operations (Note 7)</li><li>Discontinued operation</li></ul>	17,232	2,415	13,925	68,944	582	10,425	8,369	-	121,892
(Note 10)	39	_	21	195	_	_	_	_	255
Disposals	_	_	(86)	(124)	_	_	_	_	(210)
Written off Transfers	_	_	(9) (10)	(1,526) 826	(61)	_	_	_	(1,596)
Impairment loss	530	_	(10)	436	(816)	_	_	_	1,010
Reclassified to:									
<ul><li>Concession rights (Note 16)</li><li>Assets held for disposal</li></ul>	(15,373)	_	_	_	_	_	(30,498)	_	(45,871)
(Note 10)	(697)	_	(136)	(5,851)	_	_	_	_	(6,684)
At 31 December 2008	145,058	16,463	74,970	340,292	5,333	90,835	37,790	1,248	711,989
Net carrying amount	653,554	104,282	44,228	363,944	2,560	337,270	59,245	345,643	1,910,726

# 13. PROPERTY, PLANT AND EQUIPMENT (Cont'd.)

	Property and terminal buildings RM'000	Hotel property RM'000	Infrastructure, safety equipment, and motor vehicles RM'000	communi- cations and electronic equipment, furniture and fittings RM'000	Plant and machinery, crockery, glassware, cutlery and linen RM'000	Racing circuit RM'000	Capital improve- ments RM'000	Capital work-in- progress RM'000	Total RM'000
Group (Cont'd.)									
At 31 December 2007									
Cost	752.002	100 745	00.414	400.004	0.410	200.000	44 40 5	040 400	0 101 020
At 1 January 2008 Additions	753,803 5,954	120,745	90,414	480,986 54,317	8,419 1,496	399,828 26	66,435 666	260,400 180,665	2,181,030 245,227
Disposals	J,7J4 —		(225)	(2,070)	(125)	_	_	100,000	(2,420)
Written off	_	_	(220)	(250)	(120)	_	_	(317)	(567)
Transfers	1,198	_	14,474	27,232	464	13,306	29,297	(85,971)	_
At 31 December 2007	760,955	120,745	106,766	560,215	10,254	413,160	96,398	354,777	2,423,270
Accumulated depreciation and impairment									
At 1 January 2007	128,227	11,634	49,159	218,831	5,248	71,497	47,335	_	531,931
Charge for the year:	15,100	2,414	12,148	60,106	505	8,913	12,584	-	111,770
- Continuing operations (Note 7) - Discontinued operation	15,054	2,414	12,123	59,799	505	8,913	12,584	-	111,392
(Note 10)	46	_	25	307	_	_	_	_	378
Disposals			(86)	(2,061)	(125)	_	_	_	(2,272)
Written off	_	_	_	(236)	_	_	-	_	(236)
Impairment loss	_	_	-	752	_	_	-	1,248	2,000
At 31 December 2007	143,327	14,048	61,221	277,392	5,628	80,410	59,919	1,248	643,193
Net carrying amount	617,628	106,697	45,545	282,823	4,626	332,750	36,479	353,529	1,780,077

Office

# 13. PROPERTY, PLANT AND EQUIPMENT (Cont'd.)

	Furniture	Motor	Office	Capital work-in-	
	and fittings	vehicles	equipment	progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Company					
At 31 December 2008					
Cost					
At 1 January 2008	1,363	1,849	10,213	1,387	14,812
Additions	44	4	2,226	4,985	7,259
Reclassifications	331	_	1,460	(1,791)	_
Disposal	_	_	(1,053)	_	(1,053)
At 31 December 2008	1,738	1,853	12,846	4,581	21,018
Accumulated depreciation					
At 1 January 2008	74	949	5,687	_	6,710
Charge for the year (Note 7)	55	313	1,740	_	2,108
Disposal	_	_	(29)	_	(29)
At 31 December 2008	129	1,262	7,398	_	8,789
Net carrying amount	1,609	591	5,448	4,581	12,229
At 31 December 2007					
Cost					
At 1 January 2007	1,363	1,687	7,476	_	10,526
Additions	_	162	2,737	1,387	4,286
At 31 December 2007	1,363	1,849	10,213	1,387	14,812
Accumulated depreciation					
At 1 January 2007	24	602	3,611	_	4,237
Charge for the year (Note 7)	50	347	2,076	_	2,473
At 31 December 2007	74	949	5,687	_	6,710
Net carrying amount	1,289	900	4,526	1,387	8,102

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#### 13. PROPERTY, PLANT AND EQUIPMENT (Cont'd.)

Included in capital work-in-progress of the Group is an amount of RM159,635,000 (2007: RM159,635,000) incurred in relation to the proposed development of the National Exhibition and Convention Centre ("NECC") at Subang which have remained suspended.

As disclosed in Note 39, the Group's negotiations with GoM to restructure its obligations includes the disposal of NECC through its subsidiary, NECC Sdn. Bhd. and the proposed disposal of the racing circuit, also referred to as the Sepang F1 Circuit. Pursuant to the proposed disposal of the racing circuit, the initial cost and carrying amount excluding capital improvements referred to in the proposed disposal are RM399,853,000 and RM312,361,000 respectively.

Carrying amounts of certain assets in respect of the cost incurred and attributable to the rights to continue managing the operations of airports other than KLIA were reclassified to concession rights. The reclassification has no significant effect to current and prior years depreciation charge and the carrying amounts of property, plant and equipment and accordingly no restatement of prior year comparatives is presented.

Included in the cost of property, plant and equipment of the Group and of the Company are cost of fully depreciated assets which are still in use amounting to RM211,601,000 (2007: RM165,297,000) and RM5,335,000 (2007: RM4,178,000) respectively.

The cost and net carrying amount of motor vehicles held under hire purchase arrangements are RM263,000 (2007: RM263,000) and RM26,000 (2007: RM79,000) respectively.

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Notes 31 and 40.

Group

## 14. PLANTATION DEVELOPMENT EXPENDITURE

	Group		
	2008 RM'000	2007 RM'000	
Cost			
At 1 January	73,785	73,864	
Disposal	_	(79)	
At 31 December	73,785	73,785	
Accumulated amortisation			
At 1 January	12,598	9,730	
Amortisation recognised in income statement (Note 7)	2,873	2,869	
Disposal	_	(1)	
At 31 December	15,471	12,598	
Net carrying amount	58,314	61,187	

Disposal in prior year was in respect of compulsory acquisition of plantation area by the government authorities.

# 15. PREPAID LAND LEASE PAYMENTS

	Gloup		
	2008 RM'000	2007 RM'000	
Net carrying amount			
At 1 January	8,273	8,394	
Amortisation during the year (Note 7)	(121)	(121)	
At 31 December	8,152	8,273	
Analysed as:			
Short term leasehold land	1,941	1,989	
Long term leasehold land	6,211	6,284	
	8,152	8,273	

Group

## NOTES TO THE FINANCIAL STATEMENTS

## 16. CONCESSION RIGHTS

	Group		
	2008 RM'000	2007 RM'000	
Cost			
At 1 January	1,308,350	1,308,350	
Reclassified from property, plant and equipment (Note 13)	27,878	_	
At 31 December	1,336,228	1,308,350	
Accumulated amortisation			
At 1 January	116,296	87,222	
Charge for the year (Note 7)	32,155	29,074	
At 31 December	148,451	116,296	
Net carrying amount	1,187,777	1,192,054	

The existing concession rights in relation to Malaysia Airports (Sepang) Sdn. Bhd. are reinstated subsequent to balance sheet date pursuant to the restructuring agreement with the GoM as disclosed in Note 39.

## 17. INVESTMENT IN SUBSIDIARIES

	Com	oany
	2008 RM'000	2007 RM'000
Unquoted shares at cost Less: Accumulated impairment losses	1,807,607 (20,347)	1,807,607 (9,891)
	1,787,260	1,797,716

# 17. INVESTMENT IN SUBSIDIARIES (Cont'd.)

Details of the subsidiaries, all of which are incorporated in Malaysia (except for Malaysia Airports (Mauritius) Pte Ltd and MAHB (Mauritius) Pte Ltd, both of which are incorporated in Mauritius), are as follows:

# Effective Interest Held

Name of Company	Issued and Paid-up Capital RM	2008 %	2007 %	Principal Activities
Malaysia Airports Sdn. Bhd. (230646-U)	360,113,847	100	100	Management, operations and maintenance of designated airports and provision of airport related services in Malaysia other than K. L. International Airport ("KLIA").
Malaysia Airports (Sepang) Sdn. Bhd. (320480-D)	50,000,002	100	100	Management, operations, maintenance and future development of KLIA and Low Cost Carrier Terminal ("LCCT") in Sepang and provision of airport related services.
Malaysia Airports (Niaga) Sdn. Bhd. (281310-V)	5,000,002	100	100	Operating duty free, non-duty free outlets and providing management services in respect of food and beverage outlets at airports.
Malaysia Airports Management & Technical Services Sdn. Bhd. (375245-X)	500,002	100	100	Provision of management, maintenance and technical services in connection with the airport industry.
Malaysia Airports (Properties) Sdn. Bhd.+ (484656-H)	2	100	100	Provision of non passenger related services which involves property management and establishing fixed asset requirements.
MAB Agriculture-Horticulture Sdn. Bhd. (467902-D)	10,000,000	100	100	Cultivation and selling of oil palm and other agricultural products, and engaging in horticulture activities.
K.L. Airport Hotel Sdn. Bhd. (330863-D)	10,900,000	100	100	Owner of the hotel known as The Pan Pacific Hotel KLIA.

# 17. INVESTMENT IN SUBSIDIARIES (Cont'd.)

	Issued and	Interes	st Held	
Name of Company	Paid-up Capital	2008 %	2007 %	Principal Activities
Malaysia Airports Technologies Sdn. Bhd. (512262-H)	1,150,002	100	100	Operations and maintenance services and undertaking Information and Communication Technology business ventures.
Sepang International Circuit Sdn. Bhd. (457149-T)	10,000,000	100	100	Management and operations of Sepang F1 Circuit and organisation and promotion of motor sports and entertainment events.
Asia Pacific Auction Centre Sdn. Bhd.# (488190-H)	10,556,000	100	100	Management and operations of an auction centre. The Company has ceased operations during the year.
NECC Sdn. Bhd. (521231-V)	10,000,000	100	100	Undertaking the proposed development of the National Exhibition and Convention Centre at Subang. The activities of the Company have been suspended since 2001.
Cargo One Restaurant & Lounge # Sdn. Bhd. (528261-V)	2	100	100	Involved in the business of restaurant operations. The Company has ceased operations since 2001.
Malaysia Airports (Mauritius) Pte Ltd*	USD1,000	100	100	Investment holding.
MAHB (Mauritius) Pte Ltd*	USD2	100	100	Investment holding management.
Asia Pacific Auction Sales Sdn. Bhd.# (523300-X)	2,000	<sup>@</sup> 100	95	Involved in the auction of general machineries. The Company has ceased operations since 2001.
Asia Pacific Machinery Auction Sdn. Bhd. <sup>‡</sup> (503068-D)	2,000	<sup>@</sup> 100	51	Involved in the auction of light and heavy machineries. The Company has ceased operations since 2001.

# 17. INVESTMENT IN SUBSIDIARIES (Cont'd.)

# Effective Interest Held

legued and			
Paid-up Capital	2008 %	2007 %	Principal Activities
2,000	<sup>@</sup> 100	51	Involved in the auction of general motor vehicles. The Company has ceased operations since 2001.
2	100	100	Provide services in respect of sale of beverages. The Company has ceased operations since 2001.
2	100	100	Dormant. Intended principal activity is general trading.
2	100	100	Planning, management and marketing for the development of Malaysia International Aerospace Centre at Sultan Abdul Aziz Shah Airport and other airports in Malaysia.
2	100	100	Investment holding.
2	100	100	Dormant. Intended principal activities are to provide internet services, development and incubation of electronic commerce, and to acquire, manage, lease, establish, equip, maintain and operate radio wireless, close circuit television and television telecast.
USD1,000	100	100	Investment holding management.
750,000	75	75	Provision of mechanical, electrical and civil engineering services at KLIA in Sepang.
100	38	_	Operations of automotive vehicle workshop.
	2 2 2 2 USD1,000 750,000	Paid-up Capital RM %  2,000 ©100  2 100  2 100  2 100  2 100  USD1,000 100  750,000 75	Paid-up Capital RM         2008 %         2007 %           2,000         *100         51           2         100         100           2         100         100           2         100         100           2         100         100           2         100         100           100         100         100           750,000         75         75

## 17. INVESTMENT IN SUBSIDIARIES (Cont'd.)

- \* Audited by firms other than Ernst & Young.
- \* Classified as discontinued operation during the current financial year (Note 10).
- During the financial period, the Company acquired the remaining shares of these subsidiaries from minority interest for a consideration of RM3. The acquisition did not result in any goodwill or negative goodwill as the Group has already borne the share of losses of the minority interest as at 31 December 2007.
- The subsidiary has changed its activities beginning of 1 September 2008 in line with Group's corporate priorities and policies. The subsidiary's activities previously were investment holding, management and operations of car park, airside hotel and Southern Common Amenities at KLIA in Sepang.
- ^ The Group subscribed for 51 shares, representing 51% equity interest in Airport Automotive Workshop Sdn. Bhd. for a cash consideration of RM51 through Urusan Teknologi Wawasan Sdn. Bhd. during the year.

#### 18. INVESTMENT IN ASSOCIATES

	Gro	oup	Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unquoted shares at cost Share of post-acquisition reserve	35,750 16,913	10,463 14,975	25,287 —	_ _
	52,663	25,438	25,287	-
Analysed as: Unquoted shares at cost:				
At 1 January	10,463	18,234	_	_
Acquisition during the year	25,287	_	25,287	_
Redemption of preference shares by associate	_	(7,771)	_	_
At 31 December	35,750	10,463	25,287	_
Share of post-acquisition reserve:				
At 1 January	14,975	11,857	_	_
Share of profit	2,388	3,556	_	_
Dividend received	(450)	(438)	_	_
At 31 December	16,913	14,975	_	_

# 18. INVESTMENT IN ASSOCIATES (Cont'd.)

Details of the associates are as follows:

# Effective Interest Held

Name of Associate	Country of Incorporation	Issued and Paid-up Capital	2008 %	2007 %	Financial Year End	Principal Activities
Held by the Company:						
Istanbul Sabiha Gokcen International Airport Investment Development and Operation Inc*	Turkey	€24,060,000	20	_	31 December	Operation, management and development and provision of airport related services
Held through the subsidiary	<b>/</b> :					
Kuala Lumpur Aviation Fuelling System Sdn. Bhd. (KAF)**	Malaysia	RM3,000,000	20	20	31 March	Development, management and operations of aviation fuelling system at KLIA.

- \* During the year, the Company entered into an agreement with several parties as disclosed in Note 35(d) to form a Joint Venture Company for the development of the Sabiha Gokcen International Airport in Istanbul, Turkey.
- \*\* KAF has a financial year end of 31 March 2008 to conform with its holding company's financial year end. The financial statements of the associate for the 9 month interim period ended 31 December 2008 have been used for the purpose of applying the equity method of accounting.

# 18. INVESTMENT IN ASSOCIATES (Cont'd.)

The summarised financial statements of the associates are as follows:

	2008	2007
	RM'000	RM'000
Assets and liabilities		
Current assets	350,756	74,563
Non-current assets	4,599,409	97,831
Total assets	4,950,165	172,394
Current liabilities Non-current liabilities	153,106 4,561,726	(24,068) (20,503)
Total liabilities	4,714,832	(44,571)
Results Revenue	505,694	41,779
Profit for the year	11,495	17,780

# 19. OTHER INVESTMENTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Bonds and medium term notes in Malaysia - net of amortisation of premium of RM4,765,000 (2007: RM4,683,000)	20,913	15,722	_	_
Unquoted shares at cost:  - in Malaysia  - outside of Malaysia	57,346 233,324	50,955 40,076	33,581 2,836	32,092 24,722
	290,670	91,031	36,417	56,814
Total other investments	311,583	106,753	36,417	56,814
Market value of bonds and medium term notes	22,555	18,220	_	_

# 19. OTHER INVESTMENTS (Cont'd.)

Movement in unquoted shares are as follows:

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
At 1 January	91,031	86,854	56,814	48,620
Additions	200,786	8,194	1,489	8,194
Redemption of preference shares	_	(3,609)	_	_
Disposal	_	_	(21,886)	_
Foreign currency translation	(1,147)	(408)	_	_
At 31 December	290,670	91,031	36,417	56,814

Unquoted shares of RM87,272,000 (2007: RM1,954,000) and RM1,954,000 (2007: RM1,954,000) respectively for the Group and the Company are pledged as security in respect of certain agreement entered into by the Group and the Company.

## 20. TRADE AND OTHER RECEIVABLES

	Gro	oup	Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Current				
Trade receivables				
Third parties	371,169	389,548	_	_
Accrued revenue	70,131	63,727	_	_
	441,300	453,275	_	_
Less: Provision for doubtful debts			_	_
Third parties	(48,641)	(83,910)	_	_
Trade receivables, net	392,659	369,365	_	_

# 20. TRADE AND OTHER RECEIVABLES (Cont'd.)

	Gro	oup	Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Current (Cont'd.)				
Other receivables				
Amounts due from subsidiaries	_	_	413,028	493,166
Staff loans (Note 21)	3,224	3,051	_	_
Deposits	3,426	3,545	9	9
Tax recoverable	2,283	2,846	1,313	2,060
Prepayment for event management activities	1,009	4,261	_	_
Amounts recoverable arising from event management activities	95,635	95,635	_	_
Other prepayments	2,181	2,932	98	18
Sundry receivables	169,066	13,952	140,461	5,404
	276,824	126,222	554,909	500,657
Less: Provision for doubtful debts	(1,724)	(1,618)	(8)	(8)
Other receivables, net	275,100	124,604	554,901	500,649
Total	667,759	493,969	554,901	500,649
Non-current				
Trade receivables	20 501	07 505		
Third parties  Less: Provision for doubtful debts	20,501	27,505	_	_
Less. Provision for doubling debts	_	(22,716)	_	_
	20,501	4,789	_	_

#### 20. TRADE AND OTHER RECEIVABLES (Cont'd.)

The movement in provision for doubtful debts is as follows:

	Gro	oup	Company		
	2008 2007		2008	2007	
	RM'000	RM'000	RM'000	RM'000	
At beginning of year	108,244	97,115	8	_	
(Writeback of)/provision for doubtful debts	(37,996)	11,237	_	8	
Written off	(19,883)	(108)	_	_	
At end of year	50,365	108,244	8	8	

#### (a) Credit risk

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest bearing. As at balance sheet date, the concentration of credit risk in the form of outstanding balances is mainly due to five (2007: five) customers representing approximately 53% (2007: 55%) of the total trade receivables.

#### (b) Amounts due from subsidiaries (Current)

Amounts due from subsidiaries are non-interest bearing and are repayable on demand. All related parties receivables are unsecured and are to be settled in cash.

#### (c) Trade receivables (Non-current)

The Group had previously negotiated with several debtors to extend the settlement of outstanding debts by entering into debts settlement agreements. The non-current amounts consist of overdue balances of these debtors with the term of settlements ranging from 1 to 6 years. The amounts due are non-interest bearing, unsecured and are to be repaid by cash settlement.

#### (d) Other receivables

Included within other receivables of the Group is RM248,737,000 (2007: RM95,635,000) relating to matters in connection with the restructuring agreement with the GoM as disclosed in Note 39.

Other information on financial risks of other receivables are disclosed in Note 40.

## 21. STAFF LOANS

	Group	
	2008 RM'000	2007 RM'000
Staff loans Less: Current (Note 20)	34,727 (3,224)	34,427 (3,051)
Non-current portion	31,503	31,376
Analysed as: Current	3,224	3,051
Non-current: Later than 1 year but not later than 2 years Later than 2 years but not later than 5 years Later than 5 years	3,209 8,835 19,459	3,049 8,413 19,914
	31,503	31,376
	34,727	34,427

The staff loans attract interest rate at 4% (2007: 4%) per annum.

# 22. DEFERRED TAX (ASSETS)/LIABILITIES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At 1 January Recognised in income statement (Note 9)	22,260 22,041	13,760	(3,123)	(3,123)
At 31 December	44,301	22,260	(1,445)	(3,123)
Presented after offsetting as follows:  Deferred tax assets	(3,616)	(5,539)	(1,445)	(3,123)
Deferred tax liabilities	47,917	27,799	_	
	44,301	22,260	(1,445)	(3,123)

# 22. DEFERRED TAX (ASSETS)/LIABILITIES (Cont'd.)

The component and movement of deferred tax liabilities and assets during the financial year are as follows:

# Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000
At 1 January 2008 Recognised in the income statement Deferred tax recognised at reduced tax rate	78,249 6,584 (3,268)
At 31 December 2008 Less: Set-off against deferred tax assets	81,565 (33,648)
	47,917
At 1 January 2007 Recognised in the income statement Deferred tax recognised at reduced tax rate	65,618 15,642 (3,011)
At 31 December 2007 Less: Set-off against deferred tax assets	78,249 (50,450)
	27,799

# 22. DEFERRED TAX (ASSETS)/LIABILITIES (Cont'd.)

Deferred tax assets of the Group:

	Unutilised tax losses and unabsorbed capital allowances RM'000	Receivable RM'000	Retirement benefits RM'000	Payables RM'000	Total RM'000
At 1 January 2008 Recognised in the income statement Deferred tax recognised at reduced tax rate	(15,272) 10,257 193	(13,947) 4,663 357	(14,808) 460 552	(11,962) 1,803 440	(55,989) 17,183 1,542
At 31 December 2008	(4,822)	(8,927)	(13,796)	(9,719)	(37,264)
Less: Set-off against deferred tax liabilities					33,648
					(3,616)
At 1 January 2007	(22,521)	(8,676)	(15,010)	(5,651)	(51,858)
Recognised in the income statement	6,662	(5,807)	(368)	(6,801)	(6,314)
Deferred tax recognised at reduced tax rate	587	536	570	490	2,183
At 31 December 2007	(15,272)	(13,947)	(14,808)	(11,962)	(55,989)
Less: Set-off against deferred tax liabilities					50,450
					(5,539)

# 22. DEFERRED TAX (ASSETS)/LIABILITIES (Cont'd.)

Deferred tax liabilities of the Company:

	plant and equipment RM'000
At 1 January 2008  Recognised in the income statement  Deferred tax recognised at reduced tax rate	574 332 (35)
At 31 December 2008	871
At 1 January 2007 Recognised in the income statement Deferred tax recognised at reduced tax rate	— 596 (22)
At 31 December 2007	574

# Deferred tax assets of the Company:

	Retirement benefits RM'000	Payables RM'000	Total RM'000
At 1 January 2008 Recognised in the income statement Deferred tax recognised at reduced tax rate	(819) 19 31	(2,878) 1,267 64	(3,697) 1,286 95
At 31 December 2008	(769)	(1,547)	(2,316)
At 1 January 2007 Recognised in the income statement Deferred tax recognised at reduced tax rate	— (850) 31	— (2,989) 111	— (3,839) 142
At 31 December 2007	(819)	(2,878)	(3,697)

#### 22. DEFERRED TAX (ASSETS)/LIABILITIES (Cont'd.)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses Unabsorbed capital allowances Other deductible temporary differences	10,139	15,941	—	_
	172	—	172	_
	53,002	52,205	—	_
	63,313	68,146	172	_

The unutilised tax losses of the Group amounting to RM10,139,000 (2007: RM15,941,000) and unobsorbed capital allowance of the Group and of the Company of RM172,000 (2007: Nil) and RM172,000 (2007: Nil) respectively are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

#### 23. INVENTORIES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cost				
Spares and consumables	16,755	22,935	308	418
Merchandise goods	41,135	33,743	_	_
Food and beverages	210	160	_	_
	58,100	56,838	308	418

# 24. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash on hand and at banks Deposits with:	79,505	69,215	4,310	3,643
Licensed banks Licensed finance companies	220,215 122,985	429,298	92,343 38,874	62,000
Licensed discount houses  Money on call with:	_	8,700	_	_
Licensed banks	254,582	165,310	165,880	241,490
Licensed discount houses  Cash and bank balances	677,287	16,134	301,407	307,133

Other information on financial risks of cash and cash equivalents are disclosed in Note 40.

# 25. SHARE CAPITAL

	Number of shar	res of RM1 each	Amount		
	2008	2007	2008 RM	2007 RM	
Authorised: Special Rights Redeemable Preference Share of					
RM1 each Ordinary shares of RM1 each	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	
	2,000,000,001	2,000,000,001	2,000,000,001	2,000,000,001	
Issued and fully paid: Special Rights Redeemable Preference Share of RM1 each	1	1	1	1	
Ordinary shares of RM1 each	1,100,000,000	1,100,000,000	1,100,000,000	1,100,000,000	
	1,100,000,001	1,100,000,001	1,100,000,001	1,100,000,001	

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#### NOTES TO THE FINANCIAL STATEMENTS

#### 25. SHARE CAPITAL (Cont'd.)

#### **Ordinary shares**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

#### Special Rights Redeemable Preference Share

- (a) The Special Rights Redeemable Preference Share ("Special Share") of RM1 enables the GoM, through the Minister of Finance, to ensure that certain major decisions affecting the operations of the Company are consistent with GoM policies. The Special Shareholder, which may only be the GoM or any representative or person acting on its behalf, is entitled to receive notices of meetings but not entitled to vote at such meetings of the Company. However, the Special Shareholder is entitled to attend and speak at such meetings.
  - The Special Shareholder has the right to appoint any person, but not more than six at any time, to be directors.
- (b) The Special Shareholder has the right to require the Company to redeem the Special Share at par at any time by serving written notice upon the Company and delivering the relevant share certificate.
- (c) The Special Shareholder shall be entitled to repayment of the capital paid-up on the Special Share in priority to any repayment of capital to any other member.
- (d) The Special Shareholder does not have any right to participate in the capital or profits of the Company.
- (e) Certain matters which vary the rights attached to the Special Share can only be effective with the written consent of the Special Shareholder, in particular matters relating to the creation and issue of additional shares which carry different voting rights, the dissolution of the Company, substantial disposal of assets, amalgamations, merger and takeover.

#### 26. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopt the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance of Malaysian Income Tax Act, 1967 (Section 108 balance) and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

#### 26. RETAINED EARNINGS (Cont'd.)

The Company has not elected for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as at 31 December 2008 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2008 and 2007, the Company has sufficient credit in the Section 108 balance to pay franked dividends out of its entire retained earnings.

#### 27. RETIREMENT BENEFITS

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for all qualifying staff who have been confirmed in service whereby only employees who have earned in return for their service up to 31 December 2004 shall continue to benefit from the Scheme but limited to their qualifying number of years employed up to and equivalent factoring as at 31 December 2004.

The Group's obligations under the Scheme is determined based on the latest actuarial valuation by an independent valuer. The existing employees as well as new employees who have earned in return for their service subsequent to 31 December 2004 are not eligible for the Scheme but shall be compensated based on the Scheme in the defined contribution plans in note 2.2 (n) (ii) above. The value of retirement benefits shall be paid on the attainment of retirement age of 55.

The Group's obligations under the Scheme continued to be determined based on triennial actuarial valuation where the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted using the Projected Unit Credit Method in order to determine its present value.

The amount recognised in the balance sheets represents the present value of the defined benefit obligations adjusted for unrecognised transitional obligations or assets. The Group has amortised the unrecognised transitional obligations over a two-year period beginning from the previous financial year.

# 27. RETIREMENT BENEFITS (Cont'd.)

The amounts recognised on the balance sheets are determined as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Present value of unfunded defined benefit obligations	56,179	56,990	3,076	3,150
Analysed as: Current (Note 32)	3,428	2,772	293	353
Non-current:  Later than 1 year but not later than 2 years  Later than 2 years but not later than 5 years  Later than 5 years	3,716 11,793 37,242	3,428 7,605 43,185	403 989 1,391	293 786 1,718
	52,751	54,218	2,783	2,797
	56,179	56,990	3,076	3,150

The amount recognised in the income statements comprises:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Interest cost, included in employee benefits expense (Note 5)	2,696	2,806	222	209

# 27. RETIREMENT BENEFITS (Cont'd.)

Movements in the net liability in the current year were as follows:

	Gro	oup	Company		
	2008	2007	2008	2007	
	RM'000	RM'000	RM'000	RM'000	
At 1 January	56,990	57,628	3,150	3,334	
Recognised in income statement	2,696	2,806	222	209	
Contributions paid	(3,507)	(3,444)	(296)	(393)	
At 31 December	56,179	56,990	3,076	3,150	

Principal actuarial assumption used:

Group		Company	
2008	2007	2008	2007
%	%	%	%
5.5	5.5	5.5	5.5

The rate used to discount post-employment benefit obligations is determined by reference to the market yields at the balance sheet date on high quality corporate bonds.

#### 28. PROVISIONS FOR PENSION

	Gro	oup
	2008 RM'000	2007 RM'000
At 1 January Writeback of provision (Note 4)	_ _	34,352 (34,352)
At 31 December	_	-

The Group obtained appropriate confirmations from the relevant authorities in respect of the Pension Funds relating to the services of the previous staff of the Department of Civil Aviation and had written back the entire amount to the income statement in prior year.

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Annual	Donort	2000		

#### 29. OTHER FINANCIAL LIABILITY

	Gro	up
	2008 RM'000	2007 RM'000
At 1 January Issued during the year Foreign currency translation	15,825 186,044 92	16,238 — (413)
At 31 December	201,961	15,825

Other financial liability is in respect of unsecured debentures issued by a foreign subsidiary comprising 58,370,000 fully paid debenture units of USD1 each. Interest on the debentures are payable upon the realisation of dividends from other investment held by the foreign subsidiary. The debentures have a 10-year period and the debenture holders have the rights to redeem the debentures at the nominal value and the debentures may be converted to ordinary shares issued by the foreign subsidiary.

#### 30. BORROWINGS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Short term borrowings Unsecured:				
Term loan Hire purchase and finance lease liabilities (Note 31)	2,750 32	6,000 46	2,750 —	6,000 —
	2,782	6,046	2,750	6,000

# 30. BORROWINGS (Cont'd.)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Long term borrowings Unsecured:				
Term loan	250	3,000	250	3,000
Hire purchase and finance lease liabilities (Note 31)	_	26	_	
	250	3,026	250	3,000
Total borrowings				
Unsecured:				
Term loan	3,000	9,000	3,000	9,000
Hire purchase and finance lease liabilities	32	72	_	_
	3,032	9,072	3,000	9,000

Other information on financial risks of borrowings are disclosed in Note 40.

# 31. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Gro	oup
	2008 RM'000	2007 RM'000
Future minimum lease payments:		
Not later than 1 year	33	50
Later than 1 year and not later than 2 years	_	28
Later than 2 years and not later than 5 years	_	_
Total minimum future lease payments	33	78
Less: Future finance charges	(1)	(6)
Present value of finance lease liabilities	32	72

#### 31. HIRE PURCHASE AND FINANCE LEASE LIABILITIES (Cont'd.)

	Group	
	2008 RM'000	2007 RM'000
Analysis of present value of finance lease liabilities		
Not later than 1 year	32	46
Later than 1 year and not later than 2 years	_	26
Later than 2 years and not later than 5 years	_	_
	32	72
Less: Amount due within 12 months (Note 30)	(32)	(46)
Amount due after 12 months (Note 30)	_	26

The Group has finance leases and hire purchase contracts for motor vehicles (Note 13). These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease. There are no restrictions placed upon the Group by entering into these leases and no arrangements have been entered into for contingent rental payments.

Other information on financial risks of hire purchase and finance lease liabilities are disclosed in Note 40.

## 32. TRADE AND OTHER PAYABLES

	Group		Company	
	2008 RM'000	Restated 2007 RM'000	2008 RM'000	2007 RM'000
Current Trade payables Third parties	104,741	112,886	_	_

# 32. TRADE AND OTHER PAYABLES (Cont'd.)

	Group		Company	
	2008 RM'000	Restated 2007 RM'000	2008 RM'000	2007 RM'000
Other payables				
Amounts due to subsidiaries	_	_	158,318	40,801
Accruals	94,211	75,948	969	1,316
Provisions for liabilities	69,768	66,911	1,408	1,044
Sundry payables	195,170	135,695	84,638	64,287
Deferred income	11,803	4,801	_	_
Deposits	23,914	21,334	2,703	506
Retirement benefits (Note 27)	3,428	2,772	293	353
	398,294	307,461	248,329	108,307
Total	503,035	420,347	248,329	108,307
Non-current Other payables				
Deferred income	131,774	11,094	_	_

# 32. TRADE AND OTHER PAYABLES (Cont'd.)

Movement for provisions for liabilities during the year is as follows:

	Short term accumulating compensated absences RM'000	Lease rental RM'000	Assessment fees RM'000	Total RM'000
Group At 31 December 2008 At 1 January 2008 Additional provision during the year Utilised during the year	6,391 1,808 (135)	52,000 7,300 (6,050)	8,520 1,933 (1,999)	66,911 11,041 (8,184)
At 31 December 2008	8,064	53,250	8,454	69,768
At 31 December 2007				
At 1 January 2007	4,678	52,000	8,850	65,528
Additional provision during the year	1,803	7,300	1,773	10,876
Utilised during the year	(90)	(7,300)	(2,103)	(9,493)
At 31 December 2007	6,391	52,000	8,520	66,911

Short term accumulating compensated absences RM'000

Company	
At 31 December 2008	
At 1 January 2008	1,044
Additional provision during the year	368
Utilised during the year	(4)
At 31 December 2008	1,408

#### 32. TRADE AND OTHER PAYABLES (Cont'd.)

Short term accumulating compensated absences RM'000

Company	
At 31 December 2007	
At 1 January 2007	864
Additional provision during the year	202
Utilised during the year	(22)
At 31 December 2007	1,044

## (a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 (2007: 30 to 90) days.

#### (b) Amounts due to subsidiaries

Amounts due to all related parties are non-interest bearing and are repayable on demand. The amounts are unsecured and are to be settled in cash.

#### (c) Deferred income

Deferred income is in respect of funds received from GoM for the purpose of maintenance and upgrading the racing circuit and for the development of Malaysia International Aerospace Centre ("MIAC"). Income is recognised in the period which maintenance expenditure of circuit is incurred and on a systematic and rational basis over the useful life of the depreciation of the racing circuit and MIAC.

Group

#### NOTES TO THE FINANCIAL STATEMENTS

## 32. TRADE AND OTHER PAYABLES (Cont'd.)

# (c) Deferred income (Cont'd.)

	Gloup	
	2008 RM'000	2007 RM'000
At 1 January Amount received Recognised as income (Note 4)	15,895 132,483 (4,801)	— 19,600 (3,705)
At 31 December	143,577	15,895
Analysed as:  Current  Non-current:	11,803	4,801
Later than 1 year but not later than 2 years Later than 2 years but not later than 5 years Later than 5 years	17,247 51,742 62,785	1,331 3,992 5,771
	131,774	11,094
	143,577	15,895

Other information on financial risks of other payables are disclosed in Note 40.

## 33. CONCESSION RIGHTS PAYABLE

The Government of Malaysia ("GoM") had in previous years granted an extension of time for the payment of balance of the concession rights fee incurred pursuant to the concession agreement dated 18 October 1999 entered into between the GoM and a subsidiary.

The entire concession rights payable was subsequently included in the restructuring agreement with the GoM and is expected to be repaid in the manner as disclosed in Note 39.

#### 34. OPERATING LEASE ARRANGEMENTS

The Group has entered into non-cancellable operating lease agreements for the use of certain plant and equipment. These leases have an average life of between 3 and 5 years with no renewal or purchase option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

The Group also leases various plant and machinery under cancellable operating lease agreements. The Group is required to give a period of between one to three months notice for the termination of those agreements.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities are as follows:

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Future minimum rental payments:  Not later than 1 year  Later than 1 year and not later than 5 years  Later than 5 years	10,734	10,774	1,853	929
	15,994	17,579	2,746	1,685
	—	—	—	—
	26,728	28,353	4,599	2,614

#### 35. COMMITMENTS

#### 31 December 2008

#### Group

(i) Approved and contracted for:

		Due year	Due year	
	Due	2010 to	2014 to	
	year 2009	2013	2066	Total
	RM'000	RM'000	RM'000	RM'000
Lease rental payable to the GoM for Subang airport	2,300	9,200	121,900	133,400

# 35. COMMITMENTS (Cont'd.)

# 31 December 2008

## Group

(i) Approved and contracted for: (Cont'd.)

		Due year 2009 RM'000	2010 to 2013 RM'000	2014 to 2033 RM'000	Total RM'000
	Nominal land lease charges payable to the GoM Capital expenditure	4,000 350,276	16,000 39,088	80,000 —	100,000 389,364
		354,276	55,088	80,000	489,364
)	Approved but not contracted for: Capital expenditure	272,264	-	-	272,264
i)	Other investment:				
	Investment in Delhi International Airport Limited ("DIAL") (c) Investment in Sabiha Gokcen International Airport Limited	70,310	_	_	70,310
	("SGIA") (d)	17,975	69,212	_	87,187
		717,125	133,500	201,900	1,052,525

#### 35. COMMITMENTS (Cont'd.)

### 31 December 2008

Company

	Due year 2009 RM'000	2010 to 2013 RM'000	Due year 2014 to 2033 RM'000	Total RM'000
Investment in Sabiha Gokcen International Airport Limited ("SGIA") (d) Approved but not contracted for:	17,975	69,212	_	87,187
Capital expenditure	90,740	39,088	_	129,828
	108,715	108,300	_	217,015

#### 31 December 2007

#### Group

(i) Approved and contracted for:

	Due year 2008 RM'000	2009 to 2012 RM'000	Due year 2013 to 2066 RM'000	Total RM'000
Lease rental payable to the GoM for Subang airport	2,300	9,200	124,200	135,700
	Due year 2008 RM'000	Due year 2009 to 2012 RM'000	Due year 2013 to 2048 RM'000	Total RM'000
Lease rental payable to the GoM for all airports managed other than KLIA  Fixed lease rental payable to the GoM in respect of KLIA (a)  Capital expenditure	5,000 324,980 101,190	20,000 309,990 —	50,000 6,626,800 —	75,000 7,261,770 101,190
	431,170	329,990	6,676,800	7,437,960

#### NOTES TO THE FINANCIAL STATEMENTS

#### 35. COMMITMENTS (Cont'd.)

#### 31 December 2007

#### Group

(ii) Approved but not contracted for:

		Due year 2008 RM'000	Due year 2009 to 2012 RM'000	Due year 2013 to 2048 RM'000	Total RM'000
	Capital expenditure	346,899	_	_	346,899
(iii)	Other investment:  Investment in Hyderabad International Airport Limited ("HIAL") (e)	8,284	_	_	8,284
	· · · · · · · · · · · · · · · · · · ·	788,653	339,190	6,801,000	7,928,843
Con	npany				
	proved but not contracted for:  pital expenditure	79,165	_	_	79,165

Analysed as:

	Gro	oup	Company		
	2008	2007	2008	2007	
	RM'000	RM'000	RM'000	RM'000	
Not later than 1 year	717,125	788,653	108,715	79,165	
Later than 1 year and not later than 5 years	133,500	339,190	108,300	—	
Later than 5 years	201,900	6,801,000	—	—	
	1,052,525	7,928,843	217,015	79,165	

#### 35. COMMITMENTS (Cont'd.)

- (a) Lease rental payable to the Government of Malaysia ("GoM") comprised fixed and variable payment. The lease rental payable under the concession agreement dated 18 October 1999 were in respect of fixed payment, which commenced from RM60 million in year 2004 and increased by 4% in each subsequent year up to the end of the concession period. The variable payment is based on 8% of the total audited revenue of a subsidiary, which was granted the rights in respect of the KLIA Concession, and is payable on an annual basis commencing in year 2004. The accumulated fixed and accumulated variable amounts have not been provided for in the financial statements.
  - However, pursuant to the restructuring agreement signed with the GoM on 12 February 2009, the concession agreement together with the lease agreement were terminated and accordingly the commitments to the GoM in respect of the fixed lease rental payable as disclosed in prior year were no longer applicable. Salient features of the restructuring agreements are disclosed in Note 39 where the future obligations of the Group are being addressed pursuant to the restructuring.
- (b) There is a claim of RM146,140,000 against the Group by GoM for expenditure incurred prior to the handing over of KLIA to the Group in June 1998 pursuant to the signing of the KLIA Concession Agreement. As disclosed in Note 39, the Group's negotiations with the GoM to restructure its obligations have addressed the above amount and accordingly no amounts have been accrued for as at 31 December 2008.
- (c) A wholly-owned subsidiary of the Group, Malaysia Airports (Mauritius) Pte Ltd ("MA (Mauritius)"), had entered into a shareholders agreement to acquire a 10% equity interest in Delhi International Airport Limited ("DIAL") on 4 April 2006. DIAL, a company incorporated in India, has been identified for the moderisation and restructuring of the Indira Gandhi International Airport in New Delhi, India. MA (Mauritius) is involved in the airport management project of DIAL and will progressively make cash investments into DIAL up to a maximum of Indian Rs3,450,000,000 (approximately RM269.67 million).
  - As at balance sheet date, MA (Mauritius) has paid up RM199.36 million as share capital in DIAL and advances which are convertible into shares in DIAL.
- (d) On 19 March 2008, the Company entered into an agreement with GMR Infrastructure Limited ("GMR") and Limak Insaat Sanayi San Ve Tic A.S Turkey ("LIMAK") to form a Joint Venture Company ("JVC") for the development of the Sabiha Gokcen International Airport ("SGIA") in Istanbul, Turkey. The Company will jointly undertake the airport terminal operations and management of SGIA with GMR & LIMAK and will progressively make cash investments into the JVC for up to Euro 21 million or its 20% equity participation in the JVC whichever is lower.

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#### NOTES TO THE FINANCIAL STATEMENTS

#### 35. COMMITMENTS (Cont'd.)

(e) The Company had entered into an agreement to acquire an 11% equity interest in Hyderabad International Airport Limited ("HIAL"). HIAL, a company incorporated in India, has been identified for the development of the new Hyderabad International Airport in Andhra Pradesh, India. The Company is involved in the airport management project of HIAL and will progressively make cash investments into HIAL up to a maximum of USD10 million.

As at balance sheet date, the Company has paid up RM33.9 million (2007: RM24.7 million) as share capital in HIAL and advances which are convertible into shares in HIAL.

#### 36. CONTINGENT LIABILITIES

During the year, the Company provided a corporate guarantee for the purpose of standby equity commitment of RM25,552,000 to a financial institution for credit facilities granted to Istanbul Sabiha Gokcen International Airport Investment Development and Operation Inc.

Claims have been submitted by XY Base Sdn. Bhd. in respect of certain alleged breach of contract amounting to RM6,467,000. The directors after consultation with the legal counsel, are of the opinion that there are indeed triable issues in this case which the Group has merits to contest the claims. Accordingly, no provision has been made in the financial statements.

#### 37. RELATED PARTY DISCLOSURES

#### Compensation of key management personnel

The remuneration of other members of key management during the year was as follows:

	Gro	oup	Company		
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	
Short term employee benefits Post-employment benefit:	8,631	6,544	5,428	3,726	
Defined contribution plans  Defined benefit plan	1,229 150	925 —	876 150	600	
	10,010	7,469	6,454	4,326	

Remuneration of directors is as disclosed in Note 8.

#### 38. COMPARATIVES

Certain comparative amounts as at 31 December 2007 have been restated. The reclassification of trade and other payables is to reflect the terms of the liabilities.

	As previously reported RM'000	Reclassi -fication RM'000	As restated RM'000
Group			
Balance sheets			
Trade and other payables			
Current	431,441	(11,094)	420,347
Non-current	_	11,094	11,094

#### 39. SIGNIFICANT SUBSEQUENT EVENTS

The Group has in the past negotiated with the GoM where GoM has agreed to temporarily suspend the lease rental payable from the financial year ended 2004 until the Group's negotiations with the GoM to restructure the Group's obligations are formalised.

On 12 February 2009, the Company had entered into the following arrangement with the GoM collectively referred to as restructuring agreement:

- (i) an operating agreement with Malaysia Airports (Sepang) Sdn. Bhd. ("MA Sepang") and the GoM ("Operating Agreement for KLIA") whereby the GoM and MA Sepang have agreed:
  - (a) to restate their respective rights and commitments with respect to the operation, management, maintenance and development of KLIA, and to terminate all prior rights and commitments arising from the concession agreement and lease agreement for KLIA entered into between the GoM and MA Sepang save for rights and commitments expressly excluded in the Operating Agreement for KLIA; and
  - (b) to the settlement of Residual Payment owing by MA Sepang to the GoM in a manner that could not significantly deplete the cash reserves of the Group, and that would take into consideration the Group financial resources and business plans.

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#### NOTES TO THE FINANCIAL STATEMENTS

#### 39. SIGNIFICANT SUBSEQUENT EVENTS (Cont'd.)

(ii) an operating agreement with Malaysia Airports Sdn. Bhd. ("MASB") and the GoM ("Operating Agreement for the Designated Airports") whereby the GoM and MASB have agreed to restate the rights and commitments of all parties with respect to the operation, management, maintenance and development of the Designated Airports, and to terminate all prior rights and commitments entered into between the GoM and MASB save for rights and commitments expressly excluded in the Operating Agreement for the Designated Airports;

The operating agreements are collectively referred to as the Operating Agreement. In conjunction with the Operating Agreement, the Company also proposes to dispose of:

- (i) its 100% equity interest in NECC Sdn. Bhd. ("NECC") to the Minister of Finance, a corporate body formed under the Minister of Finance (Incorporation) Act 1957, for sale consideration of RM159,632,122 to be satisfied via set off against part of the Residual Payment ("Proposed NECC Disposal"); and
- (ii) its 100% equity interest in Sepang International Circuit Sdn. Bhd. ("SIC") to the Minister of Finance for cash consideration of RM1.

MASB also proposes to grant an option to the Minister of Finance to require MASB to sell the Sepang International Formula One Circuit ("Circuit") ("Proposed SIC Disposal") to the Minister of Finance ("Call Option"). The Call Option is exercisable within ten (10) years from the date the agreement in relation to the Proposed SIC Disposal is executed ("Call Option Period"). If the Call Option is not exercised by the end of the Call Option Period, it shall be deemed exercised on the last date of the Call Option Period.

The Proposed NECC Disposal and the Proposed SIC Disposal are collectively referred to as the "Proposed Non-Core Disposals". The agreements relating to the Proposed Non-Core Disposals are expected to be completed in the first half of 2009.

Pursuant to the Operating Agreement:

- (i) the existing Concession Agreement and the FLC Lease Agreement between MA Sepang and the GoM and the Federal Lands Commissioner respectively will be terminated and all amounts due thereunder will be restated as an agreed sum of RM1,429,698,449, ("Residual Payment") payable to the GoM; and
- (ii) the respective rights and commitments of the GoM, MA Sepang, MASB and the Company with respect to the operation, management, maintenance and development of KLIA and the Designated Airports would be restated under more preferable terms to the Group.

#### 39. SIGNIFICANT SUBSEQUENT EVENTS (Cont'd.)

The Residual Payment would be partially settled by:

- (i) the payment of RM507,889,908 to the GoM by MA Sepang;
- (ii) the transfer of all the issued and paid-up share capital in NECC by the Company to the Minister of Finance at an agreed valuation of RM159.632.122;
- (iii) the set off by MA Sepang of the capital expenditure incurred or to be incurred by MA Sepang in relation to the Low Cost Carrier Terminal Expansion Project for the sum not exceeding RM123,900,000 only provided that should the actual capital expenditure incurred be less than RM123,900,000, MA Sepang shall reimburse the differential sum to the GoM in cash. In the event where the capital expenditure in relation to the Low Cost Carrier Terminal Expansion Project exceeds RM123,900,000, such excess shall be solely borne by MA Sepang;
- (iv) the set off by MA Sepang of the capital expenditure incurred or to be incurred by MA Sepang in relation to the KLIA Spurline Project for the sum not exceeding RM208,577,970 only provided that should the actual capital expenditure incurred be less than RM208,577,970, MA Sepang shall reimburse the differential sum to the GoM in cash. In the event where the capital expenditure in relation to the KLIA Spurline Project exceeds RM208,577,970, such excess shall be solely borne by MA Sepang;
- (v) the set off by MA Sepang of the capital expenditure incurred or to be incurred by MA Sepang in relation to the Air Traffic Control Upgrade Project for the sum not exceeding RM10,000,000 only provided that should the actual capital expenditure incurred be less than RM10,000,000, MA Sepang shall reimburse the differential sum to the GoM in cash. In the event where the capital expenditure in relation to the Air Traffic Control Upgrade Project exceeds RM10,000,000, such excess shall be solely borne by MA Sepang; and
- (vi) MA Sepang paying to the GoM an amount equal to half the amount calculated as the fee based on a share of the revenues generated from the commercial activities carried out by MA Sepang and any other subsidiary of the Company at KLIA ("MA Sepang User Fee") every three (3) consecutive month period during the financial year of MA Sepang until the remaining balance of the Residual Payment being the sum of RM419,698,449 is fully settled.

In consideration of the GoM entering into the Operating Agreement for the Designated Airports, MASB and the Company agree to pay the GoM the MASB User Fee.

Under the Operating Agreement, the GoM shall assist MAHB in bearing its socio-economic obligations by compensating MA Sepang and MASB with a marginal cost support sum ("MARCS") for marginal losses suffered, arising from the undertaking of socio-economic activities and GoM policies.

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#### NOTES TO THE FINANCIAL STATEMENTS

#### 39. SIGNIFICANT SUBSEQUENT EVENTS (Cont'd.)

The operating rights are granted by the GoM to further define and augment the rights of MA Sepang as a licensed airport operator and manager of KLIA, and MASB as a licensed airport operator and manager of the Designated Airports, and the operating rights shall run for a period of twenty five (25) years from 12 February 2009 and may be renewed by the GoM.

Other than those disclosed in the relevant notes, no effects of the financial restructuring had been taken into account in the preparation of these financial statements as at 31 December 2008. The restructuring agreement will also result in a discontinued operations in the event management activities business segment upon completion.

On 12 February 2009, the Company announced that Malaysia Airports Management & Technical Services Sdn. Bhd. ("MAMTS"), a wholly owned subsidiary of the Company, entered into a Joint Venture Agreement with Sooj International ("SOOJ") for services in connection with the development, management, construction management, operation and maintenance of airports and airport systems and facilities including airport hotels and services ancillary thereto and any other business in the Kingdom of Saudi Arabia ("the Projects"). A Joint Venture Company ("JVC") in the Kingdom of Saudi Arabia will be jointly incorporated to undertake the Projects. The JVC's proposed initial issued and paid-up share capital shall not be less than Saudi Riyal 1 million (approximately RM963,000) where MAMTS and SOOJ will subscribe for the shares in issue in the equal proportion of 50% each.

On 13 February 2009, the Company via MAMTS, entered into a Consortium Agreement with KLIA Consultancy Services Sdn. Bhd. ("KLIACS") for airport industry related services rendered or to be rendered including the construction of new airport terminal buildings and its complimentaries, hotels, hypermarkets and other constructions ("Works"). KLIACS and MAMTS have agreed to form an unincorporated consortium ("KLIACS - MAMTS Consortium") for the sole purpose of carrying out the Works. KLIACS and MAMTS participation in the KLIACS - MAMTS Consortium will be in the agreed proportion of 51% and 49% respectively.

#### **40. FINANCIAL INSTRUMENTS**

#### (a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

#### **40. FINANCIAL INSTRUMENTS**

#### (b) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group has minimal exposure to interest rate risk at the balance sheet date. The following tables set out the carrying amounts, the weighted average effective interest rates (WAEIR) as at the balance sheet date and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk:

\A/ithin 1

	Note	WAEIR %	Within 1 Year RM'000	1-2 Years RM'000	Total RM'000
At 31 December 2008 Group					
Fixed rate  Term loan  Hire purchase and finance lease liabilities	30 31	5.30 6.00	2,750 32	250 —	3,000 32
Floating rate  Cash and cash equivalents	24	2.92	597,782	_	597,782
Company Fixed rate Term loan	30	5.30	2,750	250	3,000
Floating rate  Cash and cash equivalents	24	3.27	297,097	_	297,097

#### NOTES TO THE FINANCIAL STATEMENTS

#### 40. FINANCIAL INSTRUMENTS (Cont'd.)

#### (b) Interest rate risk (Cont'd.)

		WAEIR	Within 1 Year	1-2 Years	Total
	Note	%	RM'000	RM'000	RM'000
At 31 December 2007					
Group					
Fixed rate					
Term loan	30	5.30	6,000	3,000	9,000
Hire purchase and finance lease liabilities	31	6.00	46	26	72
Floating rate					
Cash and cash equivalents	24	2.90	619,442	_	619,442
Company					
Fixed rate	00	5.00	/ 000	0.000	0.000
Term loan	30	5.30	6,000	3,000	9,000
Flexible					
Floating rate	0.4	2.20	202 400		202 400
Cash and cash equivalents	24	3.30	303,490	_	303,490

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 22 (2007: 22) days. Interest on financial instruments are fixed at fixed rate until the maturity of the instrument. The other financial instruments of the Group and the Company that are not included in the above tables are not subject to interest rate risks.

#### (c) Foreign currency risk

The Group does not operate internationally but is exposed to mainly United States Dollar, Great Britain Pound, Euro and Singapore Dollar. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to a manageable level and short term imbalances are addressed by buying and selling foreign currencies at spot rate.

Net Financial Assets/(Liabilities) Held in

#### 40. FINANCIAL INSTRUMENTS (Cont'd.)

#### (c) Foreign currency risk (Cont'd.)

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

		ļ.	Non-Functional	Currencies	
	United	Great			
	States	Britain		Singapore	
	Dollar	Pound	Euro	Dollar	Total
Functional Currency of Group Companies	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2008					
Ringgit Malaysia	3,989	(449)	(2,121)	(421)	998
At 31 December 2007					
Ringgit Malaysia	3,559	(268)	(6,451)	_	(3,160)

#### (d) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

#### (e) Credit risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

#### NOTES TO THE FINANCIAL STATEMENTS

#### 40. FINANCIAL INSTRUMENTS (Cont'd.)

#### (e) Credit risk (Cont'd.)

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets.

As at balance sheet date, the concentration of credit risk in the form of outstanding balances is mainly due to five (2007: five) customers representing approximately 53% (2007: 55%) of the total trade receivables.

#### (f) Fair values

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values are as follows:

- (i) Cash and cash equivalents, trade and other receivables/payables

  The carrying amounts of cash and cash equivalents, trade and other receivables/payables approximate their fair values due to the relatively short term maturity of these financial instruments.
- (ii) Amounts due from/(to) subsidiaries

  It is not practicable to estimate the fair values of amounts due from/(to) subsidiaries due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs.
- (iii) Bonds and medium term notes

The carrying amount of bonds and medium term notes do not approximate its fair value as the Group does not mark its bonds and medium term notes prices to market. Details are as follows:

	Note	Carrying Amount RM'000	Fair Value RM'000
At 31 December 2008  Bonds and medium term notes	19	20,913	22,555
At 31 December 2007 Bonds and medium term notes	19	15,722	18,220



#### 41. SEGMENT INFORMATION

#### (a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

#### (b) Business segments

The Group comprises the following main business segments:

(i) Duty free and non-dutiable goods

To operate duty free, non-duty free outlets and provide management service in respect of food and beverage outlets at designated airports.

(ii) Airport services

To manage, operate and maintain designated airports in Malaysia and to provide airport related services.

(iii) Agriculture and horticulture

To cultivate and sell oil palm and other agricultural products and to carry out horticulture activities.

(iv) Hotel

To manage and operate a hotel, known as The Pan Pacific Hotel KLIA.

(v) Event management

To manage and operate Sepang F1 Circuit and to organise and promote motor sports and entertainment events.

(vi) Project and repair maintenance

To provide operations and maintenance of Information and Communication Technology business ventures and provision of mechanical and electrical engineering.

(vii) Auction

To carry on business as auctioneers and auction related activities.

Other business segments include investment holding and other activities, none of which are of a sufficient size to be reported separately.

#### NOTES TO THE FINANCIAL STATEMENTS

#### 41. SEGMENT INFORMATION (Cont'd.)

#### (c) Geographical segments

No segmental information is provided on a geographical basis as the results of the overseas subsidiaries company are considered insignificant to the Group.

#### (d) Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Continuing operations									Discontinued		
	Airport o	perations			- Non-airpo	rt operations			operation			
	Duty free and non-dutiable good RM'000	Airport services RM'000	Agriculture and horticulture RM'000	Hotel RM'000	Event management RM'000	Project and repair maintenance RM'000	Others RM'000	Eliminations RM'000	Total RM'000	Auction RM'000	Total operation RM'000	
31 December 2008												
Revenue												
External sales												
Aeronautical	_	652,498	_	_	_	_	_	_	652,498	_	652,498	
Non-aeronautical	l:											
Retail	304,904	_	_	_	_	_	_	_	304,904	_	304,904	
Others	_	321,751	67,350	61,709	78,116	26,761	_	_	555,687	2,536	558,223	
Inter-segment sales	1,099	80,389	5,398	2,460	_	91,107	10,810	(191,263)	_	_	_	
Inter-segment												
dividends	-	-	-	_	_	_	103,946	(103,946)	_	_	-	
Total revenue	306,003	1,054,638	72,748	64,169	78,116	117,868	114,756	(295,209)	1,513,089	2,536	1,515,625	

				Con	ntinuing opera	ations —				Discontinued	
	Airport o	perations			Non-airpor	t operations				operation	
	Duty free and non-dutiable good RM'000	Airport services RM'000	Agriculture and horticulture RM'000	Hotel RM'000	Event management RM'000	Project and repair maintenance RM'000	Others RM'000	Eliminations RM'000	Total RM'000	Auction RM'000	Total operation RM'000
31 December 2008 (Cont'd.)											
Results											
Segment results/ profit from operations Finance costs Share of profit of	36,383 —	345,235 —	30,869 —	2,934 —	5,285 —	14,642 (5)	94,743 (277)	(99,760) —	430,331 (282)	(3,162) —	427,169 (282)
associates	_	3,339	_	_	_	_	(951)	_	2,388	_	2,388
Profit/(loss) before tax Income tax expense	36,383 (10,250)	348,574 (97,759)	30,869 (8,382)	2,934 (591)	5,285 (155)	14,637	93,515 (30,532)	(99,760) 28,116	432,437	(3,162)	429,275 (123,454)
Profit/(loss) for the year	26,133	250,815	22,487	2,343	5,130	10,783	62,983	(71,644)	309,030	(3,209)	305,821
A t-											
Assets Segment assets Investment in	114,630	6,604,497	76,817	130,000	152,808	114,215	4,892,428	(7,150,077)	4,935,318	4,306	4,939,624
associates	_	10,463	-	_	_	_	25,287	16,913	52,663	_	52,663
Total assets	114,630	6,614,960	76,817	130,000	152,808	114,215	4,917,715	(7,133,164)	4,987,981	4,306	4,992,287
Liabilities Segment liabilities representing total liabilities	39,820	4,333,446	33,902	28,170	158,691	54,374	2,448,324	(5,289,718)	1,807,009	2,657	1,809,666

#### NOTES TO THE FINANCIAL STATEMENTS

		Continuing operations									
	Airport or	perations			- Non-airpo	rt operations –					
	Duty free and non-dutiable good RM'000	Airport services RM'000	Agriculture and horticulture RM'000	Hotel RM'000	Event management RM'000	Project and repair maintenance RM'000	Others RM'000	Eliminations RM'000	Total RM'000	Auction RM'000	Total operation RM'000
31 December 2008 (Cont'd.) Other segment information Capital											
expenditure	2,324	142,884	4,350	7,270	1,144	547	123,747	_	282,267	-	282,267
Depreciation	1,158	101,360	524	13,790	2,108	870	2,082	_	121,892	255	122,147
Amortisation of prepaid land land lease payments	_	121	_	_	_	_	_	_	121	_	121
Amortisation of plantation development expenditure			2,873						2,873		2,873
Amortisation of	_	_	2,073	_	_	_	_	_	2,073	_	2,073
concession rights	_	32,155	_	_	_	_	_	_	32,155	_	32,155
Other significant non-cash items:											
Provision for/ (writeback of) employee											
benefits (Writeback of)/	11	3,709	17	(30)	11	190	591	_	4,499	(58)	4,441
provision for doubtful debts	-	(40,442)	_	(32)	169	2,309	5,021	(5,021)	(37,996)	-	(37,996)

		Continuing operations							Discontinued			
	Airport of	perations			Non-airport	operations —					operation	
	Duty free and non-dutiable goods RM'000	Airport services RM'000	Agriculture and horticulture RM'000	Hotel r RM'000	Event nanagement r RM'000	Project and repair naintenance RM'000	Auction RM'000	Others RM'000	Eliminations RM'000	Total RM'000	Auction RM'000	Total operation RM'000
31 December 2007 Revenue												
External sales Aeronautical Non- aeronautical:	-	633,239	-	-	-	-	-	-	-	633,239	_	633,239
Retail Others	289,012 —	 248,505	— 48,884	— 54,078	— 73,622	— 32,643	_ _	_ _	_ _	289,012 457,732	_ 4,722	289,012 462,454
Inter-segment sales Inter-segment	1,019	97,537	4,052	2,140	770	87,748	-	6,849	(200,115)	-	-	-
dividends  Total revenue	290,031	979,281	52,936	56,218	74,392	120,391		830,137 836,986	(830,137) (1,030,252)	1,379,983	4,722	1,384,705
Results Segment results Finance costs	22,072	352,410	22,021	940	11,149	12,735 (15)	_	821,341 (3,266)	(838,053)	404,615 (3,281)	(1,246)	403,369 (3,281)
Share of profit of associates		3,556	_	_	_	_	_	(0,200) —	_	3,556	_	3,556
Profit/(loss) before tax Income tax	22,072	355,966	22,021	940	11,149	12,720	_	818,075	(838,053)	404,890	(1,246)	403,644
expense	(5,905)	(106,230)	(3,258)	(77)	(131)	(3,217)	_	(221,684)	226,149	(114,353)	1	(114,352)
Profit/(loss) for the year	16,167	249,736	18,763	863	11,018	9,503	-	596,391	(611,904)	290,537	(1,245)	289,292
Assets Segment assets	98,723	6,409,124	79,844	135,924	145,493	123,645	15,654	4,339,614	(6,918,509)	4,429,512	_	4,429,512
Investment in associates	_	25,438	_	_	_	_	_	_	_	25,438	_	25,438
Total assets	98,723	6,434,562	79,844	135,924	145,493	123,645	15,654	4,339,614	(6,918,509)	4,454,950	-	4,454,950

#### NOTES TO THE FINANCIAL STATEMENTS

			Continuing operations						Discontinued				
	Airport o	perations			Non-airport	operations –					operation		
	Duty free and non-dutiable goods RM'000	Airport services RM'000	Agriculture and horticulture RM'000	Hotel i	Event management r RM'000	Project and repair maintenance RM'000	Auction RM'000	Others RM'000	Eliminations RM'000	Total RM'000	Auction RM'000	Total operation RM'000	
31 December 2007 (Cont'd.)	,												
Liabilities Segment liabilitie representing total liabilities	s 35,046	4,350,524	59,416	36,437	156,505	59,994	15,203	1,781,270	(5,062,515)	1,431,880	-	1,431,880	
Other segment information Capital													
expenditure Depreciation	1,812 1,172	229,618 89,027	2,881 494	3,572 15,302	2,058 2,044	977 879	_	4,287 2,474	_ _	245,205 111,392	22 378	245,227 111,770	
Amortisation of prepaid land land lease payments Amortisation of plantation	-	121	-	-	-	-	-	_	-	121	_	121	
development expenditure Amortisation of	-	-	2,869	-	-	-	-	-	-	2,869	-	2,869	
concession rights Other significant non cash items	 S:	29,074	-	-	-	-	-	-	-	29,074	-	29,074	
Provision for employee benefits (Writeback of)/ provision for	95	3,732	43	4	35	245	-	412	_	4,566	43	4,609	
doubtful debts Writeback of	(233)	10,883	-	7	580	(8)	-	8	-	11,237	-	11,237	
provision for pension	_	(34,352)	_	_	_	_	_	_	-	(34,352)	-	(34,352)	





## **AIRPORTS OPERATED**

BY THE GROUP











307

Malaysia Airports Holdings Berhad

KL International Airport Langkawi

Pulau Pinang

Kota Kinabalu

#### **SARAWAK**

Kuching

## **Domestic**

#### PENINSULAR MALAYSIA

Alor Setar Kota Bharu Kuala Terengganu Ipoh

Kuantan

Subang Melaka

#### **SABAH**

Sandakan Labuan Tawau Lahad Datu

#### **SARAWAK**

Miri Bintulu Sibu Limbang Mulu

## **STOLports**

#### **PENINSULAR MALAYSIA**

Pulau Redang Pulau Pangkor Pulau Tioman

#### **SABAH**

Kudat Long Pasia Semporna

#### **SARAWAK**

Lawas
Marudi
Long Semado
Long Seridan
Long Lellang
Long Banga
Bario
Kapit
Mukah
Bakalalan
Long Akah

Belaga

# MAHB (MALAYSIA AIRPORTS HOLDINGS BHD) TRAFFIC 2008

PASSENGER MOVEMENTS		2008	2007	+/-
Terminal passengers	(international)	20,723,584	19,670,834	5.4%
Terminal passengers	(domestic)	26,158,770	24,878,600	5.1%
Transit passengers		565,522	636,525	-11.2%
Total passenger moveme	nts	47,447,876	45,185,959	5.0%

AIRCRAFT MOVEMENTS		2008	2007	+/-
Commercial aircraft	(international)	164,744	151,008	9.1%
Commercial aircraft	(domestic)	331,527	300,326	10.4%
Total commercial aircraft		496,271	451,334	10.0%
All other aircraft		215,303	252,629	-14.8%
Total aircraft movements		711,574	703,963	1.1%

CARGO MOVEMENTS (kg		2008	2007	+/-
Cargo movements	(international)	761,649,816	817,345,563	-6.8%
Cargo movements	(domestic)	155,679,351	161,295,413	-3.5%
Transit cargo		15,110,722	18,527,513	-18.4%
Total cargo movements		932,439,889	997,168,489	-6.5%

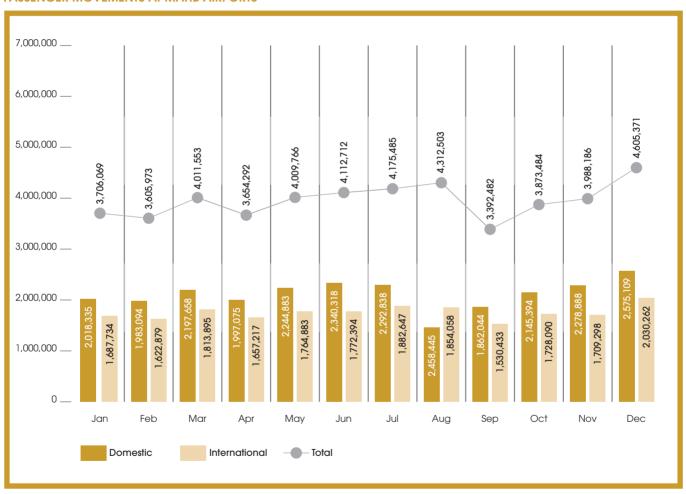
MAIL MOVEMENTS (kg		2008	2007	+/-
Mail movements	(international)	13,125,589	4,082,914	221.5%
Mail movements	(domestic)	12,971,450	13,470,683	-3.7%
Transit mail		994	1,141,077	-99.9%
Total mail movements		26,098,033	18,694,674	39.6%

2008

AIRPORTS		DOMESTIC		II	NTERNATIONA	.L		TOTAL			TRANSIT	
	Arrival	Departure	Total	Arrival	Departure	Total	2008*	2007*	% +/-	Domestic	Int'l	Total
KLIA	4,744,921	4,663,681	9,408,602	8,927,042	8,909,625	17,836,667	27,529,355	26,453,379	4.1%	_	284,086	284,086
Penang	989,611	946,965	1,936,576	732,173	736,318	1,468,491	3,405,762	3,173,117	7.3%	493	202	695
Kota Kinabalu	1,777,093	1,800,931	3,578,024	488,653	490,362	979,015	4,689,164	4,399,939	6.6%	91,982	40,143	132,125
Kuching	1,452,078	1,458,521	2,910,599	128,219	126,973	255,192	3,238,614	3,236,468	0.1%	67,094	5,729	72,823
Langkawi	537,012	559,655	1,096,667	50,106	49,632	99,738	1,196,956	1,122,911	6.6%	548	3	551
Kota Bharu	411,738	424,322	836,060	_	_	_	836,060	759,316	10.1%	_	_	0
lpoh	_	_	_	2,650	2,726	5,376	5,376	814	560.4%	_	_	0
Kuala Terengganu	239,113	243,396	482,509	1,065	2,832	3,897	487,495	430,800	13.2%	1,089	_	1,089
Alor Setar	152,556	155,008	307,564	_	_	_	307,564	291,006	5.7%	_	_	0
Melaka	21	17	38	12,648	11,065	23,713	23,751	27,209	-12.7%	_	_	0
Subang	145,471	146,527	291,998	8,173	7,576	15,749	307,747	95,583	222.0%	_	_	0
Kuantan	125,077	126,678	251,755	3,397	3,385	6,782	259,529	262,486	-1.1%	992	_	992
Tioman	15,359	16,197	31,556	8,286	8,925	17,211	48,767	46,260	5.4%	_	_	0
Pangkor	3,989	4,143	8,132	_	_	_	8,132	8,906	-8.7%	_	_	0
Redang	12,537	13,134	25,671	4,633	4,653	9,286	34,957	33,738	3.6%	_	_	0
Labuan	259,854	249,307	509,161	376	116	492	550,859	535,294	2.9%	41,158	48	41,206
Lahad Datu	49,884	50,099	99,983	_	_	_	99,983	77,024	29.8%	_	_	0
Sandakan	304,084	310,222	614,306	1,114	861	1,975	618,927	626, 192	-1.2%	2,646	_	2,646
Tawau	376,350	392,617	768,967	_	_	_	768,967	736,646	4.4%	_	_	0
Bintulu	203,733	196,974	400,707	_	_	_	417,918	381,158	9.6%	17,211	_	17,211
Miri	764,835	772,119	1,536,954	_	_	_	1,537,840	1,454,167	5.8%	886	_	886
Sibu	410,959	416,838	827,797	_	_	_	831,772	809,955	2.7%	3,975	_	3,975
Mulu	22,020	21,632	43,652	_	_	_	43,652	37,463	16.5%	_	_	0
Limbang	25,109	24,070	49,179	_	_	_	49,181	50,107	-1.8%	2	_	2
STOL Sabah	1,672	1,643	3,315	_	_	_	3,741	1,942	92.6%	426	_	426
STOL Sarawak	68,840	70,158	138,998	_	_	_	145,807	134,079	8.7%	6,809	_	6,809
Peninsular Malaysia	7,377,405	7,299,723	14,677,128	9,750,173	9,736,737	19,486,910	34,451,451	32,705,525	5.3%	3,122	284,291	287,413
Sabah	2,768,937	2,804,819	5,573,756	490,143	491,339	981,482	6,731,641	6,377,037	5.6%	136,212	40,191	176,403
Sarawak	2,947,574	2,960,312	5,907,886	128,219	126,973	255,192	6,264,784	6,103,397	2.6%	95,977	5,729	101,706
<b>Total 2008</b> Total 2007	<b>13,093,916</b> 12,395,357	<b>13,064,854</b> 12,483,243	<b>26,158,770</b> 24,878,600	<b>10,368,535</b> 9,917,749	<b>10,355,049</b> 9,753,085	<b>20,723,584</b> 19,670,834	<b>47,447,876</b> 45,185,959	45,185,959	5.0%	<b>235,311</b> 230,530	<b>330,211</b> 405,995	<b>565,522</b> 636,525
% change	5.6%	4.7%	5.1%	4.5%	6.2%	5.4%	5.0%			2.1%	-18.7%	-11.2%

<sup>\*</sup> Including transit passengers

#### PASSENGER MOVEMENTS AT MAHB AIRPORTS

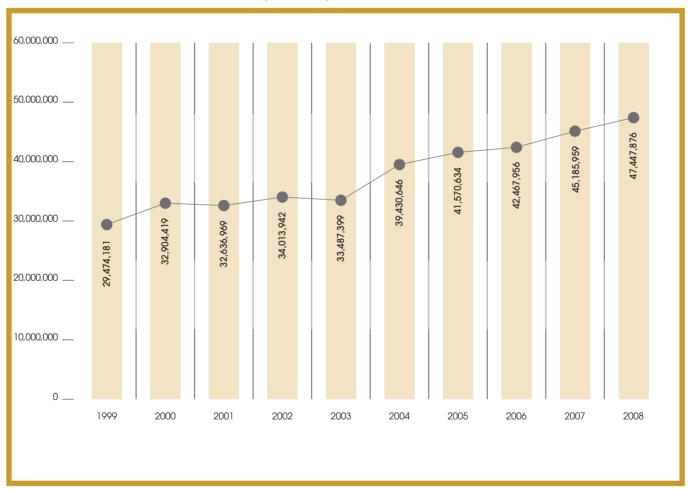


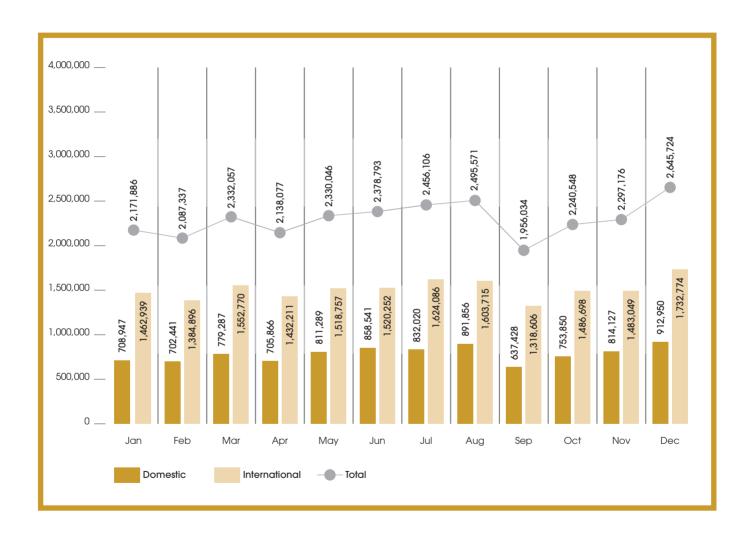
(1999-2008)

AIRPORTS	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	% +/-
KLIA	13,172,635	14,732,876	14,538,831	16,398,230	17,454,564	21,058,572	23,213,926	24,129,748	26,453,379	27,529,355	4.1%
Penang	2,510,318	2,740,505	2,558,999	2,508,693	2,334,669	2,987,993	2,834,545	3,103,772	3,173,117	3,405,762	7.3%
Kota Kinabalu	2,752,207	3,092,326	3,036,196	3,256,212	3,302,366	3,918,201	3,975,136	4,015,221	4,399,939	4,689,164	6.6%
Kuching	2,234,790	2,545,080	2,693,903	2,935,052	2,923,633	3,317,879	3,354,973	3,196,352	3,236,468	3,238,614	0.1%
Langkawi	802,151	958,066	829,498	712,988	726,817	845,276	830,334	934,024	1,122,911	1,196,956	6.6%
Johor Bahru	897,851	1,026,729	998,693	874,278	0	0	0	0	0	0	_
Kota Bharu	471,085	512,834	506,632	534,959	589,950	639,871	635,397	678,306	759,316	836,060	10.1%
lpoh	132,154	148,095	131,730	132,314	115,286	103,123	74,451	64,711	814	5,376	560.4%
Kuala Terengganu	297,271	343,186	355,063	309,202	394,240	435,620	419,475	398,252	430,800	487,495	13.2%
Alor Setar	273,933	311,224	306,514	287,465	353,778	346,502	323,669	292,549	291,006	307,564	5.7%
Melaka	15,053	13,917	9,171	7,438	31,108	46,692	27,683	18,509	27,209	23,751	-12.7%
Subang	1,999,302	2,100,727	1,955,688	1,130,169	72,491	90,593	83,602	83,502	95,583	307,747	222.0%
Kuantan	387,375	419,441	433,270	388,746	351,179	349,375	298,184	273,005	262,486	259,529	-1.1%
Tioman	75,425	74,762	83,358	64,067	56,900	57,957	54,054	57,559	46,260	48,767	5.4%
Pangkor	4,453	6,498	8,999	8,811	6,095	10,247	11,193	9,866	8,906	8,132	-8.7%
Redang	0	0	0	0	0	20,750	30,650	28,928	33,738	34,957	3.6%
Labuan	449,216	558,877	619,260	635,458	696,961	686,103	642,582	575,684	535,294	550,859	2.9%
Lahad Datu	88,632	102,492	104,270	108,151	107,914	117,584	116,973	108,697	77,024	99,983	29.8%
Sandakan	405,439	452,824	449,679	449,613	497,999	574,213	621,513	633,194	626,192	618,927	-1.2%
Tawau	442,503	464,784	472,301	495,462	551,168	620,847	680,901	660,331	736,646	768,967	4.4%
Bintulu	322,925	352,154	384,201	422,715	427,894	464,576	487,077	449,673	381,158	417,918	9.6%
Miri	892,008	1,049,561	1,159,832	1,292,004	1,377,312	1,509,684	1,594,855	1,559,379	1,454,167	1,537,840	5.8%
Sibu	620,830	657,375	725,449	759,704	817,687	903,108	920,930	898,923	809,955	831,772	2.7%
Mulu	26,940	31,016	36,601	44,371	41,280	54,767	52,914	48,825	37,463	43,652	16.5%
Limbang	59,674	71,526	76,642	77,821	83,459	96,209	105,652	89,814	50,107	49,181	-1.8%
STOL Sabah	7,076	6,809	6,850	6,896	6,945	7,099	6,009	5,933	1,942	3,741	92.6%
STOL Sarawak	132,935	130,735	155,339	173,123	165,704	167,805	173,956	153,199	134,079	145,807	8.7%
Peninsular Malaysia	21,039,006	23,388,860	22,716,446	23,357,360	22,487,077	26,992,571	28,837,163	30,072,731	32,705,525	34,451,451	5.3%
Sabah	4,145,073	4,678,112	4,688,556	4,951,792	5,163,353	5,924,047	6,043,114	5,999,060	6,377,037	6,731,641	5.6%
Sarawak	4,290,102	4,837,447	5,231,967	5,704,790	5,836,969	6,514,028	6,690,357	6,396,165	6,103,397	6,264,784	2.6%
Grand Total	29,474,181	32,904,419	32,636,969	34,013,942	33,487,399	39,430,646	41,570,634	42,467,956	45,185,959	47,447,876	5.0%
% change	5.0%	11.6%	-0.8%	4.2%	-1.5%	17.7%	5.4%	2.2%	6.4%	5.0%	

#### PASSENGER MOVEMENTS (1999-2008)

#### PASSENGER MOVEMENTS AT MAHB AIRPORTS (1999-2008)





#### Annual Report 2008

## **INTERNATIONAL** PASSENGER MOVEMENTS

#### BY SECTORS AT KL INTERNATIONAL AIRPORT

	Arri	val	Depo	ırture	Tot	al	
	2008	2007	2008	2007	2008	2007	%+/-
SOUTH EAST ASIA							
Banda Acheh	25,450	3,080	28,782	3,185	54,232	6,265	765.6%
Bandar Seri Begawan	89,862	84,264	89,435	87,792	179,297	172,056	4.2%
Bandung	79,015	44,302	86,814	48,321	165,829	92,623	79.0%
Bangkok	634,248	678,524	634,350	667,166	1,268,598	1,345,690	-5.7%
Cebu	5,383	8,307	4,950	8,141	10,333	16,448	-37.2%
Chiang Mai	50,189	44,404	50,513	44,426	100,702	88,830	13.4%
Clark Field	50,517	48,357	51,748	47,696	102,265	96,053	6.5%
Denpasar	284,415	242,938	264,650	228,856	549,065	471,794	16.4%
Hanoi	111,381	135,123	139,595	137,113	250,976	272,236	-7.8%
Hat Yai	0	0	0	1	0	1	_
Ho Chi Minh City	156,787	136,177	154,700	126,356	311,487	262,533	18.6%
Jakarta	550,493	537,481	568,620	568,848	1,119,113	1,106,329	1.2%
Krabi	31,044	6,476	29,973	6,434	61,017	12,910	372.6%
Manado	3,531	0	3,717	0	7,248	0	_
Manila	104,517	95,606	98,737	87,207	203,254	182,813	11.2%
Mataram	0	0	15,451	13,800	15,451	13,800	12.0%
Medan	171,538	173,470	176,688	174,651	348,226	348,121	0.03%
Padang	58,029	47,323	58,684	47,822	116,713	95,145	22.7%
Palembang	31,830	25,033	30,003	24,409	61,833	49,442	25.1%
Pekan Baru	17,295	7,759	17,120	7,805	34,415	15,564	121.1%
Phnom Penh	87,876	89,402	82,040	82,003	169,916	171,405	-0.9%
Phuket	155,111	148,585	149,330	143,865	304,441	292,450	4.1%
Siem Reap	45,802	39,859	42,416	40,655	88,218	80,514	9.6%
Singapore	968,129	860,448	937,726	838,660	1,905,855	1,699,108	12.2%
Solo City	50,099	56,567	56,248	61,397	106,347	117,964	-9.8%
Surabaya	218,322	194,280	208,315	205,477	426,637	399,757	6.7%
Ujung Padang	8,939	0	9,573	0	18,512	0	_
Utapao	2,937	0	2,293	0	5,230	0	_
Vientiane	18,008	1,688	17,874	1,779	35,882	3,467	935.0%
Yangon	58,071	57,347	35,812	35,505	93,883	92,852	1.1%
Yogyakarta	40,596	0	50,212	0	90,808	0	
Total	4,109,414	3,766,800	4,096,369	3,739,370	8,205,783	7,506,170	9.3%

Malaysia Airports Holdings Berhad

	Arri	val	Depo	ırture	To	tal	
	2008	2007	2008	2007	2008	2007	%+/-
NORTH EAST ASIA							
Beijing	101,226	120,284	102,255	120,639	203,481	240,923	-15.5%
Changsha	0	508	0	1,231	0	1,739	-
Chengdu	230	926	230	2,224	460	3,150	-85.4%
Chongqing	0	1,195	0	1,665	0	2,860	_
Fuzhou	17,117	25,324	17,382	23,691	34,499	49,015	-29.6%
Guangzhou	160,552	119,524	157,636	115,824	318,188	235,348	35.2%
Guilin	9,026	5,042	9,747	5,438	18,773	10,480	79.1%
Haikou	28,974	2,425	29,356	2,642	58,330	5,067	1051.2%
Hangzhou	48,069	654	53,879	654	101,948	1,308	7694.2%
Hong Kong	446,844	433,008	479,812	462,631	926,656	895,639	3.5%
Kaohsiung	14,359	19,001	13,938	19,227	28,297	38,228	-26.0%
Kunming	11,235	21,704	12,855	22,370	24,090	44,074	-45.3%
Macau	197,482	169,523	213,782	176,121	411,264	345,644	19.0%
Nagoya	335	23,609	792	23,985	1,127	47,594	-97.6%
Nanjing	0	854	0	596	0	1,450	_
Nanning	5,915	1,437	7,060	1,556	12,975	2,993	333.5%
Osaka	67,611	64,692	81,374	78,463	148,985	143,155	4.1%
Pyongyang	532	0	462	0	994	0	-
Qingdao	0	297	0	456	0	753	-
Seoul	132,766	125,367	132,356	126,341	265,122	251,708	5.3%
Shanghai Pu Dong	142,807	177,676	145,066	178,292	287,873	355,968	-19.1%
Shenyang	464	446	465	444	929	890	4.4%
Shenzhen	135,354	76,489	141,199	81,638	276,553	158,127	74.9%
Taipei	174,626	179,668	175,528	180,493	350,154	360,161	-2.8%
Tokyo	167,755	188,441	177,876	194,663	345,631	383,104	-9.8%
Wuhan	0	287	0	289	0	576	_
Xi An	0	890	0	1,154	0	2,044	_
Xiamen	38,486	53,044	37,574	51,863	76,060	104,907	-27.5%
Zhengzhou	306	392	297	196	603	588	2.6%
Total	1,902,071	1,812,707	1,990,921	1,874,786	3,892,992	3,687,493	5.6%

#### INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS AT KL INTERNATIONAL AIRPORT

	Arri	ival	Depo	ırture	To	tal	
	2008	2007	2008	2007	2008	2007	%+/-
SOUTHWEST PACIFIC							
Adelaide	45,005	47,458	46,696	49,088	91,701	96,546	-5.0%
Auckland	51,324	57,625	51,885	59,820	103,209	117,445	-12.1%
Avalon	3	0	0	0	3	0	_
Brisbane	49,493	52,971	40,955	57,028	90,448	109,999	-17.8%
Christmas Island	1,895	715	1,756	739	3,651	1,454	151.1%
Gold Coast	49,873	8,179	53,063	6,836	102,936	15,015	585.6%
Melbourne	179,038	178,463	179,042	183,983	358,080	362,446	-1.2%
Nadi	0	223	0	0	0	223	_
Perth	114,409	111,632	110,157	111,497	224,566	223,129	0.6%
Port Moresby	802	0	679	0	1,481	0	-
Sydney	157,489	187,198	165,280	185,885	322,769	373,083	-13.5%
Total	649,331	644,464	649,513	654,876	1,298,844	1,299,340	-0.04%
SOUTH ASIA							
Bangalore	38,178	38,382	40,446	38,833	78,624	77,215	1.8%
Chennai	212,684	215,225	202,785	198,353	415,469	413,578	0.5%
Chittagong	2,633	0	61	4	2,694	4	67,250.0%
Colombo	92,636	107,718	95,679	94,616	188,315	202,334	-6.9%
Delhi	111,609	122,248	101,261	103,681	212,870	225,929	-5.8%
Dhaka	203,956	296,231	127,006	113,492	330,962	409,723	-19.2%
Hyderabad	26,363	30,721	25,438	27,161	51,801	57,882	-10.5%
Islamabad	0	0	0	497	0	497	_
Karachi	42,767	33,861	33,022	29,692	75,789	63,553	19.3%
Kathmandu	48,235	27,524	37,714	23,209	85,949	50,733	69.4%
Lahore	0	0	0	243	0	243	_
Male	25,728	15,823	27,436	14,836	53,164	30,659	73.4%
Mumbai	81,098	94,353	75,099	86,397	156,197	180,750	-13.6%
Peshawar	0	0	3,358	477	3,358	477	604.0%
Thiruchilapally	4,131	0	5,454	0	9,585	0	_
Total	890,018	982,086	774,759	731,491	1,664,777	1,713,577	-2.8%

Malaysia Airports Holdings Berhad

	Arrival		Departure		Total		
	2008	2007	2008	2007	2008	2007	%+/-
CENTRAL ASIA							
Tashkent	15,940	13,282	14,438	12,545	30,378	25,827	17.6%
Total	15,940	13,282	14,438	12,545	30,378	25,827	17.6%
MIDDLE EAST							
Abu Dhabi	82,236	68,980	83,719	64,522	165,955	133,502	24.3%
Amman	0	0	0	89	0	89	_
Bahrain	52,835	33,571	52,904	37,456	105,739	71,027	48.9%
Beirut	10,266	12,489	10,720	12,503	20,986	24,992	-16.0%
Cairo	18,937	8,683	19,753	8,790	38,690	17,473	121.4%
Damascus	235	0	105	0	340	0	_
Dammam	9,669	2,992	1,848	916	11,517	3,908	194.7%
Doha	81,622	71,050	80,898	69,075	162,520	140,125	16.0%
Dubai	202,481	177,081	201,292	181,159	403,773	358,240	12.7%
Jeddah	89,881	78,891	91,416	86,973	181,297	165,864	9.3%
Kuwait	12,385	11,220	13,980	11,928	26,365	23,148	13.9%
Madinah	12,586	19,184	22,843	21,169	35,429	40,353	-12.2%
Muscat	0	3,553	0	1,762	0	5,315	_
Riyadh	32,445	31,116	17,571	20,242	50,016	51,358	-2.6%
Sanaa	7,594	6,364	6,982	5,942	14,576	12,306	18.4%
Tehran	50,876	36,471	49,350	36,003	100,226	72,474	38.3%
Total	664,048	561,645	653,381	558,529	1,317,429	1,120,174	17.6%

#### INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS AT KL INTERNATIONAL AIRPORT

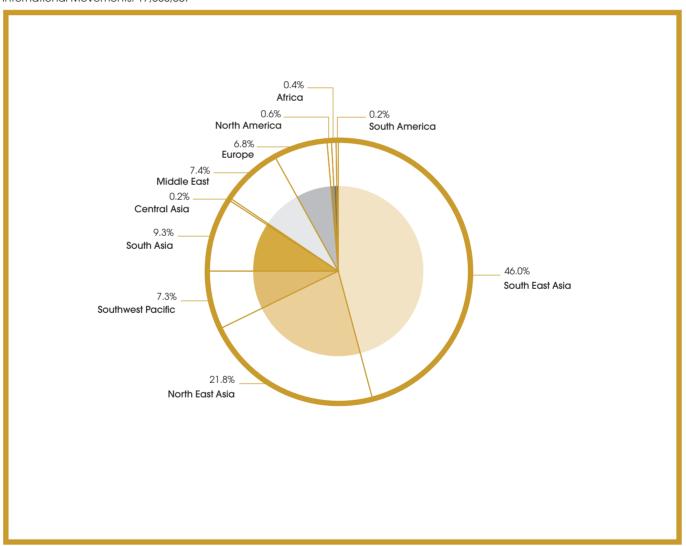
	Arrival		Departure		Total		
	2008	2007	2008	2007	2008	2007	%+/-
EUROPE							
Amsterdam	186,799	187,240	198,211	193,639	385,010	380,879	1.1%
Frankfurt	65,287	68,232	71,410	73,546	136,697	141,778	-3.6%
Istanbul	9,487	15,975	10,128	16,463	19,615	32,438	-39.5%
London	201,326	213,928	199,238	214,980	400,564	428,908	-6.6%
Manchester	0	104	0	104	0	208	_
Moscow	244	612	170	550	414	1,162	-64.4%
Paris	69,946	77,433	76,400	82,510	146,346	159,943	-8.5%
Rome	41,652	44,591	45,237	46,198	86,889	90,789	-4.3%
Stockholm	18,206	19,765	19,408	18,958	37,614	38,723	-2.9%
Vienna	0	6,137	23	6,825	23	12,962	-99.8%
Zurich	1,468	30,906	2,352	32,877	3,820	63,783	-94.0%
Total	594,415	664,923	622,577	686,650	1,216,992	1,351,573	-10.0%
NORTH AMERICA							
Los Angeles	40,103	56,428	42,163	60,765	82,266	117,193	-29.8%
New York	13,198	16,193	11,909	16,077	25,107	32,270	-22.2%
Total	53,301	72,621	54,072	76,842	107,373	149,463	-28.2%
SOUTH AMERICA							
Buenos Aires	13,774	15,616	14,723	17,426	28,497	33,042	-13.8%
Total	13,774	15,616	14,723	17,426	28,497	33,042	-13.8%
AFRICA							
Cape Town	6,128	9,595	10,110	11,521	16,238	21,116	-23.1%
Djibouti	149	0	109	0	258	0	_
Johannesburg	15,126	16,918	14,502	15,513	29,628	32,431	-8.6%
Mauritius	13,327	12,694	14,151	12,396	27,478	25,090	9.5%
Total	34,730	39,207	38,872	39,430	73,602	78,637	-6.4%
Grand Total	8,927,042	8,573,351	8,909,625	8,391,945	17,836,667	16,965,296	5.1%

319		

Malaysia Airports Holdings Berhad

#### KL INTERNATIONAL AIRPORT PASSENGER MOVEMENTS BY SECTORS 2008

International Movements: 17,836,667





#### AIRLINES WITH MORE THAN 1% INTERNATIONAL MARKET SHARE AT KLIA

Airlines	Passenger Movements	Market Share %
Malaysia Airlines	6,966,421	38.4
AirAsia	3,832,360	21.1
Singapore Airlines	929,043	5.1
Indonesia AirAsia	635,032	3.5
Cathay Pacific Airways	549,858	3.0
Thai Airways International	384,488	2.1
KLM Royal Dutch Airlines	377,493	2.1
Emirates	365,876	2.0
AirAsia X	256,936	1.4
Qatar Airways	246,273	1.4

#### 10 HIGHEST GROWTH INTERNATIONAL PERFORMANCE AT KLIA

Airlines	Passenger Movements	% change over 2007
AirAsia X	256,936	1611.2
Air India Express	111,615	539.7
Hong Kong Express	66,906	456.9
Indonesia AirAsia	635,032	181.3
Jetstar Airways	48,160	117.4
Egyptair	51,191	117.4
Transaero	2,086	60.3
Gulf Air	105,739	45.7
Thai AirAsia	208,651	39.0
AirAsia	3,832,360	35.9

#### DOMESTIC TRAFFIC AT KLIA

Airlines	Passenger Movements	% change over 2007
Malaysia Airlines	4,356,773	-7.2%
AirAsia	5,050,841	13.9%

Malaysia	A iroarta	Holdings	Porbad
321			

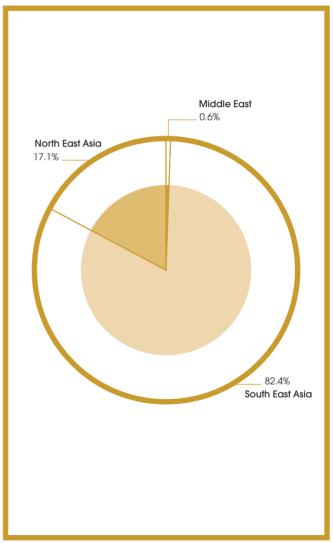
## LANGKAWI INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS 2008

International Movements: 99,741

# Europe 2.1% North East Asia 9.2% 88.7% South East Asia

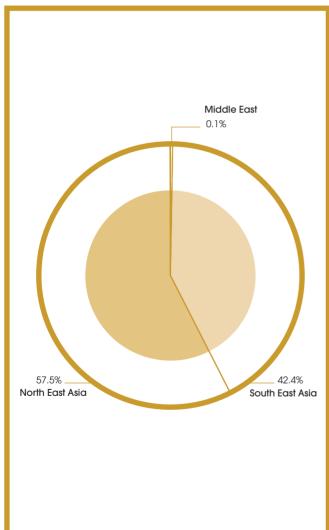
## PENANG INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS 2008

International Movements: 1,468,693



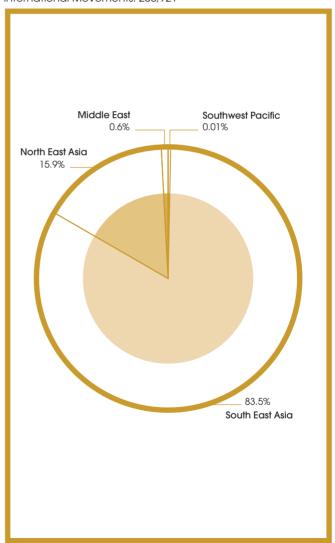
#### KOTA KINABALU INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS 2008

International Movements: 1,019,158



## KUCHING INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS 2008

International Movements: 260,921



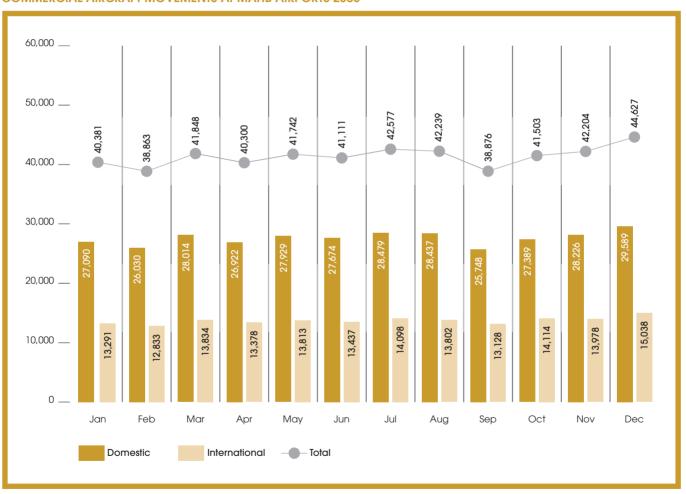
# **COMMERCIAL**AIRCRAFT MOVEMENTS

2008

AIRPORTS		DOMESTIC		I	NTERNATIONAL			TOTAL	
	Scheduled	Non- scheduled	Total	Scheduled	Non- scheduled	Total	2008	2007	% +/-
KLIA	80,653	134	80,787	127,525	1,369	128,894	209,681	192,304	9.0%
Penang	21,573	1	21,574	16,749	12	16,761	38,335	34,508	11.1%
Kota Kinabalu	38,755	2,635	41,390	11,065	8	11,073	52,463	49,881	5.2%
Kuching	29,575	3,031	32,606	3,344	137	3,481	36,087	34,192	5.5%
Langkawi	11,165	0	11,165	1,077	0	1,077	12,242	10,828	13.1%
Kota Bharu	8,895	5,188	14,083	0	0	0	14,083	13,074	7.7%
lpoh	0	0	0	183	0	183	183	12	1425.0%
Kuala Terengganu	6,027	0	6,027	0	11	11	6,038	4,533	33.2%
Alor Setar	2,934	0	2,934	0	0	0	2,934	2,668	10.0%
Melaka	0	0	0	700	0	700	700	714	-2.0%
Subang	10,388	0	10,388	1,060	0	1,060	11,448	7,234	58.3%
Kuantan	3,282	0	3,282	46	6	52	3,334	3,253	2.5%
Tioman	982	0	982	621	0	621	1,603	1,597	0.4%
Pangkor	503	0	503	0	0	0	503	517	-2.7%
Redang	765	0	765	318	0	318	1,083	1,053	2.8%
Labuan	7,842	2,952	10,794	340	78	418	11,212	10,127	10.7%
Lahad Datu	2,808	114	2,922	0	0	0	2,922	2,195	33.1%
Sandakan	6,973	1,967	8,940	38	13	51	8,991	7,719	16.5%
Tawau	7,082	219	7,301	0	33	33	7,334	6,863	6.9%
Bintulu	7,221	1,701	8,922	0	11	11	8,933	6,542	36.5%
Miri	27,164	8,014	35,178	0	0	0	35,178	33,022	6.5%
Sibu	13,181	1,126	14,307	0	0	0	14,307	11,765	21.6%
Mulu	1,642	0	1,642	0	0	0	1,642	1,638	0.2%
Limbang	1,860	0	1,860	0	0	0	1,860	2,300	-19.1%
STOL Sabah	459	0	459	0	0	0	459	338	35.8%
STOL Sarawak	12,716	0	12,716	0	0	0	12,716	12,457	2.1%
Peninsular Malaysia	147,167	5,323	152,490	148,279	1,398	149,677	302,167	272,295	11.0%
Sabah	63,919	7,887	71,806	11,443	132	11,575	83,381	77,123	8.1%
Sarawak	93,359	13,872	107,231	3,344	148	3,492	110,723	101,916	8.6%
<b>Total 2008</b> Total 2007	<b>304,445</b> 272,442	<b>27,082</b> 27,884	<b>331,527</b> 300,326	<b>163,066</b> 148,321	<b>1,678</b> 2,687	<b>164,744</b> 151,008	<b>496,271</b> 451,334	451,334	10.0%
% change	11.7%	-2.9%	10.4%	9.9%	-37.6%	9.1%	10.0%		

#### COMMERCIAL AIRCRAFT MOVEMENTS 2008

#### **COMMERCIAL AIRCRAFT MOVEMENTS AT MAHB AIRPORTS 2008**

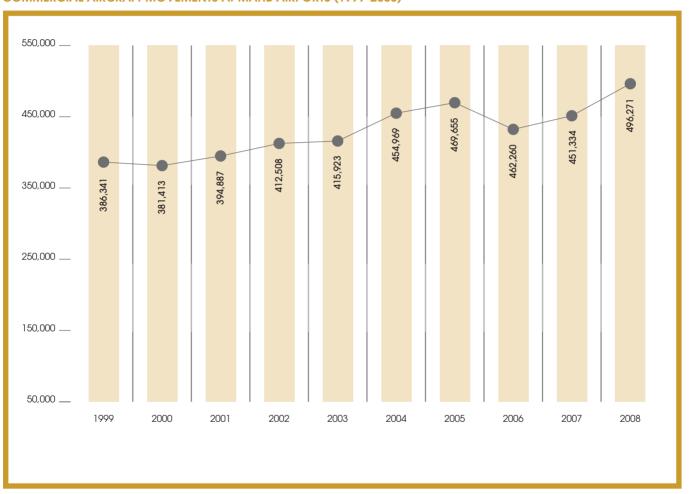


# COMMERCIAL AIRCRAFT MOVEMENTS

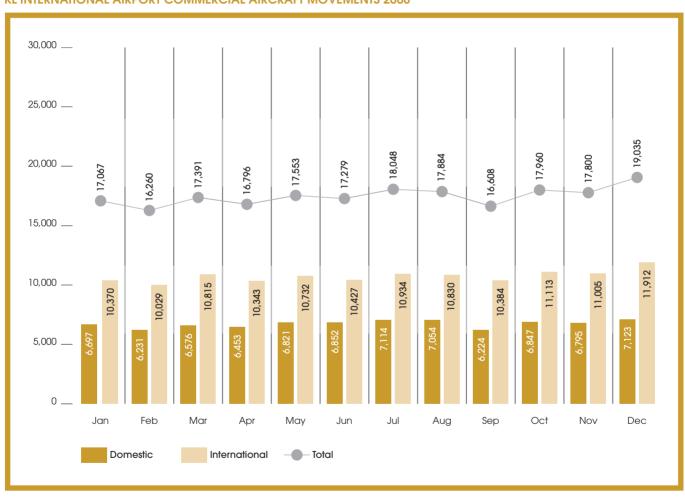
(1999-2008)

AIRPORTS	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	% +/-
KLIA	116,012	109,339	113,147	127,462	139,101	164,483	181,341	182,548	192,304	209,681	9.0%
Penang	27,470	27,672	28,866	28,861	26,516	29,182	31,173	31,448	34,508	38,335	11.1%
Kota Kinabalu	38,049	39,889	38,680	42,177	42,491	50,313	49,680	50,594	49,881	52,463	5.2%
Kuching	31,561	34,551	36,625	39,477	38,676	41,353	39,430	37,167	34,192	36,087	5.5%
Langkawi	8,306	8,947	9,448	7,910	7,168	7,352	8,021	8,287	10,828	12,242	13.1%
Johor Bahru	10,678	11,432	11,513	9,291	8,848	_	_	_	_	_	_
Kota Bharu	5,642	4,588	4,808	6,255	7,520	8,888	8,765	10,368	13,074	14,083	7.7%
lpoh	2,102	2,117	1,946	1,662	1,572	1,402	1,145	954	12	183	1425.0%
Kuala Terengganu	3,512	3,210	3,366	3,196	4,221	4,776	4,623	3,792	4,533	6,038	33.2%
Alor Setar	3,164	2,968	2,978	2,940	3,646	3,568	3,267	2,820	2,668	2,934	10.0%
Melaka	436	458	278	182	1,102	2,135	1,328	596	714	700	-2.0%
Subang	23,461	25,423	22,441	14,685	5,140	6,981	8,988	9,158	7,234	11,448	58.3%
Kuantan	4,590	3,782	4,046	3,764	3,743	3,748	3,500	2,748	3,253	3,334	2.5%
Tioman	3,440	2,000	2,708	2,357	2,173	1,885	1,668	1,836	1,597	1,603	0.4%
Pangkor	586	520	652	519	511	534	530	514	517	503	-2.7%
Redang	0	0	0	0	0	741	1,110	934	1,053	1,083	2.8%
Labuan	8,340	7,261	7,572	8,358	9,661	10,450	9,292	9,332	10,127	11,212	10.7%
Lahad Datu	2,322	2,556	2,694	2,886	2,882	2,948	3,010	3,203	2,195	2,922	33.1%
Sandakan	8,559	9,214	9,325	9,474	9,985	10,184	10,876	10,034	7,719	8,991	16.5%
Tawau	6,346	6,428	6,547	6,928	7,450	8,019	8,531	8,005	6,863	7,334	6.9%
Bintulu	10,043	11,642	12,646	14,111	13,288	13,240	13,146	11,388	6,542	8,933	36.5%
Miri	36,602	32,706	36,010	39,545	40,468	42,306	40,302	39,462	33,022	35,178	6.5%
Sibu	14,631	15,301	16,589	16,791	16,593	17,162	16,683	15,092	11,765	14,307	21.6%
Mulu	2,708	2,684	3,484	4,536	3,422	3,066	2,620	2,220	1,638	1,642	0.2%
Limbang	4,134	4,840	5,130	4,688	4,994	5,625	5,490	4,242	2,300	1,860	-19.1%
STOL Sabah	1,074	905	902	922	936	812	814	800	338	459	35.8%
STOL Sarawak	12,573	10,980	12,486	13,531	13,816	13,816	14,322	14,718	12,457	12,716	2.1%
Peninsular Malaysia	209,399	202,456	206,197	209,084	211,261	235,675	255,459	256,003	272,295	302,167	11.0%
Sabah	64,690	66,253	65,720	70,745	73,405	82,726	82,203	81,968	77,123	83,381	8.1%
Sarawak	112,252	112,704	122,970	132,679	131,257	136,568	131,993	124,289	101,916	110,723	8.6%
Grand Total	386,341	381,413	394,887	412,508	415,923	454,969	469,655	462,260	451,334	496,271	10.0%
% change	-6.5%	-1.3%	3.5%	4.5%	0.8%	9.4%	3.2%	-1.6%	-2.4%	10.0%	

#### **COMMERCIAL AIRCRAFT MOVEMENTS AT MAHB AIRPORTS (1999-2008)**



#### KL INTERNATIONAL AIRPORT COMMERCIAL AIRCRAFT MOVEMENTS 2008



Annual Report 2008

## **ALL AIRCRAFT MOVEMENTS**

(1999-2008)

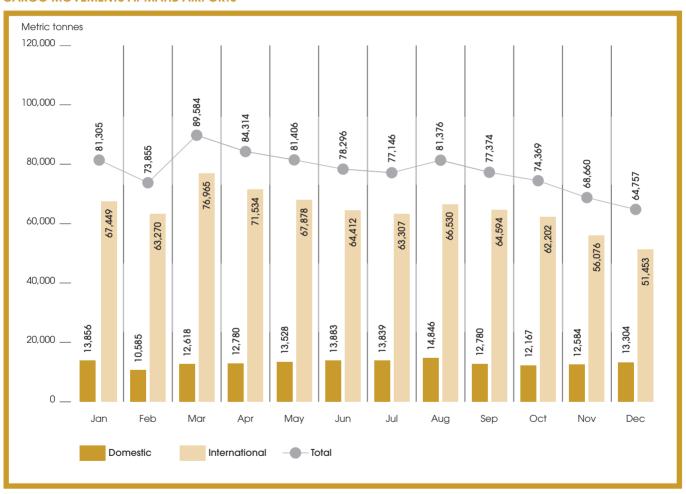
AIRPORTS	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	% +/-
KLIA	116,589	109,925	113,590	127,952	139,947	165,115	182,537	183,869	193,710	211,228	9.0%
Subang	27,753	38,129	35,691	28,170	19,616	22,757	29,668	36,626	44,302	46,989	6.1%
Penang	29,203	29,788	32,676	32,503	30,558	33,069	34,616	36,259	39,265	43,796	11.5%
Kota Kinabalu	40,634	41,411	40,157	44,528	44,748	52,352	51,824	52,055	52,047	54,317	4.4%
Kuching	34,868	37,203	39,815	42,975	42,138	45,340	43,253	40,292	37,348	39,188	4.9%
Langkawi	12,050	11,267	12,724	9,686	8,913	8,711	8,964	27,622	43,234	41,837	-3.2%
Johor Bahru	15,944	17,780	18,591	28,759	22,253	_	_	_	_	_	_
Kota Bharu	6,700	5,348	5,668	8,527	10,010	11,869	11,194	38,352	58,996	57,102	-3.2%
lpoh	5,721	5,096	6,330	8,562	8,505	7,075	26,657	30,626	32,462	2,183	-93.3%
Kuala Terengganu	3,876	3,668	3,880	4,159	5,508	5,834	5,622	3,792	8,781	10,045	14.4%
Alor Setar	43,560	29,846	36,592	24,539	18,318	14,784	17,632	18,495	20,277	17,705	-12.7%
Melaka	11,612	26,132	33,274	40,030	57,636	70,369	77,504	74,888	64,936	60,512	-6.8%
Kuantan	4,830	4,132	4,294	4,043	4,054	4,088	3,757	2,973	3,487	3,551	1.8%
Tioman	3,688	2,354	2,994	2,641	2,633	2,447	2,146	2,256	1,989	2,141	7.6%
Pangkor	1,113	837	898	764	657	698	752	541	589	545	-7.5%
Redang	0	0	0	0	0	741	1,121	934	1,053	1,083	2.8%
Labuan	8,550	7,585	7,750	8,871	9,896	10,668	9,510	9,554	10,349	11,328	9.5%
Lahad Datu	2,372	2,674	2,774	2,990	3,035	3,055	3,160	3,376	2,336	3,012	28.9%
Sandakan	9,309	10,395	10,257	10,569	10,588	10,823	11,662	10,776	8,410	9,622	14.4%
Tawau	7,113	7,669	7,787	8,148	8,368	8,900	9,814	9,215	7,992	8,546	6.9%
Bintulu	11,050	12,097	12,972	14,485	13,627	13,546	13,619	11,804	7,093	16,787	136.7%
Miri	39,760	36,250	39,580	42,714	43,460	45,269	42,865	42,680	35,502	38,172	7.5%
Sibu	16,096	15,743	16,995	17,113	16,885	17,650	17,330	15,638	12,536	14,672	17.0%
Mulu	2,708	2,684	3,484	4,654	3,524	3,122	2,642	2,220	1,660	1,664	0.2%
Limbang	4,134	4,840	5,130	4,688	5,046	5,691	5,568	4,366	2,552	2,112	-17.2%
STOL Sabah	1,074	905	902	922	938	812	814	800	338	459	35.8%
STOL Sarawak	12,573	10,980	12,486	13,531	13,305	13,838	14,394	14,854	12,719	12,978	2.0%
Peninsular Malaysia	282,639	284,302	307,202	320,335	328,608	347,557	402,170	457,233	513,081	498,717	-2.8%
Sabah	69,052	70,639	69,627	76,028	77,573	86,610	86,784	85,776	81,472	87,284	7.1%
Sarawak	121,189	119,797	130,462	140,160	137,985	144,456	139,671	131,854	109,410	125,573	14.8%
Total	472,880	474,738	507,291	536,523	544,166	578,623	628,625	674,863	703,963	711,574	1.1%
% change	0.4%	0.4%	6.9%	5.8%	1.4%	6.3%	8.6%	7.4%	4.3%	1.1%	

2008

AIRPORTS		DOMESTIC			NTERNATIONA	\L		TOTAL			TRANSIT	
(kg)	Arrival	Departure	Total	Arrival	Departure	Total	2008*	2007*	% +/-	Domestic	Int'l	Total
KLIA	17,736,055	39,317,040	57,053,095	279,258,100	312,765,660	592,023,760	649,076,855	644,100,472	0.8%	0	0	0
Penang	18,505,083	6,747,009	25,252,092	61,332,868	92,336,035	153,668,903	192,936,282	208,581,847	-7.5%	0	14,015,288	14,015,288
Kota Kinabalu	17,897,381	11,693,533	29,590,914	2,024,099	2,917,315	4,941,414	34,532,328	35,638,466	-3.1%	0	0	-
Kuching	11,884,839	5,956,755	17,841,594	531,524	490,056	1,021,580	19,165,542	23,817,896	-19.5%	298,257	4,111	302,368
Langkawi	397,130	39,969	437,099	151,455	534	151,989	589,088	524,318	12.4%	0	0	-
Kota Bharu	122,421	58,906	181,327	_	_	_	181,327	163,433	10.9%	0	0	-
lpoh	_	_	_	_	_	_	0	9,842	-100.0%	0	0	-
Kuala Terengganu	18,384	5,458	23,842	_	_	_	23,842	47,127	-49.4%	0	0	-
Alor Setar	8,976	32,217	41,193	_	_	_	41,193	54,921	-25.0%	0	0	-
Melaka	_	_	_	85,783	92,835	178,618	178,618	219,348	-18.6%	0	0	-
Subang	2,611,628	7,624,077	10,235,705	4,326,112	3,910,994	8,237,106	18,472,811	63,381,746	-70.9%	0	0	-
Kuantan	66,620	3,459	70,079	_	_	_	70,079	102,586	-31.7%	0	0	-
Tioman	_	_	_	_	_	_	0	_	_	0	0	-
Pangkor	_	_	_	_	_	_	0	_	_	0	0	-
Labuan	1,909,870	444,268	2,354,138	977,837	448,610	1,426,447	4,566,226	3,984,716	14.6%	785,641	0	785,641
Lahad Datu	_	_	_	_	_	_	0	_	_	0	0	-
Sandakan	1,151,520	1,903,069	3,054,589	_	_	_	3,054,589	6,224,488	-50.9%	0	0	-
Tawau	342,430	919,767	1,262,197	_	_	_	1,262,197	2,133,629	-40.8%	0	0	-
Bintulu	1,311,779	666,355	1,978,134	_	_	_	1,978,424	2,251,766	-12.1%	290	0	290
Miri	1,786,538	2,359,866	4,146,405	_	_	_	4,146,405	3,564,114	16.3%	0	0	-
Sibu	599,532	135,848	735,380	_	_	_	735,380	891,762	-17.5%	0	0	-
Mulu	260,442	1,719	262,161	_	_	_	262,161	190,733	37.4%	0	0	-
Limbang	160,975	313,538	474,513	-	_	_	474,513	439,828	7.9%	0	0	-
STOL Sabah	_	_	_	_	_	_	0	405	-100.0%	0	0	-
STOL Sarawak	359,147	325,747	684,894	_	_	_	692,029	845,046	-18.1%	7,135	0	7,135
Peninsular Malaysia	39,466,297	53,828,134	93,294,432	345,154,318	409,106,058	754,260,375	861,570,095	917,185,640	-6.1%	_	14,015,288	14,015,288
Sabah	21,301,201	14,960,637	36,261,838	3,001,936	3,365,925	6,367,861	43,415,340	47,981,704	-9.5%	785,641	_	785,641
Sarawak	16,363,252	9,759,829	26,123,081	531,524	490,056	1,021,580	27,454,454	32,001,145	-14.2%	305,682	4,111	309,793
Total 2008	77,130,751	78,548,600	155,679,351	348,687,778	412,962,038	761,649,816	932,439,889	997,168,489	-6.5%	1,091,323	14,019,399	15,110,722
Total 2007	79,875,797	81,419,616	161,295,413	369,074,301	448,271,262	817,345,563	997,168,489			1,581,410	16,946,103	18,527,513
% change	-3.4%	-3.5%	-3.5%	-5.5%	-7.9%	-6.8%	-6.5%			-31.0%	-17.3%	-18.4%

<sup>\*</sup> Including transit cargo

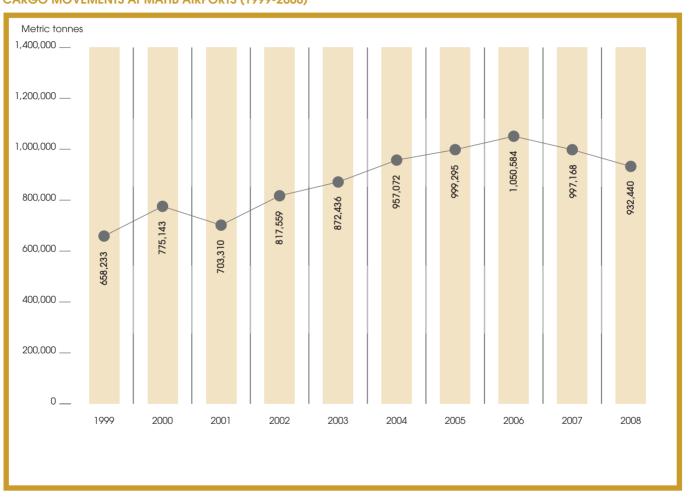
#### **CARGO MOVEMENTS AT MAHB AIRPORTS**

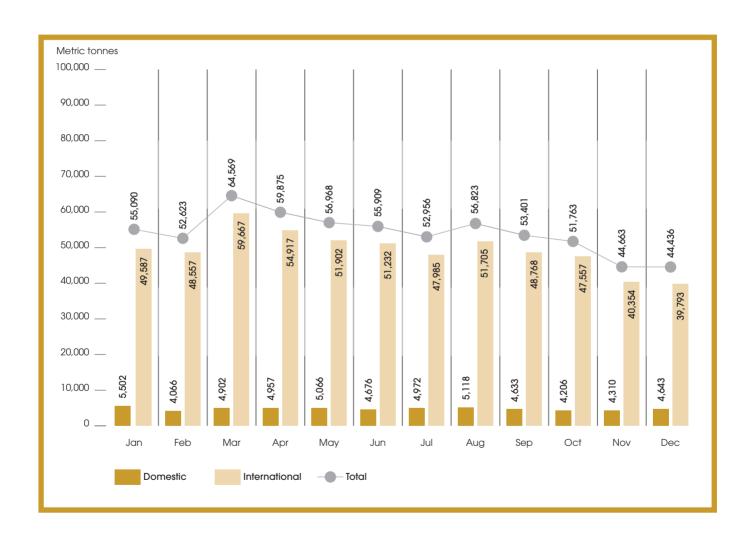


(1999-2008)

AIRPORTS	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	% +/-
(metric tonnes)											
KLIA	417,068	510,594	440,864	527,124	586,195	651,747	653,654	672,888	644,100	649,077	0.8%
Penang	158,654	171,787	176,317	202,044	197,567	212,369	221,971	225,952	208,582	192,936	-7.5%
Kota Kinabalu	27,087	27,347	24,887	28,112	25,638	27,191	25,473	28,356	35,638	34,532	-3.1%
Kuching	22,055	24,200	22,897	24,835	26,278	26,073	28,407	29,716	23,818	19,166	-19.5%
Langkawi	244	403	213	210	287	325	449	487	524	589	12.4%
Johor Bahru	2,072	6,014	4,157	3,849	3,697	_	_	_	_	_	_
Kota Bharu	317	343	407	404	315	235	168	210	163	181	10.9%
lpoh	371	359	361	388	498	735	437	357	10	0	_
Kuala Terengganu	146	160	186	151	160	124	94	70	47	24	-49.4%
Alor Setar	131	95	54	30	17	67	118	111	55	41	-25.0%
Melaka	83	86	48	49	214	602	370	146	219	179	-18.6%
Subang	14,069	15,893	14,445	12,261	14,358	18,670	46,082	71,953	63,382	18,473	-70.9%
Kuantan	110	109	121	96	64	64	75	109	103	70	-31.7%
Tioman	0	0	0	0	0	0	0	0	0	0	_
Pangkor	46	2	0	0	0	0	0	0	0	0	_
Labuan	1,745	2,597	2,946	3,176	2,733	2,653	3,077	3,207	3,985	4,566	14.6%
Lahad Datu	345	353	389	469	400	390	334	170	0	0	_
Sandakan	2,767	2,527	2,562	2,665	3,713	4,053	4,531	5,475	6,224	3,055	-50.9%
Tawau	3,216	3,781	3,935	3,612	2,701	2,968	3,885	3,030	2,134	1,262	-40.8%
Bintulu	978	1,167	1,196	1,176	940	1,375	2,110	2,205	2,252	1,978	-12.1%
Miri	3,837	4,200	4,096	3,903	3,881	4,721	5,392	4,080	3,564	4,146	16.3%
Sibu	1,745	1,874	2,006	1,916	1,701	1,567	1,377	1,040	892	735	-17.5%
Mulu	0	0	0	18	4	102	459	240	191	262	37.4%
Limbang	164	217	173	249	226	179	289	379	440	475	7.9%
STOL Sabah	5	34	3.66	4	2	2	1	1	0	0	_
STOL Sarawak	976	1,000	1,046	818	847	862	540	403	845	692	-18.1%
Peninsular Malaysia	593,311	705,846	637,173	746,607	803,372	884,937	923,419	972,283	917,186	861,570	-6.1%
Sabah	35,166	36,639	34,723	38,037	35,187	37,257	37,301	40,238	47,982	43,415	-9.5%
Sarawak	29,757	32,658	31,414	32,915	33,876	34,878	38,575	38,062	32,001	27,454	-14.2%
Grand Total	658,233	775,143	703,310	817,559	872,436	957,072	999,295	1,050,584	997,168	932,440	-6.5%
% change	23.7%	17.8%	-9.3%	16.2%	6.7%	9.7%	4.4%	5.1%	-5.1%	-6.5%	

#### **CARGO MOVEMENTS AT MAHB AIRPORTS (1999-2008)**





# INTERNATIONAL CARGO MOVEMENTS

#### BY SECTORS AT KL INTERNATIONAL AIRPORT

	Arri	val	Depo	rture	To	tal	
(kg)	2008	2007	2008	2007	2008	2007	%+/-
SOUTH EAST ASIA							
Bandar Seri Begawan	86,068	93,171	1,275,942	1,248,781	1,362,010	1,341,952	1.5%
Bangkok	11,405,431	10,357,735	12,774,146	14,284,636	24,179,577	24,642,371	-1.9%
Cebu	112,692	144,418	152,650	193,485	265,342	337,903	-21.5%
Clark Field	424,244	1,853,238	1,169,702	2,108,087	1,593,946	3,961,325	-59.8%
Denpasar Bali	1,315,335	750,773	452,025	133,575	1,767,360	884,348	99.8%
Hanoi	573,247	461,287	802,795	792,414	1,376,042	1,253,701	9.8%
Ho Chi Minh City	2,191,481	1,828,537	2,398,245	2,085,160	4,589,726	3,913,697	17.3%
Jakarta	9,831,968	8,787,337	11,373,699	8,137,144	21,205,667	16,924,481	25.3%
Manila	2,633,798	2,550,700	3,862,040	3,889,209	6,495,838	6,439,909	0.9%
Mataram	0	0	6,923	5,492	6,923	5,492	26.1%
Medan	1,688,443	861,921	302,487	291,261	1,990,930	1,153,182	72.6%
Phnom Penh	873,433	681,183	743,695	498,189	1,617,128	1,179,372	37.1%
Phuket	106,564	32,931	27,692	11,589	134,256	44,520	201.6%
Siem Reap	2,684	1,002	14,344	117,322	17,028	118,324	-85.6%
Singapore	17,961,229	23,164,126	20,830,825	27,543,039	38,792,054	50,707,165	-23.5%
Subic Bay	8,818,709	8,048,924	2,575,544	2,819,754	11,394,253	10,868,678	4.8%
Surabaya	643,093	702,886	596,371	608,485	1,239,464	1,311,371	-5.5%
Utapao	22,054	0	1,804	0	23,858	0	_
Yangon	184,356	70,733	618,673	498,537	803,029	569,270	41.1%
Yogyakarta	67,741	0	8,520	0	76,261	0	-
Total	58,942,570	60,390,902	59,988,122	65,266,159	118,930,692	125,657,061	-5.4%

Malaysia Airports Holdings Berhad

	Arri	val	Depo	ırture	Tol	al	
(kg)	2008	2007	2008	2007	2008	2007	%+/-
NORTH EAST ASIA							
Beijing	2,983,136	3,964,260	3,424,506	3,057,559	6,407,642	7,021,819	-8.7%
Chengdu	93,776	0	69,710	0	163,486	0	_
Fuzhou	117,814	117,365	97,431	120,969	215,245	238,334	-9.7%
Guangzhou	5,308,133	6,429,036	2,378,242	1,481,846	7,686,375	7,910,882	-2.8%
Hangzhou	4,505		33,251	0	37,756	0	_
Hong Kong	28,217,483	28,516,376	25,746,426	23,254,836	53,963,909	51,771,212	4.2%
Kaoshiung	411,118	371,590	139,492	211,540	550,610	583,130	-5.6%
Kunming	1,004,403	694,031	410,912	257,552	1,415,315	951,583	48.7%
Macau	146,557	0	53,214	103,095	199,771	103,095	93.8%
Nagoya	3,821	1,908,533	12,882	1,595,246	16,703	3,503,779	-99.5%
Nanning	77,924	7,210	1	0	77,925	7,210	980.8%
Osaka	3,913,084	4,688,222	5,703,807	4,890,090	9,616,891	9,578,312	0.4%
Seoul	21,872,922	18,993,068	15,326,375	17,213,045	37,199,297	36,206,113	2.7%
Shanghai Pu Dong	20,727,062	25,511,390	14,117,300	14,585,605	34,844,362	40,096,995	-13.1%
Shenzhen	718,758	697,647	220,664	405,024	939,422	1,102,671	-14.8%
Taipei	19,753,604	19,488,404	18,385,540	18,166,920	38,139,144	37,655,324	1.3%
Tokyo	10,287,657	9,992,646	14,076,586	14,546,235	24,364,243	24,538,881	-0.7%
Xiamen	1,796,932	2,285,495	1,419,873	1,741,321	3,216,805	4,026,816	-20.1%
Total	117,438,689	123,665,273	101,616,212	101,630,883	219,054,901	225,296,156	-2.8%
SOUTHWEST PACIFIC							
Adelaide	1,275,538	706,153	2,016,329	1,996,557	3,291,867	2,702,710	21.8%
Auckland	2,040,877	1,148,775	2,609,279	2,748,644	4,650,156	3,897,419	19.3%
Avalon	375,493	0	208,614	94,796	584,107	94,796	516.2%
Brisbane	1,575,986	2,800,109	1,262,649	1,478,250	2,838,635	4,278,359	-33.7%
Christmas Island	0	0	42,602	0	42,602	0	_
Darwin	0	112,785	0	0	0	112,785	_
Gold Coast	18,855	0	192,045	90,604	210,900	90,604	132.8%
Melbourne	8,099,497	7,610,284	12,137,587	14,334,728	20,237,084	21,945,012	-7.8%
Perth	1,546,328	1,367,928	4,261,224	4,395,766	5,807,552	5,763,694	0.8%
Port Moresby	1,222	0	6,295	0	7,517	0	_
Sydney	3,788,573	4,562,109	15,796,901	22,066,312	19,585,474	26,628,421	-26.4%
Total	18,722,369	18,308,143	38,533,525	47,205,657	57,255,894	65,513,800	-12.6%

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#### INTERNATIONAL CARGO MOVEMENTS BY SECTORS AT KL INTERNATIONAL AIRPORT

	Arri	val	Depa	rture	Tol	al	
(kg)	2008	2007	2008	2007	2008	2007	%+/-
SOUTH ASIA							
Bangalore	1,255,121	867,030	2,580,494	2,108,462	3,835,615	2,975,492	28.9%
Chennai	5,697,138	3,671,852	6,799,837	5,142,598	12,496,975	8,814,450	41.8%
Colombo	2,137,543	2,174,002	2,310,361	2,427,803	4,447,904	4,601,805	-3.3%
Delhi	3,105,632	1,787,572	4,187,344	3,627,932	7,292,976	5,415,504	34.7%
Dhaka	6,731,492	4,043,315	6,638,208	6,022,719	13,369,700	10,066,034	32.8%
Hyderabad	872,742	550,047	820,468	984,036	1,693,210	1,534,083	10.4%
Karachi	1,724,007	1,690,108	1,889,056	2,025,170	3,613,063	3,715,278	-2.8%
Kathmandu	323,521	265,654	3,490	27,189	327,011	292,843	11.7%
Lahore	0	0	0	329	0	329	-
Male	696,420	506,647	1,678,758	2,018,627	2,375,178	2,525,274	-5.9%
Mumbai	3,353,927	2,194,474	3,074,120	3,310,506	6,428,047	5,504,980	16.8%
Peshawar	0	0	854	0	854	0	_
Total	25,897,543	17,750,701	29,982,990	27,695,371	55,880,533	45,446,072	23.0%
CENTRAL ASIA							
Tashkent	58,162	21,206	799,794	270,153	857,956	291,359	194.5%
Total	58,162	21,206	799,794	270,153	857,956	291,359	194.5%
WEST ASIA							
Abu Dhabi	433,768	417,627	3,165,523	2,841,727	3,599,291	3,259,354	10.4%
Bahrain	180,281	71,358	1,760,343	1,050,128	1,940,624	1,121,486	73.0%
Beirut	47,780	56,276	547,351	584,445	595,131	640,721	-7.1%
Cairo	83,388	0	158,852	80,417	242,240	80,417	201.2%
Damascus	0	994	0	0	0	994	-
Dammam	2,569	0	43,826	38,097	46,395	38,097	21.8%
Doha	981,200	484,832	2,243,023	1,329,659	3,224,223	1,814,491	77.7%
Dubai	2,274,694	2,196,438	10,035,850	9,126,755	12,310,544	11,323,193	8.7%
Jeddah	1,504,196	1,070,893	2,303,680	2,478,908	3,807,876	3,549,801	7.3%
Kuwait	53,941	67,270	610,844	530,212	664,785	597,482	11.3%
Madinah	988	18,735	26,171	108,960	27,159	127,695	-78.7%
Muscat	0	11,469	0	34,860	0	46,329	-
Riyadh	44,917	34,395	234,510	215,067	279,427	249,462	12.0%
Sanaa	19,950	36,531	168,710	166,732	188,660	203,263	-7.2%
Tehran	118,635	80,088	1,173,459	960,456	1,292,094	1,040,544	24.2%
Total	5,746,307	4,546,906	22,472,142	19,546,423	28,218,449	24,093,329	17.1%

Malaysia Airports Holdings Berhad

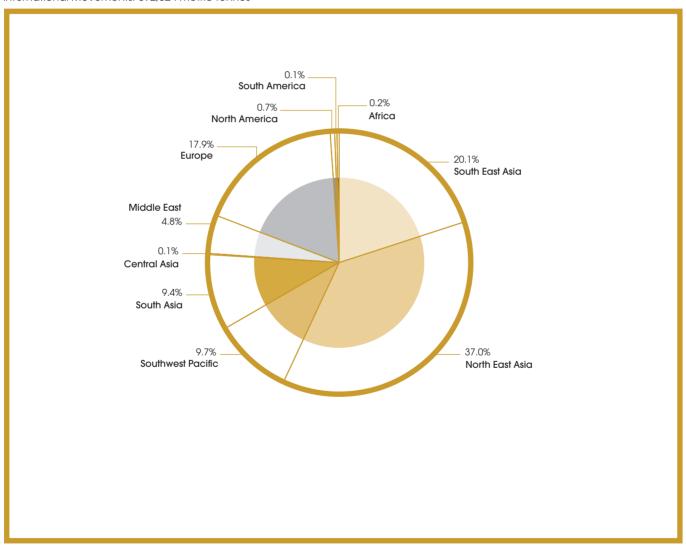
	Arri	val	Depo	ırture	Tol	tal	
(kg)	2008	2007	2008	2007	2008	2007	%+/-
EUROPE							
Amsterdam	13,368,053	12,907,156	20,484,433	16,669,788	33,852,486	29,576,944	14.5%
Basel	20,691	9,019	0	0	20,691	9,019	129.4%
Frankfurt	15,633,695	14,531,822	12,445,763	9,483,062	28,079,458	24,014,884	16.9%
Istanbul	1,489,415	1,032,402	1,132,998	1,051,227	2,622,413	2,083,629	25.9%
London	4,938,408	4,619,789	7,010,580	7,664,008	11,948,988	12,283,797	-2.7%
Luxembourg	2,347,734	2,852,504	6,189,101	5,146,268	8,536,835	7,998,772	6.7%
Milan	5,057,216	2,481,210	1,318,763	793,399	6,375,979	3,274,609	94.7%
Moscow	0	80,666	1,524	5,660	1,524	86,326	-98.2%
Paris	2,958,678	2,549,474	3,964,642	3,782,909	6,923,320	6,332,383	9.3%
Rome	3,123,607	2,340,303	2,019,928	1,367,539	5,143,535	3,707,842	38.7%
Stockholm	804,760	407,539	1,317,034	1,518,083	2,121,794	1,925,622	10.2%
Valencia	0	0	98,872	0	98,872	0	_
Vienna	0	27,677	0	557,795	0	585,472	_
Zurich	95,535	1,466,952	53,800	1,438,576	149,335	2,905,528	-94.9%
Total	49,837,792	45,306,513	56,037,438	49,478,314	105,875,230	94,784,827	11.7%
NORTH AMERICA							
Anchorage	0	0	33,129	0	33,129	0	_
Los Angeles	705,954	683,899	1,316,116	1,044,852	2,022,070	1,728,751	17.0%
New York	287,606	281,825	130,920	41,821	418,526	323,646	29.3%
Riverside March	1,045,081	0	442,772	0	1,487,853	0	_
Total	2,038,641	965,724	1,922,937	1,086,673	3,961,578	2,052,397	93.0%
SOUTH AMERICA							
Buenos Aires	236,679	201,089	407,111	461,429	643,790	662,518	-2.8%
Total	236,679	201,089	407,111	461,429	643,790	662,518	-2.8%
AFRICA							
Cape Town	115,327	171,759	286,958	258,220	402,285	429,979	-6.4%
Djibouti	0	0	1,800	0	1,800	0	_
Johannesburg	154,748	82,370	433,664	460,904	588,412	543,274	8.3%
Mauritius	69,273	58,171	282,967	254,884	352,240	313,055	12.5%
Total	339,348	312,300	1,005,389	974,008	1,344,737	1,286,308	4.5%
Grand Total	279,258,100	271,468,757	312,765,660	313,615,070	592,023,760	585,083,827	1.2%

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Annual	Pon	ort '	วกกะ	2		

#### INTERNATIONAL CARGO MOVEMENTS BY SECTORS AT KL INTERNATIONAL AIRPORT

#### KL INTERNATIONAL AIRPORT CARGO MOVEMENTS BY SECTORS 2008

International Movements: 592,024 metric tonnes



#### AIRLINES WITH MORE THAN 1% INTERNATIONAL MARKET SHARE AT KLIA

Airlines	Cargo Movements (MT)	Market Share %
Malaysia Airlines	367,083	62.0
Korean Air	29,875	5.0
Singapore Airlines	28,536	4.8
Cathay Pacific Airways	27,400	4.6
China Airlines	19,697	3.3
Thai Airways International	15,600	2.6
KLM-Royal Dutch Airlines	15,166	2.6
Japan Airlines International	12,184	2.1
FedEx	11,395	1.9
EVA Airways	9,258	1.6
Cargolux Airlines International	8,537	1.4

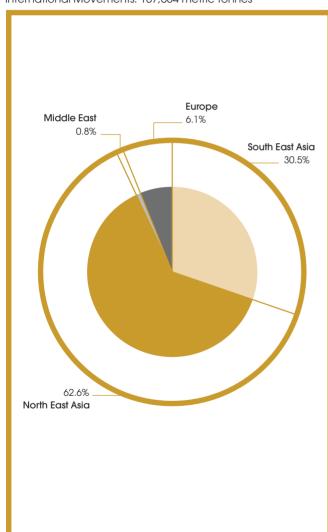
#### 10 HIGHEST GROWTH INTERNATIONAL PERFORMANCE\* AT KLIA

Airlines	Cargo Movements (MT)	% change over 2007
Jet Airways	2,054	168.0
Qatar Airways	3,468	84.5
Gulf Air	1,501	44.8
Jetstar Asia	1,211	38.0
Iran Air	1,279	22.9
Cathay Pacific Airways	27,400	16.8
China Airlines	19,700	8.7
Saudi Arabian Airlines	1,418	8.5
Emirates	7,642	8.0
Lufthansa German Airlines	3,553	7.3

<sup>\* 1,000</sup> metric tonnes (MT) and above

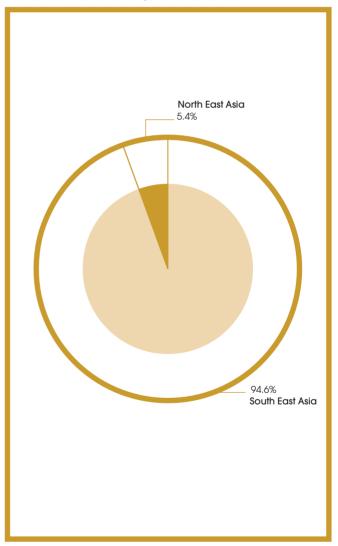
### PENANG INTERNATIONAL CARGO MOVEMENTS BY SECTORS 2008

International Movements: 167,684 metric tonnes



### KUCHING INTERNATIONAL CARGO MOVEMENTS BY SECTORS 2008

International Movements: 1,026 metric tonnes

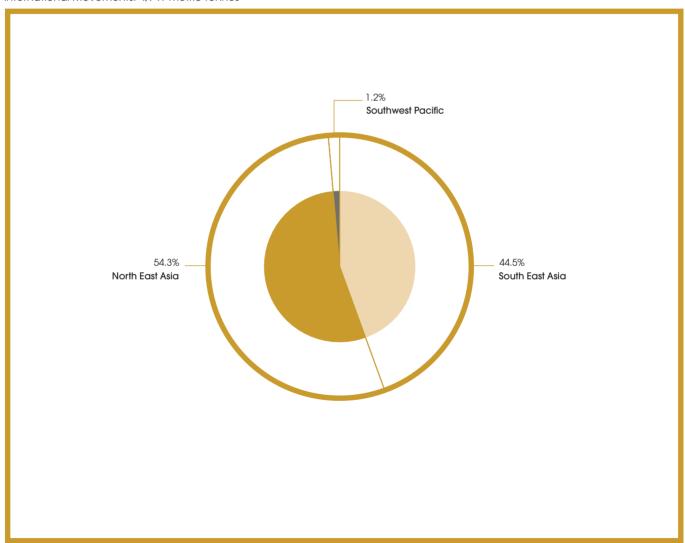


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Malaysia Airports Holdings Berhad

#### KOTA KINABALU INTERNATIONAL CARGO MOVEMENTS BY SECTORS 2008

International Movements: 4,941 metric tonnes



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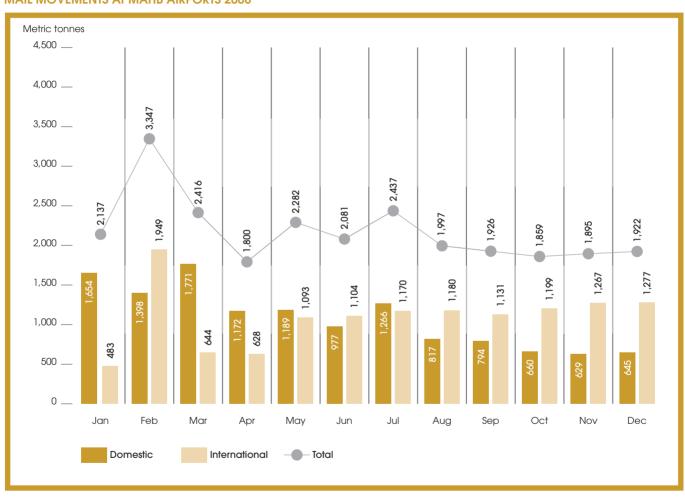
## MAIL MOVEMENTS

2008

AIRPORTS		DOMESTIC		II	NTERNATIONA	.L		TOTAL			TRANSIT	
(kg)	Arrival	Departure	Total	Arrival	Departure	Total	2008*	2007*	% +/-	Domestic	Int'l	Total
KLIA	1,439,599	3,882,423	5,322,022	7,752,924	5,342,894	13,095,818	18,417,840	8,794,238	109.4%	0	0	0
Penang	4	3	7	111	279	390	397	1,403	-71.7%	0	0	0
Kota Kinabalu	2,045,928	1,085,508	3,131,436	12,329	4,855	17,184	3,148,620	4,044,470	-22.1%	0	0	-
Kuching	299,563	686,047	985,610	3,634	8,327	11,961	998,565	3,136,968	-68.2%	994	0	994
Langkawi	55,255	27,012	82,267	236	_	236	82,503	58,320	41.5%	0	0	0
Kota Bharu	139,851	96,549	236,400	_	_	_	236,400	174,675	35.3%	0	0	0
lpoh	_	_	_	_	_	_	0	_	_	0	0	0
Kuala Terengganu	3,500	4,632	8,132	_	_	_	8,132	3,868	110.2%	0	0	0
Alor Setar	877	861	1,738	_	_	_	1,738	_	_	0	0	0
Melaka	_	_	_	_	_	_	0	_	_	0	0	0
Subang	_	_	_	_	_	_	0	_	_	0	0	0
Kuantan	1	_	1	_	_	_	1	26	_	0	0	0
Tioman	_	_	_	_	_	_	0	_	_	0	0	0
Pangkor	_	_	_	_	_	_	0	_	_	0	0	0
Labuan	316,169	82,405	398,574	_	_	_	398,574	334,110	19.3%	0	0	0
Lahad Datu	170,951	22,150	193,101	_	_	_	193,101	156,664	23.3%	0	0	0
Sandakan	179,359	53,724	233,083	_	_	_	233,083	9,283	2410.9%	0	0	0
Tawau	240,784	39,873	280,657	_	_	_	280,657	27,142	934.0%	0	0	0
Bintulu	277,381	61,564	338,945	_	_	_	338,945	82,962	308.6%	0	0	0
Miri	1,210,095	454,909	1,665,004	_	_	_	1,665,004	1,805,893	-7.8%	0	0	0
Sibu	_	_	_	_	_	_	0	58,906	-100.0%	0	0	0
Mulu	_	_	_	_	_	_	0	_	_	0	0	0
Limbang	69,397	14,999	84,396	_	_	_	84,396	_	_	0	0	0
STOL Sabah	_		_	_	_	_	0	_	_	0	0	0
STOL Sarawak	6,626	3,451	10,077	_	_	_	10,077	5,746	75.4%	0	0	0
Peninsular Malaysia	1,639,087	4,011,480	5,650,567	7,753,271	5,343,173	13,096,444	18,747,011	9,032,530	107.5%	_	_	0
Sabah	2,953,191	1,283,660	4,236,851	12,329	4,855	17,184	4,254,035	4,571,669	-6.9%	_	_	0
Sarawak	1,863,062	1,220,970	3,084,032	3,634	8,327	11,961	3,096,987	5,090,475	-39.2%	994	_	994
Total 2008	6,455,340	6,516,110	12,971,450	7,769,234	5,356,355	13,125,589	26,098,033	18,694,674	39.6%	994	0	994
Total 2007	8,017,622	5,453,061	13,470,683	2,530,681	1,552,233	4,082,914	18,694,674			1,141,077	_	1,141,077
% change	-19.5%	19.5%	-3.7%	207.0%	245.1%	221.5%	39.6%			-99.9%	_	-99.9%

<sup>\*</sup> Including transit mail

#### **MAIL MOVEMENTS AT MAHB AIRPORTS 2008**



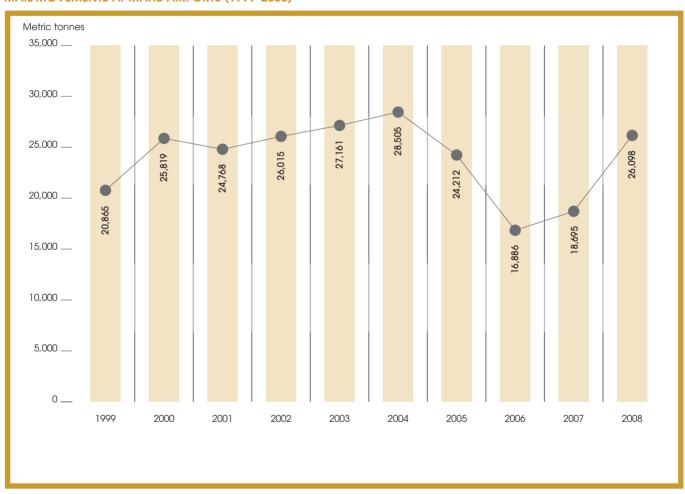
## MAIL MOVEMENTS

(1999-2008)

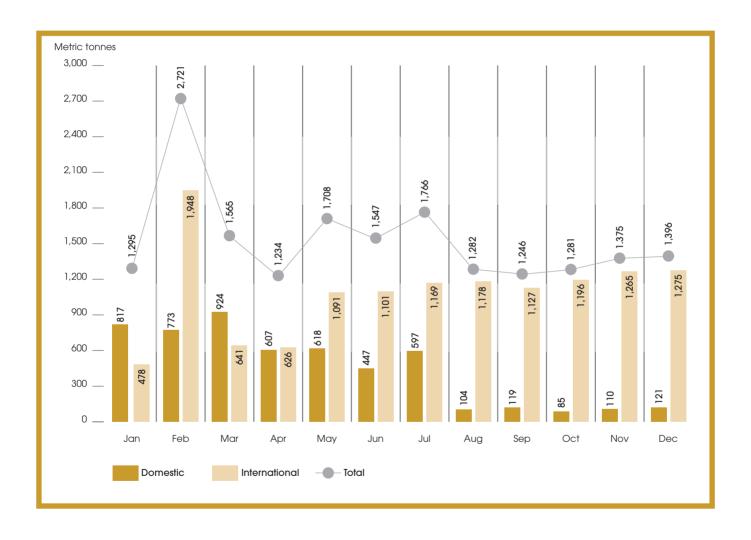
AIRPORTS	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	% +/-
KLIA	3,758	4,618	4,947	4,858	3,787	3,621	2,999	4,558	8,794	18,418	109.4%
Penang	54	63	32	1	992	1,563	9	2	1	0	-71.7%
Kota Kinabalu	4,210	4,795	3,019	5,214	5,737	5,940	5,032	3,787	4,044	3,149	-22.1%
Kuching	2,760	4,575	5,503	5,181	5,131	5,344	5,086	3,467	3,137	999	-68.2%
Langkawi	27	37	22	25	42	44	46	58	58	83	41.5%
Johor Bahru	0	4	0	0	0	0	0	0	0	0	_
Kota Bharu	206	237	285	287	305	384	226	171	175	236	35.3%
lpoh	0	13	0	0	0	0	0	0	0	0	_
Kuala Terengganu	109	119	112	136	164	174	132	10	4	8	110.2%
Alor Setar	1	1	0	0	0	0	0	0	0	2	_
Melaka	0	9	0	0	0	0	0	0	0	0	_
Subang	6,780	7,642	7,120	7,142	7,860	8,003	7,006	1,656	0	0	_
Kuantan	0	6	6	0	9	12	2	0	0	0	_
Tioman	0	0	0	0	0	0	0	0	0	0	_
Pangkor	0	0	0	0	0	0	0	0	0	0	_
Labuan	270	251	269	288	307	276	257	291	334	399	19.3%
Lahad Datu	152	224	199	201	155	165	154	212	157	193	23.3%
Sandakan	460	493	514	360	216	202	52	90	9	233	2410.9%
Tawau	417	510	606	510	453	431	264	102	27	281	934.0%
Bintulu	110	171	168	151	122	151	134	240	83	339	308.6%
Miri	1,001	1,287	1,441	1,118	1,283	1,255	1,633	1,439	1,806	1,665	-7.8%
Sibu	550	763	527	543	598	909	1,089	698	59	0	-100.0%
STOL Sabah	0	0	0	0	0	0.011	0.047	0.06	0	0	_
STOL Sarawak	0	0	0	0	0	32	90	106	6	94	1544.2%
Peninsular Malaysia	10,935	12,749	12,524	12,449	13,160	13,801	10,421	6,455	9,033	18,747	107.5%
Sabah	5,509	6,274	4,607	6,573	6,868	7,013	5,759	4,481	4,572	4,254	-6.9%
Sarawak	4,421	6,797	7,638	6,993	7,133	7,691	8,032	5,950	5,090	3,097	-39.2%
Grand Total	20,865	25,819	24,768	26,015	27,161	28,505	24,212	16,886	18,695	26,098	39.6%
% change	12.4%	23.7%	-4.1%	5.0%	4.4%	4.9%	-15.1%	-30.3%	10.7%	39.6%	

(Metric tonnes)

#### MAIL MOVEMENTS AT MAHB AIRPORTS (1999-2008)



# MAIL MOVEMENTS 2008



# INTERNATIONAL MAIL MOVEMENTS

#### BY SECTORS AT KL INTERNATIONAL AIRPORT

	Arri	ival	Depo	ırture	To	tal	
(kg)	2008	2007	2008	2007	2008	2007	%+/-
SOUTH EAST ASIA							
Singapore	708,418	415,114	78,121	83,353	786,539	498,467	57.8%
Bangkok	348,990	349,986	140,097	230,509	489,087	580,495	-15.7%
Manila	42	210	31,715	4,313	31,757	4,523	602.1%
Medan	2,880	2,009	32,462	25,544	35,342	27,553	28.3%
Jakarta	400,596	140,564	217,083	202,034	617,679	342,598	80.3%
Bandar Seri Begawan	5,187	4,204	69,757	61,299	74,944	65,503	14.4%
Ho Chi Minh City	2,847	350	17,197	6,086	20,044	6,436	211.4%
Phnom Penh	84	0	62,910	20,861	62,994	20,861	202.0%
Yangon	602	0	6,224	3,957	6,826	3,957	72.5%
Surabaya	0	122	0	0	0	122	_
Denpasar Bali	245	25	0	0	245	25	880.0%
Hanoi	16	0	1,386	1,639	1,402	1,639	-14.5%
Phuket	295	0	274	0	569	0	_
Clark Field	3,105,530	0	1,310,395	0	4,415,925	0	_
Utapao	2,296	0	0	0	2,296	0	_
Total	4,578,028	912,584	1,967,621	639,595	6,545,649	1,552,179	321.7%
NORTH EAST ASIA							
Hong Kong	443,851	560,717	196,531	198,240	640,382	758,957	-15.6%
Tokyo	289,389	245,265	162,830	57,780	452,219	303,045	49.2%
Taipei	426,508	241,666	44,470	73,358	470,978	315,024	49.5%
Seoul	211,687	105,750	34,165	6,630	245,852	112,380	118.8%
Guangzhou	242,886	49,481	56,821	33,817	299,707	83,298	259.8%
Beijing	27,646	0	58,537	4,208	86,183	4,208	1948.1%
Osaka	6,535	18	6,645	899	13,180	917	1337.3%
Shanghai Pu Dong	414	0	10,377	6,804	10,791	6,804	58.6%
Fuzhou	0	100	19	0	19	100	-81.0%
Kunming	0	0	1	0	1	0	_
Shenzhen	0	0	0	18	0	18	_
31 IEI IZI IEI I							
Kaohsiung	0	0	158	0	158	0	_
			158 1	0	158	0	

#### INTERNATIONAL MAIL MOVEMENTS BY SECTORS AT KL INTERNATIONAL AIRPORT

	Arri	val	Departure		То	tal	
(kg)	2008	2007	2008	2007	2008	2007	%+/-
SOUTHWEST PACIFIC							
Melbourne	0	0	582,170	33,381	582,170	33,381	1,644.0%
Perth	4,906	18	30,347	7,088	35,253	7,106	396.1%
Sydney	20,794	11,378	663,811	37,948	684,605	49,326	1,287.9%
Auckland	1,926	0	187,340	9,163	189,266	9,163	1,965.5%
Brisbane	0	0	3,082	33	3,082	33	9239.4%
Total	27,626	11,396	1,466,750	87,613	1,494,376	99,009	1409.3%
SOUTH ASIA							
Mumbai	1,630	1,343	16,101	1,541	17,731	2,884	514.8%
Karachi	60	164	966	4,395	1,026	4,559	-77.5%
Chennai	40,866	515	11,320	14,975	52,186	15,490	236.9%
Dhaka	6,400	5,981	6,599	3,980	12,999	9,961	30.5%
Colombo	13,270	3,583	34,836	4,186	48,106	7,769	519.2%
Delhi	1	409	14,058	4,236	14,059	4,645	202.7%
Male	0	0	3,023	2,396	3,023	2,396	26.2%
Total	62,227	11,995	86,903	35,709	149,130	47,704	212.6%
MIDDLE EAST							
MIDDLE EAST Jeddah	3,432	1,267	18,379	9,134	21,811	10,401	109.7%
	3,432 18,362	1,267 41,839	18,379 26,468	9,134 17,359	21,811 44,830	10,401 59,198	109.7% -24.3%
Jeddah							
Jeddah Dubai	18,362	41,839	26,468	17,359	44,830	59,198	-24.3%
Jeddah Dubai Tehran	18,362 4,702	41,839 7,331 0 2,326	26,468 367	17,359 2,820	44,830 5,069	59,198 10,151 0 2,470	-24.3%
Jeddah Dubai Tehran Cairo	18,362 4,702 4,461 2,937 1,794	41,839 7,331 0 2,326 5,097	26,468 367 0	17,359 2,820 0	44,830 5,069 4,461	59,198 10,151 0	-24.3% -50.1% —
Jeddah Dubai Tehran Cairo Kuwait	18,362 4,702 4,461 2,937	41,839 7,331 0 2,326 5,097 259	26,468 367 0 111	17,359 2,820 0 144	44,830 5,069 4,461 3,048	59,198 10,151 0 2,470	-24.3% -50.1% — 23.4%
Jeddah Dubai Tehran Cairo Kuwait Riyadh	18,362 4,702 4,461 2,937 1,794 683 0	41,839 7,331 0 2,326 5,097 259 115	26,468 367 0 111 24 0	17,359 2,820 0 144 10	44,830 5,069 4,461 3,048 1,818 683	59,198 10,151 0 2,470 5,107 285 116	-24.3% -50.1% — 23.4% -64.4% 139.6%
Jeddah Dubai Tehran Cairo Kuwait Riyadh Sanaa Muscat Bahrain	18,362 4,702 4,461 2,937 1,794 683 0 1,606	41,839 7,331 0 2,326 5,097 259 115 330	26,468 367 0 111 24 0 0 383	17,359 2,820 0 144 10 26 1	44,830 5,069 4,461 3,048 1,818 683 0 1,989	59,198 10,151 0 2,470 5,107 285 116 330	-24.3% -50.1% — 23.4% -64.4% 139.6% — 502.7%
Jeddah Dubai Tehran Cairo Kuwait Riyadh Sanaa Muscat Bahrain	18,362 4,702 4,461 2,937 1,794 683 0 1,606 20,596	41,839 7,331 0 2,326 5,097 259 115 330 5,313	26,468 367 0 111 24 0 0 383 117	17,359 2,820 0 144 10 26 1 0 33	44,830 5,069 4,461 3,048 1,818 683 0 1,989 20,713	59,198 10,151 0 2,470 5,107 285 116 330 5,346	-24.3% -50.1% — 23.4% -64.4% 139.6% — 502.7% 287.4%
Jeddah Dubai Tehran Cairo Kuwait Riyadh Sanaa Muscat Bahrain Doha Dammam	18,362 4,702 4,461 2,937 1,794 683 0 1,606 20,596	41,839 7,331 0 2,326 5,097 259 115 330 5,313	26,468 367 0 111 24 0 0 383 117	17,359 2,820 0 144 10 26 1 0 33	44,830 5,069 4,461 3,048 1,818 683 0 1,989 20,713	59,198 10,151 0 2,470 5,107 285 116 330 5,346	-24.3% -50.1% — 23.4% -64.4% 139.6% — 502.7%
Jeddah Dubai Tehran Cairo Kuwait Riyadh Sanaa Muscat Bahrain Doha Dammam Madinah	18,362 4,702 4,461 2,937 1,794 683 0 1,606 20,596 61	41,839 7,331 0 2,326 5,097 259 115 330 5,313 7	26,468 367 0 111 24 0 0 383 117 0	17,359 2,820 0 144 10 26 1 0 33 0	44,830 5,069 4,461 3,048 1,818 683 0 1,989 20,713 61	59,198 10,151 0 2,470 5,107 285 116 330 5,346 7 1,818	-24.3% -50.1% — 23.4% -64.4% 139.6% — 502.7% 287.4% 771.4%
Jeddah Dubai Tehran Cairo Kuwait Riyadh Sanaa Muscat Bahrain Doha Dammam Madinah Abu Dhabi	18,362 4,702 4,461 2,937 1,794 683 0 1,606 20,596 61 0	41,839 7,331 0 2,326 5,097 259 115 330 5,313 7 65	26,468 367 0 111 24 0 0 383 117 0	17,359 2,820 0 144 10 26 1 0 33 0 1,753	44,830 5,069 4,461 3,048 1,818 683 0 1,989 20,713 61 0 35	59,198 10,151 0 2,470 5,107 285 116 330 5,346 7 1,818	-24.3% -50.1% — 23.4% -64.4% 139.6% — 502.7% 287.4%
Jeddah Dubai Tehran Cairo Kuwait Riyadh Sanaa Muscat Bahrain Doha Dammam Madinah	18,362 4,702 4,461 2,937 1,794 683 0 1,606 20,596 61	41,839 7,331 0 2,326 5,097 259 115 330 5,313 7	26,468 367 0 111 24 0 0 383 117 0	17,359 2,820 0 144 10 26 1 0 33 0	44,830 5,069 4,461 3,048 1,818 683 0 1,989 20,713 61	59,198 10,151 0 2,470 5,107 285 116 330 5,346 7 1,818	-24.3% -50.1% — 23.4% -64.4% 139.6% — 502.7% 287.4% 771.4%

Malaysia Airports Holdings Berhad

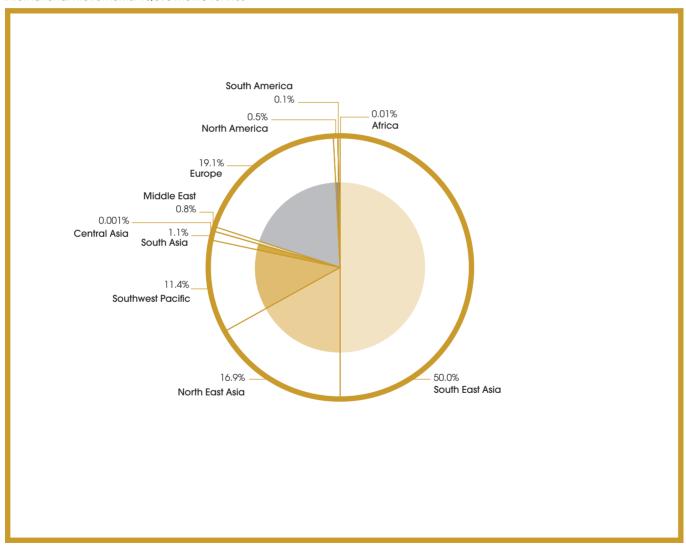
	Arr	ival	Depo	ırture	To	tal	
(kg)	2008	2007	2008	2007	2008	2007	%+/-
CENTRAL ASIA							
Tashkent	73	24	0	245	73	269	-72.9%
Total	73	24	0	245	73	269	-72.9%
EUROPE							
London	934,466	0	1,042,207	133,107	1,976,673	133,107	1,385.0%
Amsterdam	408,724	288,569	58,970	192,820	467,694	481,389	-2.8%
Frankfurt	14,584	13,536	16,666	9,724	31,250	23,260	34.4%
Paris	308	0	26,016	9,402	26,324	9,402	180.0%
Vienna	0	2,479	0	745	0	3,224	_
Zurich	0	0	780	4,135	780	4,135	-81.1%
Stockholm	0	0	24	0	24	0	_
Munich	0	0	0	0	0	0	_
Istanbul	0	0	242	60	242	60	303.3%
Rome	0	0	117	0	117	0	_
Total	1,358,082	304,584	1,145,022	349,993	2,503,104	654,577	282.4%
NORTH AMERICA							
Los Angeles	18,891	0	49,292	18,634	68,183	18,634	265.9%
New York	0	0	16	148	16	148	-89.2%
Total	18,891	0	49,308	18,782	68,199	18,782	263.1%
SOUTH AMERICA							
Buenos Aires	97	0	9,674	0	9,771	0	_
Total	97	0	9,674	0	9,771	0	_
AFRICA							
Cape Town	0	0	13	0	13	0	_
Johannesburg	6	0	1,086	632	1,092	632	72.8%
Mauritius	312	314	11	819	323	1,133	-71.5%
Total	318	314	1,110	1,451	1,428	1,765	-19.1%
Grand Total	7,752,924	2,507,854	5,342,894	1,546,422	13,095,818	4,054,276	223.0%

#### KL INTERNATIONAL AIRPORT

# MAIL MOVEMENTS 2008

#### KL INTERNATIONAL AIRPORT MAIL MOVEMENTS BY SECTORS

International Movements: 13,096 metric tonnes



## **MOVEMENTS AT** MAHB STOLports IN SABAH & SARAWAK 2008/2007

	Aircraft				Cargo & Mail	
STOLports	Movements	% Chg	Passengers	% Chg	(kg)	% Chg
Sarawak Region						
Bakalalan	324	-27.2%	4,032	-18.4%	0	_
Bario	1,718	0.7%	15,604	-1.2%	348,405	-35.0%
Lawas	3,438	-1.3%	45,728	5.2%	164,725	-5.1%
Long Banga	212	-5.4%	2,581	8.2%	0	_
Long Lellang	358	26.1%	2,406	24.5%	0	_
Long Akah	312	50.0%	1,647	33.5%	0	_
Long Seridan	214	-5.3%	1,684	3.2%	21,323	29.4%
Marudi	3,532	2.2%	43,250	3.8%	167,653	41.4%
Mukah	2,608	9.7%	28,875	38.1%	0	_
Belaga	_	_	_	_	_	_
Long Semado	_	_	_	_	_	_
Kapit	_	_	_	_	_	_
Total	12,716	2.1%	145,807	8.7%	702,106	-16.9%
Sabah Region						
Kudat	459	35.8%	3,741	92.6%	0	_
Long Pasia	_	_	_	_	_	_
Semporna	_	_	_	_	_	_
Total	459	35.8%	3,741	92.6%	0	_
Grand Total	13,175	3.0%	149,548	9.9%	702,106	-17.0%

### **AIRLINES OPERATING**

#### AT KL INTERNATIONAL AIRPORT 2008 (DECEMBER)

		Weekly flight			Weekly flight
		frequency			frequency
1	Air China	7	30	Jetstar Asia	19
2	Air India Express	7	31	KLM-Royal Dutch Airlines	7+2C
3	Air Mauritius	2	32	Korean Air	7+6C
4	Air Niugini	1	33	Kuwait Airways	2
5	AirAsia X	26	34	Lion Airlines	7
6	AirAsia	368 int/406 dom	35	Lufthansa German Airlines	4
7	Best Air	4	36	Malaysia Airlines	434int+28C/
8	Biman Bangladesh Airlines	7			428dom+5C
9	Cargolux Airlines International (cargo)	3C	37	Merpati Nusantara	7
10	Cathay Pacific Airways	21	38	Myanmar Airways International	5
11	Cebu Pacific Air	4	39	Pakistan International Airlines	2
12	China Airlines	7+3C	40	Qatar Airways	7
13	China Eastern Airlines	7	41	Royal Brunei Airlines	7
14	China Southern Airlines	7	42	Royal Nepal Airlines	4
15	Egyptair	4	43	Saudi Arabian Airlines	2
16	Emirates	9	44	Shenzhen Airlines	9
17	Etihad Airways	6	45	Silk Air	30
18	EVA Airways	5	46	Singapore Airlines	24
19	FedEx (cargo)	11C	47	SriLankan Airlines	7
20	Gading Sari (cargo)	6C	48	Thai AirAsia	21
21	Garuda Indonesia	7	49	Thai Airways International	21
22	GMG Airlines	7	50	Tiger Airways	21
23	Gulf Air	5	51	Transaero	1
24	Hong Kong Express Airways	7	52	United Parcel Services (cargo)	5C
25	Indian Airlines	14	53	Uzbekistan Airways	2
26	Indonesia AirAsia	74	54	Vietnam Airlines	7
27	Iran Air	4	55	Xiamen Airlines	7
28	Japan Airlines International	14+2C	56	Yemenia Yemen Airways	1
29	Jet Airways India	14			

### **DEFINITIONS**

#### 1. FLIGHT. INTERNATIONAL

A flight operated with one or both terminals in the territory of a State, other than the State in which the airline is registered. The term State includes all territories subject to the sovereignty, protection or mandate of such State.

#### 2. FLIGHT, DOMESTIC

A flight operated between points within the domestic boundaries of a State by an airline registered in that State. A flight between a State and territories belonging to it, as well as a flight between two such territories, should be classified as domestic. This applies even though the flight may cross international waters or over the territory subject to the sovereignty, suzerainty, protection or mandate of such State.

#### 3. COMMERCIAL AIR TRANSPORT OPERATION

An aircraft operation involving the transport of passengers, baggage, cargo or mail for remuneration or hire.

#### 4. AIR SERVICES, SCHEDULED

Air services provided by flights scheduled and performed for remuneration according to a published time table, or so regular or frequent as to constitute a recognisably systematic series which are open for use by public including empty flights related thereto and preliminary revenue flights on planned new air services.

#### 5. NON-SCHEDULED FLIGHT

Commercial flights not listed in the time table of an airline including General Aviation aircraft carrying passenger or cargo for remuneration or hire.

#### 6. PASSENGER

Any person, except members of the crew, carried or to be carried in an aircraft with the consent of the carrier.

#### 7. TRANSFER PASSENGER (CARGO, MAIL)

A passenger making a direct connection between two flights. i.e using different aircraft and flight numbers, operated by the same or another airline. Synonymous with connecting passenger.

#### 8. TRANSIT PASSENGER (CARGO, MAIL)

A passenger arriving and departing on one and the same aircraft.

#### 9. CARGO

Anything carried or to be carried in an aircraft, except mail, or baggage carried under a passenger ticket and baggage check, but includes baggage moving under an airway bill or shipment record.

#### 10. MAIL, SERVICE

Dispatches of correspondence and other objects tendered by and intended for delivery to postal administration.

Goods carried under the terms of an international Postal Convention.

#### 11. DEPARTURE

The boarding of an aircraft for the purpose of commencing a flight, except by such crew or passengers as have embarked on a previous stage of the same through-flight.

#### 12. ARRIVAL

The leaving of an aircraft after a landing except by crew or passenger continuing to the next stage of the same through-flight.

#### 13. STOLPORT

An airport designed to serve short take-off and landing (STOL) aircraft.

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Annual	Renor	+ 200	18	

### STATISTICS OF SHAREHOLDINGS

#### STATEMENT OF SHAREHOLDINGS

#### **Share Capital**

Authorised Share Capital : RM2,000,000,001/-Issued and Fully Paid-Up Capital : RM1,100,000,001/-

Class of Equity Securities : 1,100,000,000 Ordinary Shares of RM1/- each; and 1 (one) Special Rights Redeemable

Preference Share of RM1/-

Voting Rights : One vote per ordinary share

The Special Share has no voting right other than that referred to in Note 25 of the Financial

Statements.

#### ANALYSIS OF SHAREHOLDINGS AS AT 15 APRIL 2009

#### A. DISTRIBUTION OF SHAREHOLDINGS (MALAYSIAN & FOREIGN - SEPARATE)

	No. of Holders		No. of	Shares	%	
Size of Holdings	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1 to 99	20	1	465	66	0.00	0.00
100 to 1,000	8,409	25	8,357,100	21,900	0.76	0.00
1,001 to 10,000	5,842	52	21,004,629	267,700	1.91	0.02
10,001 to 100,000	452	34	12,687,300	1,351,400	1.15	0.12
100,001 to 54,999,999 (*)	80	28	163,672,300	92,487,140	14.88	8.41
55,000,000 & above (**)	1	0	800,150,000	0	72.74	0.00
Total	14,804	140	1,005,871,794	94,128,206	91.44	8.56

	No. of Holders	No. of Shares	%
Grand Total	14,944	1,100,000,000	100.00

<sup>\*</sup> Less than 5% of Issued Holdings

**Note(s):** The above information is based on records as provided by Bursa Malaysia Depository Sdn. Bhd. and number of holders reflected is in reference to CDS account numbers.

<sup>\*\* 5%</sup> and above of Issued Holdings

	 	 D. d	
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#### ANALYSIS OF SHAREHOLDINGS (Cont'd.)

#### B. LIST OF TOP THIRTY (30) SHAREHOLDERS AS AT 15 APRIL 2008

No	ime of Shareholders	No. of Shares Held	%
1.	Khazanah Nasional Berhad	800,150,000	72.74
2.	HSBC Nominees (Asing) Sdn. Bhd.	48,189,300	4.38
	(Exempt AN For JPMorgan Chase Bank, National Association (Bermuda))		
3.	Employees Provident Fund Board	42,346,200	3.85
4.	HSBC Nominees (Tempatan) Sdn. Bhd. (Nomura Asset Mgmt Malaysia For Employees Provident Fund)	14,000,000	1.27
5.	HSBC Nominees (Asing) Sdn. Bhd. (SG Nantes For Socgen International Sicav)	12,917,310	1.17
6.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. (Skim Amanah Saham Bumiputera)	12,150,000	1.10
7.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. (Amanah Saham Wawasan 2020)	11,413,700	1.04
8.	Cartaban Nominees (Asing) Sdn. Bhd. (SSBT Fund S71Z For First Eagle Overseas Variable Fund)	7,595,580	0.69
9.	BHR Enterprise Sdn. Bhd.	5,151,600	0.47
10.	Citigroup Nominees (Asing) Sdn. Bhd.	5,039,800	0.46
11.	Setiausaha Kerajaan Pulau Pinang	5,000,000	0.45
12.	Tabung Amanah Warisan Negeri Johor	4,900,000	0.45
13.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. (Pheim Asset Management Sdn. Bhd. For Employees Provident Fund)	4,583,000	0.42
14.	Chief Minister, State of Sabah	4,500,000	0.41
15.	State Financial Secretary Sarawak	4,500,000	0.41
16.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. (Kumpulan Wang Amanah Pencen For Kerajaan Negeri Sembilan)	4,400,000	0.40
17.	Kerajaan Negeri Pahang	4,100,000	0.37
18.	State Secretary Kedah Incorporated	4,100,000	0.37
19.	HSBC Nominees (Asing) Sdn. Bhd. (BBH (LUX) SCA For Fidelity Funds - Asia Pacific Growth & Income Fund)	3,000,000	0.27
20.	Mayban Nominees (Tempatan) Sdn. Bhd. (Mayban Trustees Berhad For Public Regular Savings Fund (N14011940100))	2,671,800	0.24
21.	Tabung Amanah Melaka	2,413,700	0.22
22.	Mayban Nominees (Tempatan) Sdn. Bhd. (Mayban Trustees Berhad For Public Aggressive Growth Fund (N14011940110))	2,327,800	0.21
23.	Kerajaan Negeri Perak Darul Ridzuan	2,300,000	0.21
24.	Citigroup Nominees (Asing) Sdn. Bhd.	2,263,700	0.21

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Annual	Bone	ort 1	200		

#### STATISTICS OF SHAREHOLDINGS

#### ANALYSIS OF SHAREHOLDINGS (Cont'd.)

#### B. LIST OF TOP THIRTY (30) SHAREHOLDERS AS AT 15 APRIL 2008 (Cont'd.)

Name of Shareholders	No. of Shares Held	%
25. Amanah Raya Nominees (Tempatan) Sdn. Bhd.	2,161,000	0.20
26. HSBC Nominees (Asing) Sdn. Bhd.	2,156,440	0.20
27. Amanah Raya Nominees (Tempatan) Sdn. Bhd.	2,147,300	0.20
28. Citigroup Nominees (Asing) Sdn. Bhd. (Exempt AN For Mellon Bank (Mellon))	1,969,900	0.18
29. Kerajaan Negeri Kelantan	1,900,000	0.17
30. UOBM Nominees (Asing) Sdn. Bhd. (Exempt AN For Natixis Bleichroeder Inc. (Clients A/C))	1,808,630	0.16

#### C. LIST OF SECURITIES ACCOUNT HOLDERS OF SPECIAL RIGHTS REDEEMABLE PREFERENCE SHARE

1. The Minister of Finance (Incorporated)

#### D. SUBSTANTIAL SHAREHOLDERS (as shown in the register of substantial shareholders)

	No. of Sh	ares Held	
Name of Substantial Shareholders	Direct	Indirect	%
Khazanah Nasional Berhad Employees Provident Fund Board	800,150,000 43,846,200	— 19,114,000	72.74 5.72

#### E. DIRECTOR'S SHAREHOLDERS (as shown in the register of directors' shareholding)

	No. of Sh	ares Held	
Name of Directors	Direct	Indirect	%
Tan Sri Datuk Dr. Aris bin Osman @ Othman	_	_	_
Dato' Seri Bashir Ahmad bin Abdul Majid	_	_	_
Dato' Long See Wool	_	_	_
Dyg Sadiah binti Abg Bohan	_	_	_
Datuk Alias bin Haji Ahmad	_	_	_
Datuk Siti Maslamah binti Osman	_	_	_
Jeremy bin Nasrulhaq	_	_	_
Izlan bin Izhab	_	_	_
Hajah Jamilah binti Dato' Haji Hashim	_	_	_
Mohd Nadziruddin bin Mohd Basri	_	_	_
Anis Rizana binti Mohd Zainudin @ Mohd Zainuddin (Alternate Director to Dyg Sadiah binti Abg Bohan)	_	_	_

## SHAREHOLDERS AND INVESTORS INFORMATION

#### SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.

Level 7, Menara Millenium Jalan Damanlela Pusat Bandar Damansara Damansara Heights 50490 Kuala Lumpur Tel: 603-2084 9000

Fax: 603-2094 9940/2095 0295

#### LISTING

The Company's shares are listed on the Bursa Malaysia Securities Berhad in Malaysia.

#### MALAYSIAN TAXES ON DIVIDENDS

Malaysia practices an imputation system in the distribution of the dividends whereby the income tax paid by a company is imputed to dividends distributed to shareholders.

Malaysian income tax is deducted or deemed to have been deducted at corporate tax rate, which is currently at 25% from dividends paid by a company residing in Malaysia.

The income tax deducted or deemed to have been deducted from dividends in accounted for by the income tax of the company. There is no further tax or withholding tax on the payment of dividends to all shareholders.

#### **ANNUAL REPORT**

The Annual Report is available to the public who are not shareholders of the Company, by writing to:

The Company Secretary

Malaysia Airports Holdings Berhad

Head Office of MAB Sultan Abdul Aziz Shah Airport 47200 Subang Selangor Darul Ehsan

Tel: 603-7846 7777 Fax: 603-7845 2254

# LIST OF PROPERTIES

Registered Owner and Location	Description and Existing Use	Tenure	Land Area	Built-up Area (sqm)	Net Book Value as at 31 Dec 2008 (RM'000)
LEASED PROPERTIES			Land Area (sqm 22,620 acres		
Malaysia Airports (Sepang) Sdn. Bhd. Federal Land Commissioner* Location: District of Sepang, Selangor Malaysia	KLIA	A total right of occupation of 50 years (Expiry date of 4 May 2048)	22,620 acres		
Malaysia Airports Holdings Bhd. Federal Land Commissioner** Location: District of Petaling, Selangor Malaysia	Sultan Abdul Aziz Shah Airport	A total right of occupation of 60 years (Expiry date of 31 December 2067)	1,122 acres		
LANDED PROPERTIES OWNED BY THE	GROUP				
Malaysia Airports (Niaga) Sdn. Bhd. Location: Desa Cempaka, Bandar Baru Nilai Mukim Nilai, District of Seremban Negeri Sembilan, Malaysia	48 units of apartments	Freehold	-	3,791	2,589
Malaysia Airports Sdn. Bhd. Location: Genting Permai Park & Resort District of Bentong, Pahang Malaysia	4 units of apartments	Freehold	-	342	847
Malaysia Airports Sdn. Bhd. Location: Teluk Dalam, Pulau Pangkor District of Manjung, Perak Malaysia	10 units of apartments	Freehold	-	744	982

Registered Owner and Location	Description and Existing Use	Tenure	Land Area	Built-up Area (sqm)	Net Book Value as at 31 Dec 2008 (RM'000)
Malaysia Airports Sdn. Bhd. Location: CL 205357688 Sierra Estates Condominium Jalan Ranca-Ranca Federal Territory of Labuan Malaysia	32 units of apartments	Leasehold 99 years (Expiry date of 31 December 2089)	_	3,175	1,248
Malaysia Airports Sdn. Bhd. Location: CL 205359593 Kg. Nagalang Federal Territory of Labuan Malaysia	Land (Residential)	Leasehold 99 years (Expiry date of 31 December 2090)	1.10 acres		278
Malaysia Airports Sdn. Bhd. Location: CL 205317951 Kg. Nagalang Federal Territory of Labuan Malaysia	Land (Agriculture)	Leasehold 99 years (Expiry date of 31 December 2077)	1.22 acres		229

#### Note:

- \* Pursuant to the KLIA Land Lease Agreement dated 18 October 1999 entered into between Malaysia Airports (Sepang) Sdn. Bhd. and the Federal Land Commissioner, Malaysia Airports (Sepang) Sdn. Bhd. has been granted the right of use of the KLIA land for period of 50 years.
  - Following a restructuring exercise for MAHB, the Agreement was replaced by a new Land Lease Agreement dated 12 February 2009. Malaysia Airports (Sepang) Sdn. Bhd. has been granted the right of use of the KLIA land for period of 25 years.
- \*\* Pursuant to the Land Lease Agreement dated 26 October 2007 entered into between Malaysia Airports Holdings Bhd and the Federal Land Commissioner, Malaysia Airports has been granted a lease of land of Sultan Abdul Aziz Shah (SAAS) Airport for a period of 60 years.

#### **GROUP**

### **CORPORATE DIRECTORY**

#### MALAYSIA AIRPORTS HOLDINGS BERHAD

(487092-W)

Registered/Business Address:

Head Office of MAB

Sultan Abdul Aziz Shah Airport

47200 Subang, Selangor Darul Ehsan

Tel: 603-7846 7777

Fax: 603-7846 3300/603-7846 3366/603-7845 2254

#### MALAYSIA AIRPORTS SDN. BHD.

(230646-U)

Registered/Business Address:

Head Office of MAB

Sultan Abdul Aziz Shah Airport

47200 Subang, Selangor Darul Ehsan

Tel: 603-7846 7777

Fax: 603-7846 3300/603-7846 3366/603-7845 2254

#### MALAYSIA AIRPORTS (SEPANG) SDN. BHD.

(320480-D)

Registered Address:

Head Office of MAB

Sultan Abdul Aziz Shah Airport

47200 Subang, Selangor Darul Ehsan

Tel: 603-7846 7777

Fax: 603-7846 3300/603-7846 3366/603-7845 2254

Business Address:

3rd & 4th Floor, Airport Management Centre

Kuala Lumpur International Airport

64000 KLIA, Sepang, Selangor Darul Ehsan

Tel: 603-8776 2000/603-8777 8888 Fax: 603-8926 5510/603-8926 5209

#### MALAYSIA AIRPORTS (NIAGA) SDN. BHD.

(281310-V)

Registered Address:

Head Office of MAB

Sultan Abdul Aziz Shah Airport

47200 Subang, Selangor Darul Ehsan

Tel: 603-7846 7777

Fax: 603-7846 3300/603-7846 3366/603-7845 2254

Business Address:

2nd Floor, Airport Management Centre

Kuala Lumpur International Airport

64000 KLIA, Sepang, Selangor Darul Ehsan

Tel: 603-8776 8600 Fax: 603-8787 3747

### MALAYSIA AIRPORTS MANAGEMENT & TECHNICAL SERVICES SDN. BHD.

(375245-X)

Registered/Business Address:

Head Office of MAB

Sultan Abdul Aziz Shah Airport

47200 Subang, Selangor Darul Ehsan

Tel: 603-7846 7777

Fax: 603-7846 3300/603-7846 3366/603-7845 2254

## MAB AGRICULTURE-HORTICULTURE SDN. BHD.

(467902-D)

Registered Address:

Head Office of MAB

Sultan Abdul Aziz Shah Airport

47200 Subang, Selangor Darul Ehsan

Tel: 603-7846 7777

Fax: 603-7846 3300/603-7846 3366/603-7845 2254

Business Address:

4th Floor, Airport Management Centre

Kuala Lumpur International Airport

64000 KLIA, Sepang, Selangor Darul Ehsan

Tel: 019-2824 362 Fax: 019-2163 025

#### MALAYSIA AIRPORTS (PROPERTIES) SDN. BHD.

(484656-H)

Registered Address:

Head Office of MAB

Sultan Abdul Aziz Shah Airport

47200 Subang, Selangor Darul Ehsan

Tel: 603-7846 7777

Fax : 603-7846 3300/603-7846 3366/603-7845 2254

Business Address:

Block C, Ground Floor, Short Term Car Park

64000 KLIA, Sepang, Selangor Darul Ehsan

Tel: 603-8776 8401 Fax: 603-8776 8181

#### K.L. AIRPORT HOTEL SDN. BHD.

(330863-D)

Registered Address:

Head Office of MAB

Sultan Abdul Aziz Shah Airport

47200 Subang, Selangor Darul Ehsan

Tel: 603-7846 7777

Fax: 603-7846 3300/603-7846 3366/603-7845 2254

Business Address:

Pan Pacific Kuala Lumpur International Airport

Kuala Lumpur International Airport

Jalan CTA 4B, 64000 KLIA

Sepang, Selangor Darul Ehsan

Tel: 603-8787 3333 Fax: 603-8787 5555

#### MALAYSIA AIRPORTS TECHNOLOGIES SDN. BHD.

(512262-H)

Registered Address:

Head Office of MAB

Sultan Abdul Aziz Shah Airport

47200 Subang, Selangor Darul Ehsan

Tel: 603-7846 7777

Fax: 603-7846 3300/603-7846 3366/603-7845 2254

Business Address:

3rd Floor, Airport Management Centre

Kuala Lumpur International Airport

64000 KLIA, Sepang, Selangor Darul Ehsan

Tel : 603-8776 8341

Fax: 603-8786 8680

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#### GROUP CORPORATE DIRECTORY

#### SEPANG INTERNATIONAL CIRCUIT SDN. BHD.

(457149-T)

Registered Address:

Head Office of MAB

Sultan Abdul Aziz Shah Airport

47200 Subang, Selangor Darul Ehsan

Tel: 603-7846 7777

Fax: 603-7846 3300/603-7846 3366/603-7845 2254

Business Address:

Pusat Pentadbiran Litar, Jalan Pekeliling 64000 KLIA, Sepang, Selangor Darul Ehsan

Tel: 603-8787 2200 Fax: 603-8783 1000

#### URUSAN TEKNOLOGI WAWASAN SDN. BHD.

(459878-D)

Registered Address:

Head Office of MAB

Sultan Abdul Aziz Shah Airport

47200 Subang, Selangor Darul Ehsan

Tel: 603-7846 7777

Fax: 603-7846 3300/603-7846 3366/603-7845 2254

Business Address:

1st Floor, Civil Engineering Building

Engineering Complex, Kuala Lumpur International Airport

64000 KLIA, Sepang, Selangor Darul Ehsan

Tel: 603-8776 7002 Fax: 603-8787 2455

#### AIRPORT AUTOMOTIVE WORKSHOP SDN. BHD.

(808167-P)

Registered Address:

Head Office of MAB

Sultan Abdul Aziz Shah Airport

47200 Subang, Selangor Darul Ehsan

Tel: 603-7846 7777

Fax: 603-7846 3300/603-7846 3366/603-7845 2254

Business Address:

1st Floor, Civil Engineering Building

Engineering Complex, Kuala Lumpur International Airport

64000 KLIA, Sepang, Selangor Darul Ehsan

Tel: 603-8776 7002 Fax: 603-8787 2455

#### ASIA PACIFIC AUCTION CENTRE SDN. BHD.

(488190-H)

(Ceased Business and Operations on 31 December 2008)

Registered Address:

Head Office of MAB

Sultan Abdul Aziz Shah Airport

47200 Subang, Selangor Darul Ehsan

Tel: 603-7846 7777

Fax: 603-7846 3300/603-7846 3366/603-7845 2254

### **AIRPORTS** IN MALAYSIA

#### KL INTERNATIONAL AIRPORT

64000 KLIA Sepana

Selangor Darul Ehsan, Malaysia

Tel: 603-8776 2000 Fax: 603-8776 3888

#### PENANG INTERNATIONAL AIRPORT

11900 Bayan Lepas Pulau Pinang, Malaysia Tel: 604-643 4411 Fax: 604-643 5339

#### LANGKAWI INTERNATIONAL AIRPORT

07100 Padang Mat Sirat, Langkawi Kedah Darul Aman, Malaysia

Tel: 604-955 1311 Fax: 604-955 1314

#### SULTAN ABDUL AZIZ SHAH AIRPORT

47200 Subana

Selangor Darul Ehsan, Malaysia

Tel: 603-7845 3245 Fax: 604-7846 3679

#### SULTAN AZLAN SHAH AIRPORT

31350 lpoh, Perak Darul Ridzuan Malavsia

Tel: 605-3188202 Fax: 605-312 2295

#### SULTAN ABDUL HALIM AIRPORT

06550 Alor Setar

Kedah Darul Aman, Malavsia

Tel: 604-7142994 Fax: 604-714 5345

#### SULTAN ISMAIL PETRA AIRPORT

16100 Kota Bharu

Kelantan Darul Naim, Malavsia

Tel: 609-773 7400 Fax: 609-773 2852

#### SULTAN MAHMUD AIRPORT

21300 Kuala Terenaaanu Terengganu Darul Iman, Malaysia

Tel: 609-667-3666 Fax: 609-662 6670

#### SULTAN AHMAD SHAH AIRPORT

26070 Kuantan

Pahang Darul Makmur, Malaysia

Tel: 609-513 2123/2100 Fax: 609-538 4017

#### **BATU BERENDAM AIRPORT**

75350 Melaka, Malavsia Tel: 606-317 5860 Fax: 606-317 5214

#### KOTA KINABALU INTERNATIONAL AIRPORT

Bea Berkunci No. 134 Aras 5, Banaunan Terminal 88740 Kota Kinabalu Sabah, Malavsia

Tel: 6088-325 555 Fax: 6088-413 782

#### LABUAN AIRPORT

Jalan Tun Mustafa, Peti Surat 80569 87015 W.P. Labuan Sabah, Malaysia

Tel: 6087-416 007/415 015

Fax: 6087-410 129

#### SANDAKAN AIRPORT

P.O. Box 1719

90719 Sandakan, Sabah, Malaysia

Tel: 6089-667 782/667 786

Fax: 6089-667 778

#### LAHAD DATU AIRPORT

P.O. Box 213 91108 Lahad Datu Sabah, Malaysia Tel: 6089-881 033

Fax: 6089-881 618

#### **TAWAU AIRPORT**

P.O. Box 60132

91011 Tawau, Sabah, Malaysia

Tel: 6089-950 777 Fax: 6089-950 781

#### KUCHING INTERNATIONAL AIRPORT

Peti Surat 1070

93722 Kuching, Sarawak, Malaysia

Tel: 6082-454 242 Fax: 6082-458 587

#### SIBU AIRPORT

Peti Surat 645

96000 Sibu, Sarawak, Malaysia

Tel: 6084-307 770 Fax: 6084-307 709

#### **BINTULU AIRPORT**

97000 Bintulu, Sarawak, Malaysia Tel: 6086-339 163/333 844

Fax: 6086-337 011

#### MIRI AIRPORT

Peti Surat 851

97008 Miri, Sarawak, Malaysia Tel: 6085-615 204/205

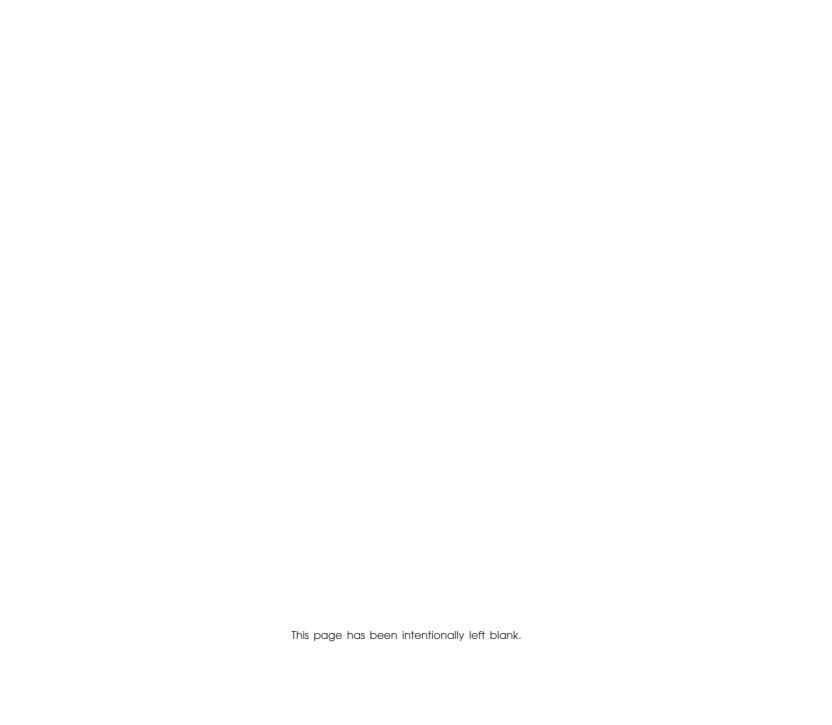
Fax: 6085-614537

#### LIMBANG AIRPORT

98700 Limbang Sarawak, Malaysia Tel: 085-212090 Fax: 085-214979

#### **MULU AIRPORT**

Peti Surat 851 98008 Miri, Sarawak Tel: 6085-792103 Fax: 6085-792102





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

Incorporated In Malaysia

I/We	NRIC No		
	(FULL NAME IN CAPITAL LETTERS)		
of	(FULL ADDRESS)		
being a Memb	per(s) of MALAYSIA AIRPORTS HOLDINGS BERHAD, hereby appoint		
-	(FULL NAME IN CAPITAL		
	NRIC No		
of			
	(FULL ADDRESS)		
or failing him/h	IER		
of	(I OLE INDIVIDE IN CAPITAL LETTERS)		
O1	(FULL ADDRESS)		
	ner the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the ang of the Company to be held at the Gateway Ballroom, Level 1, Pan Pacific Kuala Lumpur In	ternation	al Airport,
11.30 a.m. or ii	International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan on Thursday, 28 Normediately after the conclusion or adjournment (as the case may be) of the Extraordinary Ge the following purposes:-		
11.30 a.m. or in Company for the Please indicate in the Please in the Please in the Please indicate in the Please i	mmediately after the conclusion or adjournment (as the case may be) of the Extraordinary Ge	neral Me	eting of the
11.30 a.m. or in Company for the Please indicate in the Please in the Please in the Please indicate in the Please i	mmediately after the conclusion or adjournment (as the case may be) of the Extraordinary Ge the following purposes:- with an 'X' in the space provided below how you wish your votes to be cast. If no specific direction as to v	neral Me	eting of the
11.30 a.m. or in Company for the Please indicate in the Please in the Please in the Please indicate in the Please i	mmediately after the conclusion or adjournment (as the case may be) of the Extraordinary Ge the following purposes:- with an 'X' in the space provided below how you wish your votes to be cast. If no specific direction as to v	neral Me	eting of the
11.30 a.m. or in Company for the Please indicate we proxy will vote of	mmediately after the conclusion or adjournment (as the case may be) of the Extraordinary Ge the following purposes:-  with an 'X' in the space provided below how you wish your votes to be cast. If no specific direction as to very abstain at his/her discretion.  Receiving of the Audited Financial Statements and Reports of the Directors and Auditors	neral Me	eting of the
11.30 a.m. or in Company for the Please indicate with proxy will vote of Resolution 1	mmediately after the conclusion or adjournment (as the case may be) of the Extraordinary Ge the following purposes:-  with an 'X' in the space provided below how you wish your votes to be cast. If no specific direction as to very abstain at his/her discretion.  Receiving of the Audited Financial Statements and Reports of the Directors and Auditors for the financial year ended 31 December 2008.  Declaration and approval for the payment of a final dividend of 14.55 sen less income tax	neral Me	eting of the
11.30 a.m. or in Company for the Please indicate of proxy will vote of Resolution 1  Resolution 2	mmediately after the conclusion or adjournment (as the case may be) of the Extraordinary Gethe following purposes:-  with an 'X' in the space provided below how you wish your votes to be cast. If no specific direction as to ver abstain at his/her discretion.  Receiving of the Audited Financial Statements and Reports of the Directors and Auditors for the financial year ended 31 December 2008.  Declaration and approval for the payment of a final dividend of 14.55 sen less income tax of 25% for the financial year ended 31 December 2008.	neral Me	eting of the
11.30 a.m. or in Company for the Please indicate in proxy will vote on Resolution 1  Resolution 2  Resolution 3	mmediately after the conclusion or adjournment (as the case may be) of the Extraordinary Ge the following purposes:-  with an 'X' in the space provided below how you wish your votes to be cast. If no specific direction as to ver abstain at his/her discretion.  Receiving of the Audited Financial Statements and Reports of the Directors and Auditors for the financial year ended 31 December 2008.  Declaration and approval for the payment of a final dividend of 14.55 sen less income tax of 25% for the financial year ended 31 December 2008.  Approval of the payment of Directors' Fees for the financial year ended 31 December 2008.	neral Me	eting of the
11.30 a.m. or in Company for the Company for the Please indicate to proxy will vote of the Resolution 1.  Resolution 2.  Resolution 3.  Resolution 4.	mmediately after the conclusion or adjournment (as the case may be) of the Extraordinary Ge the following purposes:-  with an 'X' in the space provided below how you wish your votes to be cast. If no specific direction as to ver abstain at his/her discretion.  Receiving of the Audited Financial Statements and Reports of the Directors and Auditors for the financial year ended 31 December 2008.  Declaration and approval for the payment of a final dividend of 14.55 sen less income tax of 25% for the financial year ended 31 December 2008.  Approval of the payment of Directors' Fees for the financial year ended 31 December 2008.  Re-election of Mohd Nadziruddin bin Mohd Basri as Director.	neral Me	eting of the
11.30 a.m. or in Company for the Company for the Please indicate in proxy will vote of the Resolution 1  Resolution 2  Resolution 3  Resolution 4  Resolution 5	mmediately after the conclusion or adjournment (as the case may be) of the Extraordinary Ge the following purposes:-  with an 'X' in the space provided below how you wish your votes to be cast. If no specific direction as to ver abstain at his/her discretion.  Receiving of the Audited Financial Statements and Reports of the Directors and Auditors for the financial year ended 31 December 2008.  Declaration and approval for the payment of a final dividend of 14.55 sen less income tax of 25% for the financial year ended 31 December 2008.  Approval of the payment of Directors' Fees for the financial year ended 31 December 2008.  Re-election of Mohd Nadziruddin bin Mohd Basri as Director.  Re-election of Dato' Long See Wool as Director.	neral Me	eting of the
11.30 a.m. or in Company for the Company for the Please indicate in proxy will vote on the Resolution 1.  Resolution 2.  Resolution 3.  Resolution 4.  Resolution 5.  Resolution 6.	mmediately after the conclusion or adjournment (as the case may be) of the Extraordinary Ge the following purposes:-  with an 'X' in the space provided below how you wish your votes to be cast. If no specific direction as to ver abstain at his/her discretion.  Receiving of the Audited Financial Statements and Reports of the Directors and Auditors for the financial year ended 31 December 2008.  Declaration and approval for the payment of a final dividend of 14.55 sen less income tax of 25% for the financial year ended 31 December 2008.  Approval of the payment of Directors' Fees for the financial year ended 31 December 2008.  Re-election of Mohd Nadziruddin bin Mohd Basri as Director.  Re-election of Dyg Sadiah binti Abg Bohan as Director.	neral Me	eting of the
11.30 a.m. or in Company for the Company for the Please indicate to proxy will vote on the Resolution 1.  Resolution 2.  Resolution 3.  Resolution 4.  Resolution 5.  Resolution 6.  Resolution 7.	mmediately after the conclusion or adjournment (as the case may be) of the Extraordinary Ge the following purposes:-  with an 'X' in the space provided below how you wish your votes to be cast. If no specific direction as to ver abstain at his/her discretion.  Receiving of the Audited Financial Statements and Reports of the Directors and Auditors for the financial year ended 31 December 2008.  Declaration and approval for the payment of a final dividend of 14.55 sen less income tax of 25% for the financial year ended 31 December 2008.  Approval of the payment of Directors' Fees for the financial year ended 31 December 2008.  Re-election of Mohd Nadziruddin bin Mohd Basri as Director.  Re-election of Dato' Long See Wool as Director.  Re-election of Dato' Seri Bashir Ahmad bin Abdul Majid as Director.	neral Me	eting of the

#### Notes:

- 1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
- 2. The instrument appointing a proxy shall be in printing or writing under the hand of the appointer or his duly constituted attorney, or if such appointer is a corporation, under its common seal or the hand and seal of its attorney.
- 3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Head Office of MAB, Sultan Abdul Aziz Shah Airport, 47200 Subang, Selangor Darul Ehsan not less than 48 hours before the time set for holding the Meeting or at any adjournment thereof.
- 4. Shareholders' attention is hereby drawn to the Listing Requirements of Bursa Malaysia Securities Berhad, which allows a member of the Company which is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, to appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

**STAMP** 

The Company Secretary

Malaysia Airports Holdings Berhad (487092-W)

Head Office of MAB

Sultan Abdul Aziz Shah Airport

47200 Subang

Selangor Darul Ehsan